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 1 9 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	722-5417/722-8078
(Contact Person)	(Company Telephone Number)

1 2	3 1	2 0 - I S	0 6	2 5
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

17	808,182,456.00	
Total No. of Stockholders	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, 25 June, 2021, 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 October 23, 2020
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 2020
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, 2021 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/PRIMEXAnnualStockHoldersMtg** until 5:00 p.m. of 18 June, 2021.

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

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 25, 2021, 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
   June 01, 2021

10. *In case of Proxy Solicitations:*

    Name of Person Filing the Statement/Solicitor: ____________________________

    Address and Telephone No.: ____________________________

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	**2,001,702,719**

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 25, 2021, 11:00 a.m.
Via Remote Communication

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

June 01, 2021

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, 2021 is 2,001,702,719 common shares**.** Foreign ownership in the company's common shares of stock as of April 30, 2021 is 60,670,801 shares or 3.031 % of total issued shares while listed shares at the Philippine Stock Exchange is 1,661,666,665 shares. The record date for purposes of determining stockholders entitled to vote in the meeting is April 30, 2021. 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.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

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, 2021 are as follows:

Title of Class	Name/Address of Record/ Beneficial Owner	Amount & Nature shareholdings	Citizenship	Percent of Class
Common	Ernesto O. Ang 6 Young St. Corinthian Gardens Quezon City	573,948,330 (Indirect)	Filipino	28.673
Common	Eduardo O. Ang Suite 303, 1109 Narra St., Manila	137,778,335 (I ndirect)	Filipino	6.883
Common	Emilio O. Ang 51 Flamengo St. Green Meadows Quezon City	159,895,000 (Indirect)	Filipino	7.987
Common	Edgard O. Ang Suite 14-A Greenrich Mansion Lourdes St., Pasig	193,235,000 (Indirect)	Filipino	9.653
Common	Ericson O. Ang Ph-B Richbelt Terraces Annapolis St. Greenhills, S.J.	198,618,330 (Indirect)	Filipino	9.922
Common	Primex Development Corp.	282,916,454 (Direct)	Filipino	14.133

* 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 Mr. Eduardo O. Ang are lodged under EA Hok Ki Holdings Corp. which he owns and controls.
* Primex Development Corporation and Primex Corporation 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	28.673 %
Common	Eduardo O. Ang	Director	137,778,335 (Indirect)	Filipino	6.883 %
Common	Emilio O. Ang	Exec .VP. & Director	159,895,000 (Indirect)	Filipino	7.987 %
Common	Edgard O. Ang	Treasurer	193,235,000 (Indirect)	Filipino	9.653 %

		& Director			
Common	Ericson O. Ang	Vice-Pres. & Director	198,618,330 (Indirect)	Filipino	9.922 %
Common	Karlvin Ernest L. Ang	Corporate Secretary	400,000 (direct)	Filipino	0.0199 %
Common	Jossie O. Chan	Director	6,750,000 (direct)	Filipino	0.337 %
Common	Willy G. Ong	Independent Director	20,000(direct)	Filipino	0.000 %
Common	Benito Chua Co Kiong	Independent Director	5,000(direct)	Filipino	0.000 %

As of April 30, 2021, the total number of common shares owned by all Directors and Officers as a group unnamed is 1,270,649,995 which is equivalent to 63.478 % 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 October 23, 2020 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	74	Filipino	1986 to present
Eduardo O. Ang	77	Filipino	1986 to present
Emilio O. Ang	68	Filipino	1986 to present
Edgard O. Ang	61	Filipino	1998 to present
Ericson O. Ang	58	Filipino	1998 to present
Jossie O. Chan	65	Filipino	1995 to present
Karlvin Ernest l. Ang	40	Filipino	2009 to present
Benito Chua Co Kiong*	68	Filipino	2009 to present
Willy G. Ong*	56	Filipino	2014 to present

* Independent Director

Nomination Committee Members:

Chairman:	Ernesto O. Ang
Members:	Atty. Ericson O. Ang
	Mr. Benito Chua Co Kiong

Audit Committee Members:

Chairman:	Mr. Benito Chua Co Kiong
Members:	Mr. Ernesto O. Ang
	Mr. Emilio O. Ang

Compensation/Remuneration Committee Members:

Chairman:	Ernesto O. Ang
Members:	Willy G. Ong
	Eduardo O. Ang

Corporate Governance Committee Members:

Chairman:	Willy G. Ong
Members:	Eduardo O. Ang
	Benito Chua Co Kiong

Related Party Transactions Committee Members:

Chairman:	Eduardo O. Ang
Members:	Willy G. Ong
	Benito Chua Co Kiong

Lead Director: Benito Chua Co Kiong

Executive Officers	**Age**	**Citizenship**	**Position**
Ernesto O. Ang	74	Filipino	President
Emilio O. Ang	68	Filipino	Vice-President
Edgard O. Ang	61	Filipino	Treasurer
Ericson O. Ang	58	Filipino	Vice-President-Legal
Karlvin Ernest L. Ang	40	Filipino	EVP/Corporate Secretary

Ernesto O. Ang , 74 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.

Eduardo O. Ang, 77 years old, Filipino, is a Director of the company since 1986. He is the General Manager of the Omega Lumber Corporation. He also is a Director of Primex Development Corporation, Primex Realty Corporation and Primex Land Inc.

Emilio O. Ang, 68 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 , 61 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 , 58 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.

Jossie O. Chan, 65 years old, Filipino, a Director of the company since 1995. She is also a Director of Omega Lumber Corporation, Primex Domains, Inc., Primex Realty Corporation and Primex Land, Inc.

Karlvin Ernest L. Ang, 40 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.

Willy G. Ong, 56 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., 40 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 Thoracic and Cardiovascular Surgeons, Inc. and the Phil. Medical Association..

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.

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

Willy G. Ong – nominated for re-election as Independent director by Atty. Ericson O. Ang with whom he has no relations.

John Andrew Ma Yam – nominated for 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, Eduardo O. Ang, Emilio O. Ang, Edgard O. Ang, Ericson O. Ang and Jossie O. Chan while Mr. Karlvin Ernest L. Ang is the eldest son of company President Ernesto O. Ang.

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.

Executive Compensation

SUMMARY COMPENSATION TABLE (in Thousands)	2021 (Estimated)		2020		2019	
	Salary/Fee	Bonus	Salary/Fee	Bonus	Salary/Fee	Bonus
Directors	90		90		90	
Officers: ERNESTO O. ANG Chairman & President EMILIO O. ANG Exec. Vice-Pres. EDGARD O. ANG Treasurer & CFO ERICSON O. ANG Vice-President- Legal KARLVIN ERNEST ANG 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

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

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.

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 25, 2021. 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. Jennifer D. Ticlao while the Audit Committee of the Company is chaired by independent director Benito Chua Co Kiong and has Ernesto O. 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 Oct. 23, 2020; The Minutes reflect the following: i) election of members of the Board for 2019-2020; ii) approval of the annual report.
2. 2020 Annual Report with Audited Financial Statements;

3. Ratification of the acts of the Board of Directors and officers of the corporation during the year 2020 including:

   a. Approve to postpone the holding of the Annual Stockholders meeting to a later date;
   b. Appointment and election of executive officers and committee chairmen;
   c. Approve and authorize the release of the Company's Financial Statements for the years 2019, 2018 and 2017 as audited by its external auditors;
   d. Approval of Investment/purchase of stocks in Primex Development Corp.;
   e. Approval to accept offer of Highvalue Holdings Inc. for the purchase of the Company's common stock thru Private Placement.;
   f. Approved the holding of the 2020 Annual Stockholders meeting on October 23, 2020;
   g. Approve the registration of the Company's Books of Account with the Bureau of Internal Revenue.
   h. Approve and affirm the appointment of Accor to manage Pullman Manila.

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, 2019 of the 2,001,702,719 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.

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.

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 , 2021

PRIMEX CORPORATION
By:

KARLVIN ERNEST L. ANG
Corporate Secretary

**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 schedules attached herein, for the years ended 2018, 2019 and the year ended December 31, 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 herein, 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

EDGARD O. ANG
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this day of , 2021 affiants exhibiting the following valid identification numbers:

NAMES	TIN NO.
Ernesto O. Ang	108-929-290
Edgard O. Ang	109-929-273

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, 2020 and the Statement of Management's Responsibility for 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, 2021

For the first three months of the year 2021 ended March 31, the Company did not consummate any Real estate sales, as compared with the Php 568.691 M posted for the same period last year. This resulted in no realized gross profit from sales as against the Php 209.172 M income for the same period last year. Total Expenditures for the 3-month period was down by 320 %, from Php 67.712 M of the same period last year to Php 15.967 M for the 1st period. Salaries, Bonuses and Employees' Benefits increased by 5% due to the hiring of additional employee; Taxes and Licenses was down by 45 % over the same period last year, from Php 12.145 M to Php 6.732 M on account of early payment of real estate taxes during the first period last year; Increased utilization of company heavy equipment was responsible for the 118 % increase in Gas & Oil, from Php 0.066 M to Php Php 0.144 M; Security service expense, which was Php 0.515 M in the same period last year, was almost the same at Php 0.516 M; Professional Fees paid for the period was double of what was incurred for the same period last year on account of fees paid for public relations services while Repairs and Maintenance was up by 236 %, from Php 0.079 M to Php 0.266 M on account of maintenance repairs; The 100% drop under Miscellaneous expense as compared with the same period this year was due to no sales and marketing activities Interest expense dropped from Php 8.701 M to Php 1.412 M as some of the interest expense was capitalized While Management Expense was nil for the period, as compared with Php 0.851 M in management expense due to a parking management contract at the Stratosphere.

Revenues from Other Income sources earned during the 1st quarter amounted to Php 19.188 M, a rise of 5% from the Php 18.267 M earned during the same period last year. Interest Income decreased by 73 %, from Php 2.269 M to Php 0.610 M on account of maturity of installment sales contracts. Rental Income, which was Php 15.259 M for the same period last year, rose to Php 18.553 M, as some rental payment were received earlier than scheduled. Even with the presence of any real estate sales recorded, the significant reduction in general expenses during the 3-month period enabled the Company to record an income before tax of Php 3.220 M, as compared with the Php 159.728 M income earned during the same period last year.

Financial Condition

The Company's Balance sheet reflects a 10% change in Total resources. Total Assets, which stood at Php 2,906.851 M as of yearend 2020, is now pegged at Php 3,156.555 million. Cash on hand, which stood at Php 29.196 M at yearend 2020, was up to Php 104.949 M as of March 31, 2021 from the receipt of a private placement for the Company's common shares from affiliate, Primex

Development Corporation.. Contract Receivables stood almost the same while Real Estate held for Sale rose 8 %. Accounts and other payables declined by 48% on the early payment of materials for Primex Tower which resulted in the 36 % decline in Total Current Liabilities.

Full Fiscal Years

2020

For the year 2020 ended December 31, the Company had a total of Php 527.946 M in consolidated real estate sales, in which Php 7.366 M is from real estate sales in Richdale, Php 520.579 M is from Stratosphere sales while no sales were reported in Goldendale Subdivision. This total in real estate sales represents an increase of 20X from sales of the previous year and a 120 % jump over 2018 levels. Total Rental Income for the year amounted to Php 80.284 M, which is 370 % higher than the Php 17.507 M last year and 6 times more than the Php 11.083 M earned in 2018. Interest earned from real estate sales reached Php 5.087 M for the year, which is 880% less than the Php 42.988 M in 2019 and three and 73% less the Php 19.639 M in 2018. Miscellaneous income contributed Php 29.915 M, as compared with the Php 25.903 M of last year and the Php 24.129 M in 2017. Cost of real estate sales amounted to Php 324.276 M for the year 2020, which was 21 times over the Php 14.650 M incurred in 2019 and 150 % over the Php 130.491 M spent in 2018. .

General and administrative expense decreased by 33 % from the amounts incurred the previous year and 19 % from the expenses in 2018. Taxes and Licenses expense totaled Php 15.965 M, which was 14% less from Php 18.551 M last year but 65 % more than the Php 9.637 M of 2018 due to the accrual of unpaid fees. Depreciation expense reached Php 6.985 M for the year, a 20 % decline from the Php 8.834 M. of the previous year and almost a 50 % decrease from the Php 4.615 M of 2018. Salaries, wages and employee benefits was almost identical at the Php 8.4 M level for the year and the previous year but 25 % more than the Php 6.751 M in 2018 on account of increased wages. The Php 1.910 M spent for Light, Water and Dues was 43 % off the Php 3.407 M last year on account of reduced operating hours due to the COVID pandemic lockdowns but is 33 % more than the Php 1.434 M incurred in 2018. Commission paid out rose to Php 2.110 M as compared with Php 1.789 M and Php 5.691 M, respectively of the past two years due to increased real estate sales. Insurance expense decreased by 24 % , from Php 0.802 M to Php 0.607 M, as compared with the Php 0.239 M of 2018. The 10% rise in Retirement expense over the past two years is attributable to additional employees of both parent and wholly owned subsidiary. The decrease in Gas and Oil expense to Php 0.269 M was due to lower petroleum prices and less utilization of company heavy equipment and vehicles. Communication and transportation expense rose to Php 0.952 M due to the additional marketing and promotional activities for the Primex Tower. Security, Messengerial and Janitorial Expense was up to Php 2.124 M on account of additional number of security personnel deployed. Repairs and Maintenance was significantly up to Php 1.455 M due to repairs and maintenance of heavy equipment. Training and Development expense was nil for the year because of no seminars conducted. Miscellaneous expense was down to Php 2.830 M, from the Php 4.470 M in 2019 and the Php 2.937 M of 2018 due to reduced purchase of office uniforms.

The Company's Balance Sheet reflects a 7% rise as of December 31, 2020. Total Assets, which stood at Php 2,716,277,052 M as of December 31, 2019 now stands at Php 2,906.851 M. Cash, which was Php 69.792 M as of yearend 2019 was down to Php 29.196 M. Receivables decreased by 36 %, from Php 74.314 M to Php 47.336 M, solely on account of maturity and payment of receivables. On the other hand, Real estate held for sale was basically unchanged.

In summation, the more than 50 x rise in Real Estate sales for the year was solely the driving reason for the Php 227.630 M in Income before Tax for the year, almost a 7-fold rise over the Php 29.597 M last year.

2019

For the year 2019 ended December 31, the Company had a total of Php 25.029 M in consolidated real estate sales, in which Php 6.067 M is from real estate sales in Richdale, Php 18.962 M is from Stratosphere sales while no sales were reported in Goldendale Subdivision. This total in real estate sales represents a decline of 89% from sales of both the previous year and 2017. Total Rental Income for the year amounted to Php 17.507 M, which is 55% higher than the Php 11.083 M last year and 15 times more than the Php 1.049 M earned in 2017. Interest earned from real estate sales reached Php 42.988 M for the year, which is a little more than double the Php 19.639 M in 2018 and three and a half times over the Php 9.391 M in 2017. Miscellaneous income contributed Php 29.915 M, as compared with the Php 25.903 M of last year and the Php 24.129 M in 2017. Cost of real estate sales was down to Php 14.605 M, from Php 130.491 M the previous year and Php 99.054 M in 2017 on account of significant decline in real estate sales.

General and administrative expense increased by 29% over the amounts incurred for the past two prior years, Php 49.388 M over the Php 38.604 M of 2018 and the Php 38.971 M of 2017. Taxes and Licenses expense doubled to Php 18.551 M from the Php 9.637 M last year and the Php 6.463 M of the previous year due to the accrual of unpaid fees. Depreciation expense reached Php 8.834 M., almost double the Php 4.615 M of last year and the Php 5.604 M of 2017. Salaries, wages and employee benefits climbed to Php 8.435 M, from the Php 6.751 M last year and 2017's Php 5.989 M on account of increased wages. The Php 3.407 M spent for Light, Water and Dues was more than double those incurred for the past prior two years due to system loss of water arising from broken and deteriorated water distribution system in Goldendale and Richdale. Commission paid out dropped to Php 1.789 M as compared with Php 5.691 M and Php 3.783 M, respectively of the past two years due to decreased real estate sales. Insurance expense jumped to Php 0.802 M, as compared with the Php 0.239 M of 2018 and the Php 0.362 M in 2017 due to insurance premiums for the construction of the Primex Tower. The 50% rise in Retirement expense over the past two years is attributable to additional employees of both parent and wholly owned subsidiary. The decrease in Gas and Oil expense to Php 0.383 M was due to lower petroleum prices and less utilization of company heavy equipments and vehicles. Communication and transportation expense rose to Php 0.483 M due to the start of marketing and promotional activities for the Primex Tower. Security, Messengerial and Janitorial Expense was down to Php 0.343 M on account of reduced number of security guards deployed. Repairs and Maintenance was significantly reduced to Php 0.072 M was due to less repairs and maintenance of heavy equipment on account of minimal utilization. Training and Development expense was down to Php 0.045 M because of fewer seminars. Miscellaneous expense rose to Php 4.470 M, up from the Php 2.937 M in 2018 and the Php 4.536 M of 2017 due to higher cost of office supplies and the purchase of new office uniforms.

The Company's Balance Sheet reflects a very significant change as of December 31, 2019. Total Assets, which stood at Php 2,143,373.038 M as of yearend 2018 rose to Php 2,716,277,052 M as of December 31, 2019. Cash, which was Php 42.093 M as of yearend 2018 was up to Php 69.792 M. Receivables decreased by 65 %, from Php 217.447 M to Php 74.314 M, solely on account of maturity and payment of receivables of the affiliate. On the other hand, the 39 % rise in Real estate held for sale was on account of completed units of the Stratosphere.

In summation, although the 50% reduction in cost and expense made a significant contribution to the company's income performance, the almost 90% downturn in real estate sales for the year reflects basically the 76 % decline in Net Income, which was down to Php 19.904 M as compared with the Php 82.387 M the previous year and the Php 89.077 M earned in 2017.

2018

For the year 2018 ended December 31, the Company recorded consolidated real estate sales of Php 233.508 M. This is composed of Php 3.913 M. from the Richdale while Php 229.594 M. was attributable to real estate sales from the Stratosphere project of its majority-controlled affiliate, Primex Realty Corporation. This total sales amount is almost identical to the Php 233.829 of 2017 and is 58 percent less than the Php 554.850 M in 2016. Total rental Income reached Php 11.083 M., a 950 % rise from the Php 1.049 M. of the previous year and 200% more than that the no rental earned in 2016. Interest Income reached Php 19.639 M. more than twice the Php 9.391 M. in 2017 and 2016's Php 9.251 M. Cost of Real Estate sales ballooned to Php130.178 M., of which only Php 7.649 M. was spent by the parent company, as against the Php 99.054 M. incurred in 2017 and the Php 294.369 M. in 2016. Expenses in operation for the year amounted to Php 25.903 M., with the Company recording its expense account at Php 13.425 M. This was 14% and 12.6% more than the Php 24.129 M. and Php 25.674 M. of the two prior years. Salaries, wages and employee benefit expense amounted to Php 6.6751 M., of which the parent Company spent Php 2.887 M., which is almost the same as the Php 5.989 M. in 2017 and the Php 5.694 M. in 2016. The Php 4.928 M. in Depreciation expense drop by 12 % from the previous year's level of Php 5.604 M. and by 9% from 2016 level of Php 5.413 M. on account of construction equipment involved in the development of the Stratosphere project. From Php 0.719 and Php 1.745 M the two previous years, Interest expense rose to Php 3.128 M. on account of bank loans of the two companies. Rent expense, which amounted to Php 3.412 M. was due to lease payment for the showroom of the Stratosphere. Taxes and licenses amounted to Php 9.637 M, which is 50 % more than the Php 6.463 M in 2017 and 90 % more than the Php 5.062 M in 2016. Broker's Fee paid out for the year amounted to Php 5.691 M., 92% of which was paid out for the sale of units of the Stratosphere. Light, water and dues jumped to Php 1.434 M. from Php 1.250 M the previous year but 43 % less than the Php 2.545 M in 2016 was primarily due to development activities of the Stratosphere. Gas & Oil expense increased by 46% and double from 2017 and 2016 amounts due to higher petroleum product prices. Retirement rose to Php 0.390 M. since this expense covers employees from both companies. Selling and Marketing expense was nil as compared with the Php 3.037 M the previous year and Php 0.299 M in 2016 The previous 2 years' Selling and Marketing expense was due to the selling of units of the Stratosphere. Professional Fees reached Php 1.026 M., up 12 and 16 %, respectively, from the two previous years due to audit fees, actuarial and legal consultation fees incurred by the two companies starting in 2016. Security, messengerial & janitorial services was higher by 16 % in 2018 on account of the deployment of additional security guards. Repairs & Maintenance continues to increase, 46 % from 2017 amounts and more than double from 2016 levels due to addtional equipments that requires more maintenance.. Communication and transportation expense drop by 39 % to Php 0.164 M. from 2017's Php 0,272 M. and by 36 % from the Php 0.256 M in 2016, due to scale down of operations of the affiliate company. Entertainment, amusement and recreation decreased to Php 0.238 M, from Php 2.958 M the previous year and Php 0.162 M. in 2016. Insurance expense was up by 27% from the Php 0.187 M. of 2016, with the difference attributable to the affiliate company. Training and Development was down by 30% on account of lower seminar fees.

The Company's Balance Sheet reflects a very significant change as of December 31, 2018. Total Assets, which stood at Php 2,223,327.175 M as of yearend 2017 declined to Php 2,143.373 M as of December 31, 2018. Cash, which was Php 16.008 M as of yearend 2017 was up to Php 42.093 M. Receivables decreased by 11 %, from Php 218.759 M to Php 194.688 M, solely on account of maturity and payment of receivables of the affiliate Likewise, the 6 % drop in Real estate held for sale was on account of units sold of the Stratosphere..

In summation, although real estate sales for 2018 and 2017 remains basically at the same Php 233 M level, the increased cost of real estate sales and services and higher operating expenses caused the 9.3 % decline in income for 2018.

*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 a consolidated Real Estate sales of Php 527.946 M., as compared with the Php 25.029 M. for the twelve months of 2019 and the Php 233.829 M of 2018. This translates to a 20 x increase over the previous year and a 120 % rise over 2018 amounts.

2. Revenue Growth

Total revenues for the twelve month period ended December 31, 2020 amounted to Php 613.318 M as compared with the Php 115.439 M in the twelve months period of 2019 and 2018's Php 290.135 M., or 433% and 111 % uptrend changes from 2019 levels and 2018 levels, respectively.

3. Realized Gross Profit on Sales

For its sales efforts, the Company was able to realize Gross Profit on sales of Php 203.670 M as compared with the Php 10.379 M of 2019 and the Php 103.017 M. of 2018. This is the amount of real estate sales less the cost of development.

4.Operating Margin

For the twelve month period of 2020, the Company incurred operating expenses of Php 385.688 M as compared with last year's Php 85.842 M, and the Php 172.224 M spent in 2018. This resulted in an operating income from sales of Php 227.630 M as compared with the Php 29.597 M in operating income in 2019 as well as with the Php 117.911 M operating income of 2018.

5. Asset Growth

Over the twelve months of 2020, total assets increased from Php 2,716.277 M as of yearend 2019 to Php 2,906.851 M in December 31, 2020.

Plan of Operation for 2021 and Prospects for the future

The Company have not resumed the marketing and selling of its remaining lots at the Goldendale Subdivision after its self-imposed moratorium on real estate sales at Goldendale, especially with the COVID-19 pandemic still without let-up. Furthermore, the Company is waiting for real estate prices to stabilize due to the projected slump in real estate sales due to the pandemic.

The Company's fully-owned subsidiary, Primex Realty Corporation, is continuing the development of the Primex Tower, a 50-storey world-class office condominium along EDSA and Connecticut st. in upscale Greenhills. This development , when operational, will significantly boost the recurring income portfolio of the Company for many years.

Securities and Shareholders

The Company has 17 stockholders as of April 30, 2021. 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
2018	First Quarter	Php	3.78	5.89
	Second Quarter		2.48	4.70
	Third Quarter		2.92	4.58
	Fourth Quarter		2.99	4.04
2019	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
2020	First Quarter	Php	1.08	2.31
	Second Quarter		1.32	1.77
	Third Quarter		1.11	1.80
	Fourth Quarter		1.08	1.76
2021	First Quarter	Php	1.24	2.25

* 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 3rd quarter of 2016. The price of the company's common shares that was traded on the First board of the Philippine Stock Exchange was transacted at Php 2.98 per share on April 08, 2021.

The Top 20 stockholders of the Company as of April 30, 2021:

	Name of stockholder	Class	No. of shares	Percentage
1.	PCD NOMINEE CORP.(FIL)		589,578,364	41.034 %
2.	HIGHVALUE HOLDINGS, INC.		375,782,330	27.320 %
3.	PRIMEX DEVELOPMEN CORP.		220,036,054	
4.	5 CALIBRE HOLDINGS, INC.		198,618,330	11.953 %

5.	EXCELLAR HOLDINGS INC.	193,235,000	11.629 %
6.	HIGH INTEGRITAS HOLDINGS INC.	159,895,000	9.623 %
7.	EA HOK KI HOLDINGS CORP.	137,778,335	8.292 %
8.	PCD NOMINEE CORP (NON-FILIPINO)	60,670,801	1.108 %
9.	SHERA HOLDINGS INC/	50,000,000	
10.	CHAN, JOSSIE O.	6,750,000	0.406 %
11.	DY, GONZALO C.	3,250,000	0.196 %
12.	DY, GLORIA A.	3,250,000	0.196 %
13.	CO, KATHRYN	2,500,000	0.150 %
14.	GOCHECO, DORIS	325,000	0.020 %
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, Director of the Company.
* 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. 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 not yet listed at the Philippine Stock Exchange.

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 Chairman of the Board 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 plans to adopt 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.

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 2019 = Php 803,572.00 Year 2020 = 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

C O M P A N Y   N A M E

PRIMEX CORPORATION

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

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
primexgroup_pc@yahoo.com	8722-5669	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16	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.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Primex Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2020 and 2019, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

In preparing the parent company financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Parent Company'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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on the Supplementary Information Required Under Revenue Regulations (RR) 34-2020 and 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations (RR) 34-2020 and 15-2010 in Notes 28 and 29 to the parent company financial statements, respectively, is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Primex Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
SEC Accreditation No. 1758-A (Group A),
July 2, 2019, valid until July 1, 2022
Tax Identification No. 245-571-753
BIR Accreditation No. 08-001998-110-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534373, January 4, 2021, Makati City

April 14, 2021

PRIMEX CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Notes 4 and 23)	**₱13,999,279**	₱11,356,976
Receivables (Notes 5, 19 and 23)	**23,494,740**	19,656,088
Real estate held for sale and development (Note 7)	**746,224,602**	492,542,380
Other current assets (Note 9)	**1,231,915**	209,079,462
Total Current Assets	**784,950,536**	732,634,906
Noncurrent Assets		
Receivables - net of current portion (Notes 5 and 23)	**2,104,813**	10,368,643
Investment in an associate (Note 10)	**214,295,000**	75,000,000
Investment in subsidiaries (Note 11)	**780,958,000**	580,958,000
Deposit on future stocks subscription (Note 11)	**125,000,000**	–
Investment property (Note 8)	**62,958,916**	62,958,916
Property and equipment (Note 12)	**3,102,879**	4,850,276
Deferred tax assets - net (Note 20)	**1,081,044**	1,461,896
Other noncurrent assets (Note 9)	**143,915**	316,077
Total Noncurrent Assets	**1,189,644,567**	735,913,808
	₱1,974,595,103	₱1,468,548,714
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable - current portion (Notes 14 and 23)	**₱23,096,792**	₱–
Accounts and other payables (Notes 13, 19 and 23)	**392,966,869**	332,872,176
Contract liabilities (Note 6)	**525,775**	2,493,101
Subscription payable (Notes 10, 11, 19 and 23)	**41,958,000**	98,208,000
Income tax payable	**2,610,434**	–
Total Current Liabilities	**461,157,870**	433,573,277
Noncurrent Liabilities		
Loan payable - net of current portion (Notes 14 and 23)	**172,900,519**	214,706,075
Refundable deposits (Notes 13, 22 and 23)	**2,064,931**	2,493,450
Pension liability (Note 16)	**4,679,369**	4,298,085
Total Noncurrent Liabilities	**179,644,819**	221,497,610
Total Liabilities	**640,802,689**	655,070,887
Equity		
Capital stock (Note 15)	**400,340,544**	332,333,333
Additional paid-in capital (Note 15)	**654,845,789**	223,000,000
Retained earnings (Note 15)	**279,092,432**	258,564,183
Net actuarial loss on remeasurement of defined benefit obligation - net of tax (Note 16)	**(486,351)**	(419,689)
Total Equity	**1,333,792,414**	813,477,827
	₱1,974,595,103	₱1,468,548,714

See accompanying Notes to Parent Company Financial Statements.

PRIMEX CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2020	2019
REVENUE		
Sales (Note 24)	**₱7,366,878**	₱6,067,321
Interest income from real estate sale (Note 5)	**2,148,127**	2,405,578
Rent income (Notes 8 and 22)	**2,475,000**	3,476,636
Miscellaneous (Note 17)	**44,294,138**	138,401,592
	56,284,143	150,351,127
COSTS AND EXPENSES		
Cost of real estate sales (Notes 7 and 24)	**1,007,927**	1,506,909
General and administrative expenses (Note 18)	**15,033,311**	13,662,589
Interest expense (Notes 13 and 14)	**10,910,244**	5,748,328
	26,951,482	20,917,826
INCOME BEFORE INCOME TAX	**29,332,661**	129,433,301
PROVISION FOR INCOME TAX (Note 20)	**8,804,412**	2,983,081
NET INCOME	**₱20,528,249**	₱126,450,220
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified to profit or loss in subsequent years:		
Remeasurement loss on defined benefit obligation (Note 16)	**(95,232)**	(746,449)
Income tax effect (Note 20)	**28,570**	223,935
	(66,662)	(522,514)
TOTAL COMPREHENSIVE INCOME	**₱20,461,587**	₱125,927,706
Basic/Diluted Earnings Per Share (Note 21)	**₱0.0118**	₱0.0761

See accompanying Notes to Parent Company Financial Statements.

PRIMEX CORPORATION
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 15)	Additional Paid-in Capital (Note 15)	Retained Earnings (Note 15)	Remeasurement gain on defined benefit pension plans (Note 16)	Total
	For the year ended December 31, 2020				
At January 1, 2020	**₱332,333,333**	**₱223,000,000**	**₱258,564,183**	**(₱419,689)**	**₱813,477,827**
Net income	**–**	**–**	**20,528,249**	**–**	**20,528,249**
Actuarial loss on defined benefit pension plan - net of tax (Note 16)	**–**	**–**	**–**	**(66,662)**	**(66,662)**
Total comprehensive income	**–**	**–**	**20,528,249**	**(66,662)**	**20,461,587**
Issuance of capital stock	**68,007,211**	**431,845,789**	**–**	**–**	**499,853,000**
At December 31, 2020	**₱400,340,544**	**₱654,845,789**	**₱279,092,432**	**(₱486,351)**	**₱1,333,792,414**
	For the year ended December 31, 2019				
At January 1, 2019	₱332,333,333	₱223,000,000	₱175,317,296	₱102,825	₱730,753,454
Net income	–	–	126,450,220	–	126,450,220
Actuarial loss on defined benefit pension plan - net of tax (Note 16)	–	–	–	(522,514)	(522,514)
Total comprehensive income	–	–	126,450,220	(522,514)	125,927,706
Cash dividends declared (Note 15)	–	–	(43,203,333)	–	(43,203,333)
At December 31, 2019	₱332,333,333	₱223,000,000	₱258,564,183	(₱419,689)	₱813,477,827

See accompanying Notes to Parent Company Financial Statements.

PRIMEX CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱29,332,661**	₱129,433,301
Adjustments for:		
Interest expense (Notes 13 and 14)	**10,910,244**	5,748,328
Depreciation (Notes 12 and 18)	**1,804,495**	2,084,678
Retirement expense (Notes 16 and 18)	**286,052**	312,981
Interest income (Notes 4 and 5)	**2,150,310**	(2,437,270)
Operating income before changes in working capital	**44,483,762**	135,142,018
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	**4,557,101**	12,189,805
Real estate held for sale and development	**(48,144,103)**	(23,054,846)
Other assets	**2,481,590**	(529,795)
Decrease in accounts and other payables and contract liabilities	**(61,804)**	(158,514,462)
Net cash generated from (used for) operations	**3,316,546**	(34,767,280)
Interest received	**(2,282,233)**	2,306,334
Income taxes paid, including creditable withholding taxes	**(5,784,556)**	(2,885,371)
Net cash used in operating activities	**(4,750,243)**	(35,346,317)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment in an associate (Note 10)	**(139,295,000)**	(18,750,000)
Investment in subsidiaries (Note 11)	**(200,000,000)**	–
Deposit on future stock subscription (Note 11)	**(125,000,000)**	–
Property and equipment (Note 12)	**(57,098)**	(345,869)
Payment of subscription payable	**–**	(103,000,000)
Net cash used in investing activities	**(464,352,098)**	(122,095,869)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Issuance of capital stock (Note 15)	**499,853,000**	–
Refundable deposit	**165,543**	–
Availment of loans (Note 14)	**–**	213,387,500
Payments of:		
Interest payable	**(10,357,232)**	(5,748,328)
Long-term loans	**(17,916,667)**	–
Cash dividends (Note 15)	**–**	(43,203,333)
Net cash provided by financing activities (Note 25)	**471,744,644**	164,435,839
NET INCREASE IN CASH	**2,642,303**	6,993,653
CASH AT BEGINNING OF YEAR	**11,356,976**	4,363,323
CASH AT END OF YEAR (Note 4)	**₱13,999,279**	₱11,356,976

See accompanying Notes to Parent Company Financial Statements.

PRIMEX CORPORATION
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Primex Corporation (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.

The registered office address of the Parent Company is at Ground Floor, Richbelt Terraces, 19 Annapolis Street, Greenhills, San Juan, Metro Manila, Philippines.

The Parent Company's financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 14, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation
The 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.

Statement of Compliance
The financial statements of the Parent Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the Securities and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019, that deferred the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry:

Deferral of the following provision of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)
b. Accounting for Common Usage Service Area (CUSA) charges

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

The Parent Company did not avail of the relief under SEC MC No. 4-2020 to defer the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) and is already in full compliance with the requirements of the IFRIC Agenda Decision.

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provision (a) above of *PIC Q&A 2018-12* and the IFRIC Agenda Decision on Borrowing Cost, for another (three) 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 2.

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

The Parent Company also prepares and issues consolidated financial statements presented in compliance with PFRS. These may be obtained at the Parent Company's registered office address or from the Securities and Exchange Commission (SEC).

Adoption of New and Amended Accounting Standards and Interpretation

The accounting policies adopted in the preparation of the Parent Company's financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended PFRSs which became effective January 1, 2020. Unless otherwise indicated, the Parent Company does not expect that the adoption of the said pronouncements will have a significant impact on its financial statements.

- Amendments to PFRS 3, *Definition of a Business*
  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Parent Company enter into any business combinations.

  These amendments will apply on future business combinations of the Parent Company.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

  These amendments do not have a significant impact on the Parent Company.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

  These amendments do not have a significant impact on the Parent Company.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

  This amendment is not applicable to the Parent Company as the Parent Company has no lease commitments as a lessee.

- Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

  The adoption of this PIC Q&A did not impact the parent company financial statements since it has previously adopted the additional guidance issued by the PIC in September 2019.

<u>Standards Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*
  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Parent Company shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Parent Company.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Parent Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements* to PFRSs 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Parent Company.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Parent Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Parent Company.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not applicable to the Parent Company.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Parent Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

  The new standard is not applicable to the Parent Company since none of the entities within the Parent Company have activities that are predominantly connected with insurance or issue insurance contracts.

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*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Parent Company is currently assessing the impact of adopting these amendments.

- 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
c.	Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
d.	Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

  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

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Parent Company availed of the SEC reliefs to defer the above specific provision (a) and (d) of PIC Q&A No. 2018-12. Had these provisions been adopted, the Parent Company assessed that the impact would have been as follows:

a. 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. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Parent Company has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.
b. Had the Parent Company accounted for the revenue from air-conditioning services and CUSA as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. Currently, the related revenue is presented net of costs and expenses. There is no impact on opening retained earnings, income and expense and the related balance sheet accounts.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

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 Parent Company'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.

The Parent Company did not avail of the relief under SEC MC No. 4-2020 to defer the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) and is already in full compliance with the requirements of the IFRIC Agenda Decision.

- Deferral of PIC Q&A 2018-14, *Accounting for Cancellation of Real Estate Sales* (as amended by PIC Q&A 2020-05)

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q& No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach (approach 3) where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The Parent Company availed of the SEC relief to defer of adoption of this PIC Q&A until December 31, 2020. Currently, the Parent Company records the repossessed inventory at cost. The Parent Company has opted to implement approach 3 in its accounting for sales cancellation.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Parent Company's financial reporting during the period of deferral as follows:

a. The financial statements are not considered to be in accordance with PFRS and should specify in the *"Basis of Preparation of the Financial Statements"* section of the financial statements that the accounting framework is:

   PFRS, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic:
   1) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods under PAS 23; and
   2) Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)

b. The Auditor's report will:
   i. reflect in the Opinion paragraph that the financial statements are prepared in accordance with the compliance framework described in the notes to the financial statements; and
   ii. include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the financial statements.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Current versus Non-current Classification

The Parent Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash

Cash includes cash on hand and in banks. Cash in banks are stated at nominal amount and earn interest at prevailing bank deposit rates.

Financial Instruments - initial recognition and subsequent measurement

Date of recognition

The Parent Company recognizes a financial asset or a financial liability in the 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 Parent Company's business model for managing them. The Parent Company 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, 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 Parent Company'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 Parent Company 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

Financial assets at amortized cost
This category is the most relevant to the Parent Company. The Parent Company 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 Parent Company's financial assets at amortized cost includes cash and receivables.

Financial assets at fair value through OCI (debt instruments)
The Parent Company measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Parent Company does not have debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Parent Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of comprehensive income when the right of payment has been established, except when the Parent Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Parent Company does not have equity instruments at fair value through OCI.

Financial assets at designated at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

The Parent Company does not have financial assets at fair value through profit or loss.

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 Parent Company's statement of financial position) when:
- The rights to receive cash flows from the asset have expired
  Or
- The Parent Company 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 Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Parent Company 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 Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company 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 Parent Company 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 Parent Company could be required to repay.

Impairment of Financial Assets
The Parent Company 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 Parent Company 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 Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company 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.

For other financial assets such advances to homeowner's association, advances to an affiliate, accrued rent receivables and other receivables, 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 Parent Company 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 Parent Company'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 Parent Company 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 Parent Company 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'.

The key inputs in the model include the Parent Company's definition of default and historical data of three years for the origination, maturity date and default date. The Parent Company 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 Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

Determining the stage for impairment
At each reporting date, the Parent Company 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 Parent Company 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 Parent Company 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.

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.

The Parent Company's financial liabilities include accounts and other payables, loans payable, advances to affiliates and refundable deposits.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Parent Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Parent Company. 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 income.

This category generally applies to loans payable.

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 statement of comprehensive income.

c. Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the 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.

<u>Fair Value Measurement</u>
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 Parent Company.

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 Parent Company 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 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 financial statements on a recurring basis, the Parent Company 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 Parent Company's management determines the policies and procedures for recurring fair value measurement of financial assets.

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

The Parent Company, 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 Parent Company 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.

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. Land and improvements classified under "Real Estate Held for Sale and Development" are properties under development and are expected to be completed within one year.

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.

Cost includes the purchase price of land and costs incurred for the development and improvement of the properties such as amounts paid to contractors for construction, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

The cost of inventory recognized in profit or loss as disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific cost based on the relative size of the property sold.

The Parent Company 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 Parent Company shall assume all obligations and will indemnify the lessee for damages suffered.

Construction Materials, Parts and Supplies
Inventories are valued at the lower of cost or NRV.

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 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 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 Parent Company’s statement of financial position.

Investment Properties
Investment properties comprise land and improvements that are held to earn rentals and that are not occupied by the companies in the Parent Company.

The Parent Company 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.

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 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.

Investments in an Associate and Subsidiaries
The Parent Company’s investments in its subsidiaries and an associate are accounted for under the cost method and are carried at cost less accumulated provisions for impairment losses, if any. A subsidiary is an entity over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An associate is an entity in which the Parent Company has a significant influence and which is neither a subsidiary nor a joint venture.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

The Parent Company reduces the carrying value of its investment based on average acquisition cost per share (historical cost) when the Parent Company disposes the investment or the investee reacquires its own equity instruments from the Parent Company.

Deposit on Future Stocks Subscription

Deposit on future stocks subscription represent the Parent Company's advance payments made for future acquisition of the shares of a company.

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 Parent Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

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.

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.

Impairment of Nonfinancial Assets

The Parent Company 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 noncurrent assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company 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 Parent Company 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 Parent Company less dividends declared, and any adjustments arising from application of new accounting standards, policies on corrections of errors applied retrospectively.

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 Parent Company's OCI pertains to remeasurement losses arising from defined benefit pension plan which cannot be recycled to profit or loss.

Revenue Recognition

Revenue from Contracts with Customers

The Parent Company primarily derives its real estate revenue from the sale of lots. 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 Parent Company expects to be entitled in exchange for those goods or services. The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its retail spaces, wherein it is acting as agent.

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 Parent Company derives its real estate revenue from sale of 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 Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company 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 Parent Company 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 statement of financial position.

Cost recognition
The Parent Company 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 Parent Company 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 Parent Company'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 liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Parent Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Parent Company 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 Parent Company performs under the contract.

The contract liabilities also include payments received by the Parent Company 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 Parent Company expects to recover them. The Parent Company 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" account in the 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 Parent Company 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 Parent Company 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 Parent Company'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 Parent Company 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 Parent Company determines whether there is an indication that contract fulfillment asset or cost to obtain a contract maybe impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Parent Company 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, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

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
Forfeiture of collections and penalties for late payments are recognized based on the contractual terms of the agreement.

Operating Expenses
Operating expenses include 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.

Commission Expense
Commissions paid to sales or marketing agents on the sale of 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 under “Cost of real estate sales” in profit or loss.

Leases
The Parent Company 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.

Parent Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company 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 Parent Company 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 Parent Company and payments of penalties for terminating a lease, if

the lease term reflects the Parent Company 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 Parent Company 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 Parent Company 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.

Parent Company as a lessor
Leases where the Company 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 Parent Company 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” account in the 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 statements 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 using the liability method 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 Parent Company'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 24.

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

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

3. Significant Accounting Judgments and Estimates

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

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

Revenue recognition
Existence of a contract
The Parent Company'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 application, official receipts and buyer's computation sheets would contain all the criteria to qualify as contract with customers under PFRS 15. In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company 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.

Impairment testing of financial assets
Definition of default and credit-impaired financial assets
The Parent Company 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 sales 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. An active market for that financial assets has disappeared because of financial difficulties
d. Concessions have been granted by the Parent Company, for economic or contractual reasons relating to the customer's financial difficulty
e. 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 Parent Company 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 Parent Company's expected loss calculation.

Incorporation of forward-looking information
The Parent Company 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 Parent Company 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 Parent Company's evaluation and assessment and after taking into consideration external actual and forecast information, the Parent Company 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 Parent Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Parent Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Parent Company 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. The Parent Company has also considered the impact of COVID-19 pandemic and it did not have significant impact on the identification of key drivers of credit risk and credit losses of each portfolio of financial instruments.

Distinction between real estate held for sale and investment properties
The Parent Company determines whether a property will be classified as real estate inventories or investment properties. In making this judgment, the Parent Company 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 Parent Company assesses impairment on its nonfinancial assets (i.e., property and equipment, investment properties and other current 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 Parent Company is required to make estimates and assumptions that may affect the carrying amount of the assets. The COVID-19 outbreak has no significant impact on the impairment assessment of nonfinancial assets of the Parent Company.

As of December 31, 2020 and 2019, carrying values follow:

	2020	2019
Property and equipment (Note 12)	**₱3,102,879**	₱4,850,276
Investment property (Note 8)	**62,958,916**	62,958,916
Construction materials, parts and supplies (Note 9)	−	205,538,119

Assessment on whether lease concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Parent Company applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Parent Company determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease, including consideration of general and special laws in the Philippines which may apply. The Parent Company assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The impact of lease concessions accounted as not lease modification granted by the Parent Company decreased total rental income in 2020 by ₱1.48 million.

<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:

Provision for expected credit losses of trade receivables
The Parent Company 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 historical observed default rates, forecasted economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Parent Company has considered the impact of COVID-19 pandemic in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from sale of real estate during the year and impact of COVID-19 pandemic did not affect the allowance for ECLs.

The information about the ECLs on the Parent Company's receivables is disclosed in Note 5. As of December 31, 2020 and 2019, the carrying value of receivables amounted to ₱25.60 million and ₱30.02 million, respectively (see Note 5).

Evaluation of NRV of real estate held for sale and development
The Parent Company reviews the NRV of real estate inventories, which are recorded under "Real estate held for sale and development" in the 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 Parent Company 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 line with the impact of COVID-19, the Company experienced limited selling activities in 2020. In evaluating NRV, recent market conditions and current market prices have been considered.

The Parent Company 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 ₱746.22 million and ₱492.54 million as of December 31, 2020 and 2019, respectively (see Note 7).

Recognition of deferred tax assets
The Parent Company 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 Parent Company will generate sufficient taxable profit to allow all or part of deferred tax assets to be utilized. The Parent Company looks at its projected performance in assessing the sufficiency of future taxable income on which deferred tax assets can be applied. The Parent Company recognized deferred tax assets amounting to ₱1.75 million and ₱1.88 million as of December 31, 2020 and 2019, respectively (see Note 20).

Estimating pension cost and obligation
The determination of the Parent Company'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 Parent Company policy. The turnover rate was assumed based on the result of the most recent experience study of margins for fluctuations.

Those assumptions are described in Note 16. While the Parent Company 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 ₱4.68 million and ₱4.30 million as of December 31, 2020 and 2019, respectively (see Note 16).

4. Cash

This account consists of the following:

	2020	2019
Cash on hand	**₱20,000**	₱20,000
Cash in bank	**13,979,279**	11,336,976
	₱13,999,279	₱11,356,976

Cash in bank earns interest at the respective bank deposit rate of 0.125% to 0.25% and 0.25% in 2020 and 2019, respectively.

Interest income derived from cash in banks amounted to ₱2,183 and ₱31,692 for the years ended December 31, 2020 and 2019, respectively (see Note 17).

5. Receivables

This account consists of:

	2020	2019
Installment contracts receivable	**₱16,018,327**	₱21,810,965
Advances to Homeowners' Associations	**4,400,000**	4,400,000
Advances to an affiliate (Note 19)	**2,567,570**	2,567,570
Accrued rent receivable (Note 22)	**1,538,631**	303,094
Others	**1,700,757**	1,568,834
	26,225,285	30,650,463
Less: allowance for expected credit loss	**625,732**	625,732
	25,599,553	30,024,731
Less: noncurrent portion	**2,104,813**	10,368,643
	₱23,494,740	₱19,656,088

Installment contracts receivable are collectible in equal monthly principal installments with various terms up to a maximum of ten (10) years and are secured by the related property sold from real estate held for sale. The receivables bear fixed interest rates ranging from 8.00% to 16.00% per annum computed on the diminishing balance of the principal.

The Parent Company recognized interest income pertaining to its receivables amounting to ₱2.15 million and ₱2.41 million in 2020 and 2019, respectively.

Advances to Homeowners' Association pertain to receivable from Goldendale and The Richdale Village 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 Parent Company's properties and from tenants in Richbelt Terraces.

6. 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.

Contract liabilities as of December 31, 2020 and 2019 amounted to ₱0.53 million and ₱2.49 million, respectively. There is no revenue recognized from the amounts included in contract liabilities as of December 31, 2020 and 2019.

7. Real Estate Held for Sale and Development

This account consists of:

	2020	2019
At cost:		
Subdivision land held for sale and development	**₱145,219,758**	₱146,015,911
Land and improvements	**601,004,844**	346,526,469
	₱746,224,602	₱492,542,380

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

Land and improvements pertain to properties held for future development.

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

2020

	Subdivision land held for sale and development	**Land and improvements**	**Total**
Balance at beginning of year	**₱146,015,911**	**₱346,526,469**	**₱492,542,380**
Development costs incurred	**211,774**	**254,478,375**	**254,690,149**
Disposal recognized as cost of sales (Note 24)	**(1,007,927)**	**–**	**(1,007,927)**
Balance at end of year	**₱145,219,758**	**₱601,004,844**	**₱746,224,602**

2019

	Subdivision land held for sale and development	Land and improvements	Total
Balance at beginning of year	₱147,127,131	₱322,360,403	₱469,487,534
Development costs incurred	395,689	24,166,066	24,561,755
Disposal recognized as cost of sales (Note 24)	(1,506,909)	–	(1,506,909)
Balance at end of year	₱146,015,911	₱346,526,469	₱492,542,380

In 2020, the construction materials, parts and supplies under other current assets account were used for land development on one of the Parent Company's projects under land and improvements amounting to ₱205.54 million (see Note 9).

8. Investment Property

Investment property consist of commercial land property in Annapolis that is being leased out. As of December 31, 2020 and 2019, investment property amounted to ₱62.96 million.

Total rental income arising from the investment property amounted to ₱2.48 million and ₱3.48 million in 2020 and 2019, respectively.

The fair value of investment properties amounted to ₱136.49 million and ₱136.47 million as at December 31, 2020 and 2019, respectively. The fair value of investment property has 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 property 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.

9. Other Assets

	2020	2019
Current		
Prepayments	**₱864,797**	₱3,063,954
Advances to employees	**334,449**	397,397
Input VAT	**32,669**	34,346
Creditable withholding tax	–	45,646
Construction materials, parts and supplies	–	205,538,119
	1,231,915	209,079,462
Noncurrent		
Deposits	**140,575**	312,737
Others	**3,340**	3,340
	143,915	316,077
	₱1,375,830	₱209,395,539

Prepayments consist of advance payments made for insurance, taxes, and licenses.

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

Input VAT represents taxes imposed on the Parent Company 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.

Construction materials, parts and supplies pertain to materials purchased in the construction of the Company's land development project. In 2020, the construction materials, parts and supplies were used for land development on one of the Parent Company's projects under "Real estate held for sale and development" amounting to ₱205.54 million.

Creditable withholding taxes are available for offset against income tax payable in future periods.

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

10. Investment in an Associate

On February 1, 2019, the Parent Company acquired 42.86% ownership interest in Primex Development Corporation (PDC) through subscription of 375,000,000 shares for a total consideration of ₱75.00 million.

On November 6, 2020, the Parent Company acquired additional subscription of 696,475,000 shares for a total consideration of ₱139.30 million while retaining the 42.86% ownership of the affiliate company as the individual shareholders of PDC decided to proportionally subscribed to the unissued shares of the authorized capital stock.

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.

PDC has no operation nor commenced the transaction of its business. As such, there is no share in the net income for year ended December 31, 2020 and 2019.

Below is the summarized financial information of PDC:

	2020	2019
Assets		
Current assets	**₱18,858,015**	₱9,271,183
Noncurrent assets	**848,589,709**	533,555,719
	₱867,447,724	₱542,826,902
Liabilities and Equity		
Current liabilities	**₱367,459,390**	₱357,085,720
Equity	**499,988,334**	185,741,182
	₱867,447,724	₱542,826,902

As of December 31, 2020 and 2019, the subscription payable amounted to nil and ₱56.25 million (see Note 19).

11. **Investments in Subsidiaries**

The following are the details of the Parent Company's investments in subsidiaries accounted for under cost method of accounting and the related percentage of ownership:

	Nature of Business	Percentage of ownership 2020	2019	Acquisition Costs 2020	2019
Primex Realty Corporation	Real estate	**100%**	100%	**₱739,000,000**	₱539,000,000
Primex Housing Dev't Corp.	Real estate	**100%**	100%	**41,958,000**	41,958,000
				₱780,958,000	₱580,958,000

On August 24, 2020, the Parent Company's BOD approved the purchase of 1,000,000,000 shares, the remaining unissued authorized capital stock of PRC, with a par value of ₱0.20 per share.

On March 13, 2020 and September 10, 2020, the Parent Company invested cash for future stock subscription of PRC's increase in authorized capital stock amounting to ₱55.00 million and ₱70.00 million. In December 2020, PRC's application for the approval of the proposed increase in authorized capital stock has been filed with the SEC. On March 2, 2021, the SEC approved the increase in authorized capital stock of PRC. The deposit was recorded under noncurrent asset section of the statement of financial position as of December 31, 2020.

Both subsidiaries are domiciled in the Philippines.

Subscription payable amounted to ₱41.96 million as of December 31, 2020 and 2019 (see Note 19).

12. **Property and Equipment**

The composition of and movements in this account follows:

	2020		
	Transportation Equipment	**Office Furniture, Fixtures and Equipment**	**Total**
Cost			
At beginning of year	**₱20,336,805**	**₱15,497,444**	**₱35,834,249**
Additions	**44,643**	**12,455**	**57,098**
At end of year	**20,381,448**	**15,509,899**	**35,891,347**
Accumulated Depreciation			
At beginning of year	**₱18,179,657**	**₱12,804,316**	**₱30,983,973**
Depreciation (Note 18)	**1,136,193**	**668,302**	**1,804,495**
At end of year	**19,315,850**	**13,472,618**	**32,788,468**
Net Book Value	**₱1,065,598**	**₱2,037,281**	**₱3,102,879**

	2019		
	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost			
At beginning of year	₱20,166,791	₱15,321,589	₱35,488,380
Additions	170,014	175,855	345,869
At end of year	20,336,805	15,497,444	35,834,249

	2019		
	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Accumulated Depreciation			
At beginning of year	₱16,907,232	₱11,992,063	₱28,899,295
Depreciation (Note 18)	1,272,425	812,253	2,084,678
At end of year	18,179,657	12,804,316	30,983,973
Net Book Value	₱2,157,148	₱2,693,128	₱4,850,276

Depreciation expense charged to operations amounted to ₱1.80 million and ₱2.08 million in 2020 and 2019, respectively (see Note 18). The Parent Company has no restrictions on its property and equipment and none of these have been pledged as security for its obligations.

13. Accounts and Other Payables

This account consists of:

	2020	2019
Trade payable (Note 19)	**₱217,487,562**	₱162,204,926
Advances from related parties (Note 19)	**167,382,557**	164,150,000
Refundable deposits	**4,757,037**	4,042,322
Accrued expenses	**1,473,397**	401,786
Advance rent (Note 22)	**1,235,795**	1,341,004
Others	**630,521**	732,138
	₱392,966,869	₱332,872,176

Trade payable are amounts due to suppliers and contractors on development costs incurred on its real estate under development. The accounts payable are noninterest bearing and are generally settled on 30- to 60-day term.

Advances from related parties pertains to advances which are non-interest bearing and due and payable upon demand.

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, 2020 and 2019, the refundable deposits amounting to ₱4.76 million and ₱4.04 million, respectively, are recorded at fair value, which approximates its carrying amount due to the relatively short-term nature of these transactions.

Noncurrent refundable deposits are initially recorded at fair value, which is obtained by discounting its future cash flows using the applicable rates for similar type of instruments. As of December 31, 2020 and 2019, the present value of the refundable deposits amounted to ₱2.06 million and ₱2.49 million, respectively. Interest expense arising from the accretion of these deposits amounted to ₱0.12 million in 2020 and 2019.

Accrued expenses and other liabilities include accruals of operating expenses and are normally settled on 15- to 60-day terms.

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

Others 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 or a quarterly basis.

14. Loans Payable

The composition of this account follows:

	2020	2019
Balance at beginning of year	**₱215,000,000**	₱–
Availments	–	215,000,000
Payments	**(17,916,667)**	–
Balance at end of year	**197,083,333**	215,000,000
Unamortized transaction costs	**(1,086,022)**	(293,925)
Carrying amount	**195,997,311**	214,706,075
Less: Current portion of long-term loans	**(23,096,792)**	–
	₱172,900,519	₱214,706,075

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

a. On March 4, 2019, the Parent Company obtained long-term loan facility from a local bank amounting to ₱95.00 million with fixed interest rate of 6.25% and a term of five years to be used for permanent working capital requirements. The principal amount is payable in 47 equal monthly installments of ₱0.90 million 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 ₱10.00 million in 2020.

   Interest expense incurred amounted to ₱4.50 million and ₱0.38 million in 2020 and 2019, respectively.

b. On December 11, 2019, the Parent Company entered into a four-year long-term loan agreement with a local bank amounting to ₱120.00 million for permanent working capital requirements. The loan is subject to an interest rate of 5.50% with principal amount payable in 47 equal monthly installments of ₱1.11 million 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 ₱7.92 million in 2020.

   Interest expense incurred amounted to ₱5.57 million and ₱5.25 million in 2020 and 2019, respectively.

   Amortization of transaction cost amounted to ₱0.42 million and ₱1.32 million in 2020 and 2019, respectively.

15. **Equity**

Paid-in Capital

Details of the Parent Company's paid-in capital as of December 31, 2020 and 2019 follow:

	2020	2019
Authorized shares	**4,500,000,000**	4,500,000,000
Par value per share	**₱0.20**	₱0.20
Issued, subscribed and outstanding shares	**2,001,702,719**	1,661,666,665
Capital stock	**₱400,340,544**	₱332,333,333

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

2020

	Shares	**Amount**
Issued capital stock		
At beginning of year	**1,661,666,665**	**₱332,333,333**
Subscribed capital stock		
At beginning of year	–	–
Additional subscription - fully paid	**340,036,054**	**68,007,211**
At end of year	**340,036,054**	**68,007,211**
Issued and outstanding capital stock	**2,001,702,719**	**₱400,340,544**

2019

	Shares	Amount
Issued capital stock		
At beginning and end of year	1,661,666,665	₱332,333,333

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, an agreement was entered 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, on 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.

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 Parent Company has 16 stockholders as of December 31, 2020 and 2019.

On June 28, 2019, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱43.20 million with a date of record and payment of June 18, 2019 and August 12, 2019, respectively.

Capital management

The primary objectives of the Parent Company's capital management policies are to afford the financial flexibility to support its business initiatives and to maximize stakeholders' value.

The Parent Company will manage its capital structure and make adjustments to it, in light of changes in economic condition.

The Parent Company's source of capital is its total equity amounting to ₱1,333.79 million and ₱813.48 million as of December 31, 2020 and 2019, respectively.

There were no changes made in the Parent Company's capital management objectives, policies or processes during the years ended December 31, 2020 and 2019. The Parent Company is not subject to externally imposed capital requirements.

16. **Retirement Plan**

The Parent Company 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 is as of December 31, 2020.

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 Parent Company's retirement plan meets the minimum retirement benefit specified by the law.

The components of retirement expense included under operating expenses in the parent company statements of comprehensive income follow:

	2020	2019
Current service cost	**₱75,016**	₱78,502
Interest cost	**211,036**	234,479
Total retirement expense (Note 18)	**₱286,052**	₱312,981

The amounts recognized in the Parent Company's statements of financial position for the pension liability represents the present value of defined benefit obligation as of reporting date.

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

	2020	2019
Balance at beginning of year	**₱4,298,085**	₱3,238,655
Current service cost	**75,016**	78,502
Interest cost	**211,036**	234,479
Actuarial loss (gain) arising from:		
Changes in financial assumptions	**99,589**	164,433
Experience adjustments	**(4,357)**	582,016
Balance at end of year	**₱4,679,369**	₱4,298,085

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

	2020	2019
Discount rate	**3.69%**	4.91%
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, 2020 and 2019 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)	**2020**	2019
Discount rate	1.00%	**(₱83,272)**	(₱75,923)
	(1.00%)	**147,859**	112,017
Rate of salary increase	1.00%	**130,477**	105,911
	(1.00%)	**(81,047)**	(80,804)

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

	2020	2019
More than 1 year to 5 years	**₱4,855,325**	₱4,780,955
More than 10 years	**5,595,196**	4,299,740

The average duration of the expected benefit payments at the end of the reporting period of 17 years and 14 years as of December 31, 2020 and 2019, respectively.

17. Miscellaneous income

	2020	2019
Consultation income (Note 19)	**₱31,250,000**	₱–
Rental income (Note 22)	**12,403,667**	17,331,234
Interest income from banks (Note 4)	**2,183**	31,692
Dividend income	–	120,000,000
Others	**638,288**	1,038,666
	₱44,294,138	₱138,401,592

Consultation income pertains to the consultation service rendered by the Parent Company to one of its subsidiaries, PRC.

Rental income pertains to the Parent Company's transactions with an affiliate in which the latter assigned to the Parent Company its rights and interests to lease out the properties it owns, collect property rentals and assume all expenses and liabilities with regards to the undertaking. These transactions are recorded under "Miscellaneous income" account in the parent company statements of comprehensive income.

Dividend income pertains to the dividend declaration one of its subsidiaries, PRC.

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.

18. General and Administrative Expenses

This account consists of:

	2020	2019
Taxes and licenses	**₱4,453,039**	₱4,143,944
Salaries, wages and employee benefits	**4,141,496**	4,045,620
Security, messengerial and janitorial services	**2,124,543**	262,899
Depreciation (Note 12)	**1,804,495**	2,084,678
Professional fees	**1,240,011**	553,963
Retirement (Note 16)	**286,052**	312,981
Gas and oil	**269,711**	383,077
Light, water and dues	**190,607**	195,803
Repairs and maintenance	**89,272**	70,058
Communication and transportation	**51,154**	97,212
Insurance	**22,891**	303,171
Training and development	–	45,010
Entertainment, amusement and recreation	–	20,840
Miscellaneous	**359,980**	1,143,333
	₱15,033,311	₱13,662,589

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

19. Related Party Transactions

The Parent Company, in the normal course of business, has transactions within related parties. 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 summary of transactions with related parties as of and for the years ended December 31, 2020 and 2019 are as follow:

2020

Category	Amount/ Volume	Receivable (Payable)	Terms and Conditions
Associate			
Subscription payable (Note 10)	**₱56,250,000**	**₱–**	**Payable within 1 year; non-interest bearing; unsecured**
Subsidiary			
Consultation income (Note 17)	**31,250,000**	**–**	**Payable within 1 year; non-interest bearing; unsecured**
Advances to (Note 5)	**–**	**2,567,570**	**Payable within 1 year; non-interest bearing; unsecured; not impaired**
Advances from (Note 13)	**–**	**(80,000,000)**	**Payable within 1 year; non-interest bearing; unsecured**
Subscription payable (Note 11)	**–**	**(41,958,000)**	**Payable within 1 year; non-interest bearing; unsecured**
Stockholders			
Advances from (Note 13)	**(3,232,557)**	**(87,382,557)**	**Payable within 1 year; non-interest bearing; unsecured**
Trade payable (Note 13)	**(56,250,000)**	**(56,250,000)**	**Payable within 1 year; non-interest bearing; unsecured**

2019

Category	Amount/ Volume	Receivable (Payable)	Terms and Conditions
Associate			
Subscription payable (Note 10)	₱8,600,000	(₱56,250,000)	Payable within 1 year; unsecured; non-interest bearing
Subsidiary			
Advances to (Note 5)	–	2,567,570	Payable within 1 year; non-interest bearing; unsecured; not impaired
Advances from (Note 13)	–	(80,000,000)	Payable within 1 year; non-interest bearing; unsecured
Subscription payable (Note 11)	103,000,000	(41,958,000)	Payable within 1 year; non-interest bearing; unsecured
Stockholders			
Advances from (Note 13)	–	(84,150,000)	Payable within 1 year; non-interest bearing; unsecured

Terms and conditions of transactions with related parties
There have been no guarantees provided or received for any related party receivables or payables. These accounts are noninterest-bearing and are generally unsecured. 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 Parent Company 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 Parent Company's retirement plan.

Compensation of Key Management Personnel
Salaries and other short-term employee and post-employment benefits of the Parent Company's key management personnel amounted to ₱2.50 million and ₱2.75 million for the years ended December 31, 2020 and 2019, respectively.

20. Income Taxes

Provision for income tax consists of:

	2020	2019
Current - RCIT	**₱8,394,553**	₱2,879,033
Deferred	**409,422**	97,710
Final	**437**	6,338
	₱8,804,412	₱2,983,081

The components of net deferred tax assets follow:

	2020	2019
Presented in profit or loss		
Deferred tax assets on:		
Pension liability	**₱1,108,498**	₱1,022,682
Amortization on loans payable	**157,944**	395,573
Allowance for expected credit loss	**187,719**	187,719
Unearned rent	–	5,110
	1,454,161	1,611,084
Deferred tax liabilities on:		
Lease income differential between straight-line and accrual method of accounting for leases	**(378,826)**	–
Amortization of transaction cost	**(78,857)**	(376,650)
Accretion of interest on receivables	**(210,746)**	(39,280)
	(668,429)	(415,930)
Presented in OCI		
Deferred tax asset on:		
Net actuarial loss on remeasurement of defined benefit obligation	**295,312**	266,742
	₱1,081,044	₱1,461,896

A reconciliation of the statutory income tax to the effective income tax follows:

	2020	2019
Statutory income tax	**₱8,799,798**	₱38,829,990
Movement in unrecognized DTA	**4,615**	2,904
Nondeductible expenses	**217**	153,357
Interest income subject to final tax	**(218)**	(3,170)
Nontaxable dividend income	–	(36,000,000)
Effective income tax	**₱8,804,412**	₱2,983,081

21. Earnings Per Share

Earnings per share amounts were computed as follows:

	2020	2019
a. Net income	**₱20,528,249**	₱126,450,220
b. Weighted average number of outstanding common shares	**1,738,339,341**	1,661,666,665
c. Basic/diluted earnings per share (a/b)	**₱0.0118**	₱0.0761

As of December 31, 2020 and 2019, the Parent Company has no potentially dilutive common shares.

22. Lease Commitments

The Parent Company entered into lease agreements covering the lease of building and parcel of land to third parties. The lease is renewable under certain terms and conditions. The terms of the leases range from five (5) to ten (10) years. Total advance rent from the lease amounted to ₱1.24 million and ₱1.34 million as of December 31, 2020 and 2019, respectively (Note 13).

The future minimum lease receivables under noncancellable operating leases follow:

	2020	2019
Within one year	**₱7,562,446**	₱10,141,560
After one year but not more than five years	**909,136**	18,001,610
	₱8,471,582	₱28,143,170

The Parent Company has transactions with an affiliate in which the latter assigned to the Parent Company its rights and interests to lease out the properties it owns, collect property rentals and assume all expenses and liabilities with regards to the undertaking. These transactions are recorded under "Miscellaneous income" account in the Parent Company statement of comprehensive income (see Note 17). Total rental income, including those recorded under miscellaneous income, amounted to ₱14.88 million and ₱20.81 million in 2020 and 2019, respectively (Notes 8 and 17).

In 2020, the Parent Company granted rent concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱1.49 million. 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 2020 (see Note 3).

23. Financial Instruments

Fair Value Information
The fair values of cash, receivables (except installment contracts receivable), accounts and other payables, current portion of loans and subscription payable approximate fair values due to the relatively short-term maturities of these investments.

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, 2020 and 2019, the carrying value approximates the fair value.

Refundable deposits - Due to the unpredictability of timing of payment, fair value of these liabilities cannot be reasonably estimated.

Fair Value Hierarchy
The Parent Company categorized installments contracts receivable under Level 3 as of December 31, 2020 and 2019. 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 2020 and 2019.

Financial Risk Management Objectives and Policies
The Parent Company has various financial assets and financial liabilities which arise directly from the conduct of its operations. The main risks arising from the Parent Company's financial instruments are credit risk and liquidity risk.

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

Exposures to credit and liquidity risks arise in the normal course of the Parent Company's business activities. The main objectives of the Parent Company'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 Parent Company's credit risk is primarily attributable to its installment contracts receivable and accrued rent receivable. The Parent Company manages its credit risk by conducting credit reviews and analysis of receivables on a continuous basis. The Parent Company also undertakes supplemental credit review procedures for certain payment structures. In addition, the Parent Company's credit risk is minimized since the contract to sell provides the Parent Company 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 and receivables. The Parent Company 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 Parent Company's exposure to credit risk from cash and receivables arise from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Installment contracts receivable are secured by the lot or unit bought, whereas the accrued rent receivable pertains to the deposits paid by the particular lessee from whom the rent receivable is due.

As of December 31, 2020 and 2019, the aging analysis of receivables presented per class, is as follows:

2020

		Past Due but not Impaired							
	Current	<30 days	30-60 days	60-90 days	90-120 days	>120 days	**Total**	**ECL**	**Total**
Installment contracts receivable	**₱15,392,595**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱625,732**	**₱16,018,327**
Advances to Homeowners' Associations	**–**	**–**	**–**	**–**	**–**	**4,400,000**	**4,400,000**	**–**	**4,400,000**
Advances to affiliate	**–**	**–**	**–**	**–**	**–**	**2,567,570**	**2,567,570**	**–**	**2,567,570**
Accrued rent receivable	**–**	**1,538,631**	**–**	**–**	**–**	**–**	**1,538,631**	**–**	**1,538,631**
Others	**–**	**262,859**	**–**	**–**	**–**	**1,437,898**	**1,700,757**	**–**	**1,700,757**
	₱15,392,595	**₱1,801,490**	**₱–**	**₱–**	**₱–**	**₱8,405,468**	**₱10,206,958**	**₱625,732**	**₱26,225,285**

2019

		Past Due but not Impaired							
	Current	<30 days	30-60 days	60-90 days	90-120 days	>120 days	Total	ECL	Total
Installment contracts receivable	₱20,457,359	₱727,874	₱–	₱–	₱–	₱–	₱727,874	₱625,732	₱21,810,965
Advances to Homeowners' Associations	–	–	–	–	–	4,400,000	4,400,000	–	4,400,000
Advances to affiliate	–	–	–	–	–	2,567,570	2,567,570	–	2,567,570
Accrued rent receivable	–	303,094	–	–	–	–	303,094	–	303,094
Others	–	130,936	–	–	–	1,437,898	1,568,834	–	1,568,834
	₱20,457,359	₱1,161,904	₱–	₱–	₱–	₱8,405,468	₱9,567,372	₱625,732	₱30,650,463

The table below shows the credit quality of the Parent Company's financial assets as of December 31, 2020 and 2019:

2020

	Current	**Past due but not impaired**	**ECL**	**Total**
Financial statements at amortized cost				
Cash in banks	**₱13,979,279**	**₱–**	**₱–**	**₱13,979,279**
Receivables:				
Installment contracts receivable	**15,392,595**	**–**	**625,732**	**16,018,327**
Advances to Homeowners' Associations	**–**	**4,400,000**	**–**	**4,400,000**
Advances to an affiliate	**–**	**2,567,570**	**–**	**2,567,570**
Accrued rent receivable	**–**	**1,538,631**	**–**	**1,538,631**
Others	**–**	**1,700,757**	**–**	**1,700,757**
	₱29,371,874	**₱10,206,958**	**₱625,732**	**₱40,204,564**

2019

	Current	Past due but not impaired	ECL	Total
Financial statements at amortized cost				
Cash in banks	₱11,336,976	₱–	₱–	₱11,336,976
Receivables:				
Installment contracts receivable	20,457,359	727,874	625,732	21,810,965
Advances to Homeowners' Associations	–	4,400,000	–	4,400,000
Advances to an affiliate	–	2,567,570	–	2,567,570
Accrued rent receivable	–	303,094	–	303,094
Others	–	1,568,834	–	1,568,834
	₱31,794,335	₱9,567,372	₱625,732	₱41,987,439

The credit quality of the financial assets was determined as follows:

Cash in bank – high grade based on the nature of the counterparty.

Receivables – high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment.

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.

Credit line
The Parent Company has a total available credit line up to ₱304.00 million and ₱285.29 million with various local banks as of December 31, 2020 and 2019, respectively.

The Parent Company monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Parent Company 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 Parent Company as they fall due.

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

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

2020

	<30 days	30-60 days	61 days-1 year	>1 year	Total
Other financial liabilities:					
Accounts and other payables					
Refundable deposits	**₱–**	**₱–**	**₱4,757,037**	**₱2,064,931**	**₱6,821,968**
Accrued expenses*	**2,449,490**	**1,830,055**	**8,047,281**	**19,342,163**	**31,668,989**
Trade payable	**217,487,562**	**–**	**–**	**–**	**217,487,562**
Advances from related parties	**–**	**–**	**167,382,557**	**–**	**167,382,557**
Loans payable	**–**	**–**	**23,096,792**	**172,900,519**	**195,997,311**
Subscription payable	**41,958,000**	**–**	**–**	**–**	**41,958,000**
Total other financial liabilities	**₱261,895,052**	**₱1,830,055**	**₱203,283,667**	**₱194,307,613**	**₱661,316,387**

**Accrued expenses include expected future interest payments on long-term loans payable amounting to ₱30.20 million*

Financial assets at amortized cost:					
Cash	**₱13,999,279**	**₱–**	**₱–**	**₱–**	**₱13,999,279**
Receivables:					
Installment contracts receivable	**1,050,321**	**2,122,893**	**10,114,568**	**2,104,813**	**15,392,595**
Advances to Homeowners' Associations	**–**	**–**	**4,400,000**	**–**	**4,400,000**
Advances to an affiliate	**–**	**–**	**2,567,570**	**–**	**2,567,570**
Accrued rent receivable	**1,538,631**	**–**	**–**	**–**	**1,538,631**
Others	**1,700,757**	**–**	**–**	**–**	**1,700,757**
	₱18,288,988	**₱2,122,893**	**₱17,082,138**	**₱2,104,813**	**₱39,598,832**

2019

	<30 days	30-60 days	61 days- 1 year	>1 year	Total
Other financial liabilities:					
Accounts and other payables					
Refundable deposits	₱–	₱–	₱4,042,322	₱2,493,450	₱6,535,772
Accrued expenses*	401,786	–	7,744,921	30,744,413	38,891,120
Trade payable	162,204,926	–	–	–	162,204,926
Advances from related parties	–	–	164,150,000	–	164,150,000
Loans payable	–	–	–	214,706,075	214,706,075
Subscription payable	98,208,000	–	–	–	98,208,000
Total other financial liabilities	₱260,814,712	₱–	₱175,937,243	₱247,943,938	₱684,695,893

**Accrued expenses include expected future interest payments on long-term loans payable amounting to ₱38.49 million*

Financial assets at amortized cost:					
Cash	₱11,356,976	₱–	₱–	₱–	₱11,356,976
Receivables:					
Installment contracts receivable	1,537,709	815,847	8,463,034	10,368,643	21,185,233
Advances to Homeowners' Associations	–	–	4,400,000	–	4,400,000
Advances to an affiliate	–	–	2,567,570	–	2,567,570
Accrued rent receivable	303,094	–	–	–	303,094
Others	1,568,834	–	–	–	1,568,834
	₱14,766,613	₱815,847	₱15,430,604	₱10,368,643	₱41,381,707

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will reduce the Parent Company's current or future earnings and/or economic value. The Parent Company'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 Parent Company'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 Parent Company has interest-bearing loans with floating interest rate subject to repricing amounting to ₱215.00 million as of December 31, 2020 and 2019.

The table below demonstrates the sensitivity of the Parent Company's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2020 and 2019, 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**
2020	**(₱783,140)**	**₱783,140**
2019	(845,392)	845,392

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

24. Segment Information

The industry segments where the Parent Company operate are as follow:

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

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

The Parent Company 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 of the reportable segment is as follows:

	2020	2019
REVENUE		
Real estate sales	**₱7,366,878**	₱6,067,321
Interest income from real estate sale	**2,148,127**	2,405,578
Rent income	**2,475,000**	3,476,636
	₱11,990,005	₱11,949,535
COSTS AND EXPENSES		
Cost of real estate sales	**₱1,007,927**	₱1,506,909
General and administrative expenses	**15,033,311**	13,662,589
	16,041,238	15,169,498
Loss before tax	**(₱4,051,233)**	(₱3,219,963)

	2020	2019
SEGMENT ASSETS		
Cash	**₱13,999,279**	₱11,356,976
Receivables	**25,599,553**	30,024,731
Real estate held for sale and development	**746,224,602**	492,542,380
Other current assets	**1,231,915**	209,079,462
Investment property	**62,958,916**	62,958,916
	₱850,014,265	₱805,962,465
SEGMENT LIABILITIES		
Accounts and other payables	**₱392,966,869**	₱328,829,854
Contract liabilities	**525,775**	2,493,101
Loans payable	**195,997,311**	214,706,075
	₱589,489,955	₱546,029,030

Segment assets exclude property and equipment, investment in an associate, investments in subsidiaries, deposit on future stock subscription, deferred tax assets and other noncurrent assets.

Segment liabilities exclude refundable deposits, statutory liabilities, subscription payable and pension liability.

All revenues are from individuals and domestic entities incorporated in the Philippines.

There is no revenue from a single external customer that exceeds 10%.

Reconciliation of Assets

	2020	2019
Segment operating assets:	**₱850,014,265**	₱805,962,465
Investment in subsidiaries	**780,958,000**	580,958,000
Investment in an associate	**214,295,000**	75,000,000
Deposit on future stock subscription	**125,000,000**	–
Property and equipment	**3,102,879**	4,850,276
Deferred tax assets	**1,081,044**	1,461,896
Other noncurrent assets	**143,915**	316,077
	₱1,974,595,103	₱1,468,548,714

Reconciliation of Liabilities

	2020	2019
Segment operating liabilities:	**₱589,489,955**	₱546,029,030
Subscription payable	**41,958,000**	98,208,000
Refundable deposits	**2,064,931**	6,535,772
Pension liability	**4,679,369**	4,298,085
Income tax payable	**2,610,434**	–
	₱640,802,689	₱655,070,887

25. Additional Cash Flow Information

Below is the rollforward of liabilities under financing activities:

2020

	January 1, 2020	Cash Flows	Non-cash Changes	December 31, 2020
Loans payable	**₱214,706,075**	**(₱17,916,667)**	**(₱792,097)**	**₱195,997,311**
Interest payable	**–**	**(10,357,232)**	**10,910,244**	**553,012**
Refundable deposit	**6,535,772**	**165,543**	**120,653**	**6,821,968**
	₱221,241,847	**(₱28,108,356)**	**₱10,238,800**	**₱203,372,291**

2019

	January 1, 2019	Cash Flows	Non-cash Changes	December 31, 2019
Loans payable	₱–	₱213,387,500	₱1,318,575	₱214,706,075
Dividend payable	–	(43,203,333)	43,203,333	–
Interest payable	–	(5,748,328)	5,748,328	–
	₱–	₱164,435,839	(₱50,270,236)	₱214,706,075

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

26. Events related to COVID 19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak as a global pandemic. In a move to contain the COVID-19 outbreak, several quarantine measures have been implemented in the National Capital Region (NCR) and other areas with significant number of COVID-19 cases. These quarantine measures have resulted in disruptions in the Company's business and economic activities. On March 27, 2021, the Presidential Spokesperson has announced that ECQ will be implemented in the NCR+ "bubble" covering the NCR, Bulacan, Rizal, Cavite and Laguna starting March 29, 2021 until April 4, 2021 as approved by the President. On April 11, 2021, the Government has announced that the NCR+ area will be under MECQ starting April 12, 2021 until April 30, 2021.

The COVID-19 and the measures taken have caused disruptions to businesses and economic activities, and its impact on business continue to evolve. The events surrounding the outbreak did not have significant impact to the Parent Company's financial position and performance as of and for the year ended December 31, 2020. In addition, there is no significant exposure to liquidity and credit risks of the Parent Company. Nevertheless, the Parent Company will continue to monitor the situation.

27. Events after the Reporting Period

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company for CY2020 is 27.5%. This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, amounting to ₱7.70 million and ₱1.91 million, respectively, or a reduction of ₱0.70 million. The reduced amounts will be reflected in the Company's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.

- This will result in lower net deferred tax assets as of December 31, 2020 and provision for deferred tax for the year then ended by ₱0.18 million. These reductions will be recognized in the 2021 financial statements.

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28. Supplementary Information Required under Revenue Regulations 34-2020

The Parent Company does not meet the criteria of Section 2 of Revenue Regulation 34-2020 to file and submit the new related party form (RPT Form) together with the annual income tax returns. Thus, the Company is not covered by the requirements and procedures for related party transactions provided under the RR 34-2020. The criteria are as follows:

a. Large taxpayer
b. Taxpayers enjoying tax incentives, i.e., Board of Investments (BOI)-registered and economic zone enterprises, those enjoying Income Tax Holiday (ITH) or subject to preferential income tax rate.
c. Taxpayer reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years
d. A related party, as defined under Section 3 of RR 19-2020, which has transactions with (a), (b) or (c). For this purpose, key management personnel (KMP), as defined under Section 3(7) of RR 19-2020, shall no longer be required to file and submit the RPT Form, nor shall there be any requirement to report any transactions between KMP and the reporting entity/parent company of the latter in the RPT Form.

29. Supplementary Information Required under Revenue Regulations 15-2010

The Parent Company also reported and/or paid the following types of taxes in 2020:

Value-added tax (VAT)

The NIRC of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the Parent Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

a. The Parent Company is a VAT-registered company with VAT output tax declaration of ₱6.27 million for the year based on its vatable sales or receipts amounting to ₱52.31 million.

b. Input VAT

Balance at January 1	₱34,346
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	6,275,574
Total available input VAT	6,309,920
Applied output VAT	6,277,251
Balance at December 31	₱32,669

The Parent Company's VATable real estate sales and rental income are based on actual collections received, hence, may not be the same as amounts accrued in the parent company statement of income. The Parent Company has no import transactions.

Other Taxes and Licenses

In 2020, this includes all other taxes, local and national, including real estate taxes, licenses and permit fees. Details follow:

Real estate taxes	₱4,074,794
License and permit fees	375,603
Others	2,642
	₱4,453,039

Withholding Taxes

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

Withholding taxes on compensation and benefits	₱176,141
Expanded withholding taxes	61,683
	₱237,824

Tax Assessments and Cases

As at December 31, 2020, the Parent Company has no other tax assessments and tax cases, litigation and/or prosecution in tax courts and bodies within and outside the administration of the BIR.

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

SEC Registration Number

1	3	3	8	2	8					

C O M P A N Y   N A M E

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

C O M P A N Y   I N F O R M A T I O N

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)
16	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.*

SGV
Building a better working world

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1226 Makati City
Philippines

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

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

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 consolidated financial statements of Primex Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, 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, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

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.

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 real estate revenue for the year ended December 31, 2020 amounted to ₱527.95 million. Significant portion of real estate revenue recognized during the year pertains to a sale of a completed project with a single customer which amounted to ₱520.58 million, which was fully collected in 2020. This accounts for 99% of the Group's total consolidated real estate revenue. We considered this as a key audit matter because of the materiality of the revenue and cost amounts involved and the application of judgment in assessing the current threshold of buyers' equity before commencing revenue recognition.

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. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. For the selected samples, we compared the total collections to date against the total contract price to determine whether the collection threshold for revenue recognition was met. For the sales to the single customer, we traced the selling price and the area sold to the contracts to sell and the collections against the official receipts and bank statement. We traced the completed status of the project against the signed accomplishment report. We traced the corresponding cost of sales against the cost of sales computation, the cost per square meter against the total cost over the saleable area and performed test computations. We also compared the reduction in the inventory balance due to sales against the cost of sales schedule.

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, 2020, 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, 2020 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 and fair presentation of the consolidated financial statements in accordance with PFRSs, 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 a manner that achieves fair presentation.

- 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 Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
SEC Accreditation No. 1758-A (Group A),
July 2, 2019, valid until July 1, 2022
Tax Identification No. 245-571-753
BIR Accreditation No. 08-001998-110-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534373, January 4, 2021, Makati City

April 14, 2021

PRIMEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Notes 4 and 22)	**₱29,196,291**	₱69,792,597
Receivables (Notes 5 and 22)	**47,336,805**	74,314,292
Real estate held for sale and development - at cost (Note 7)	**1,997,232,783**	2,046,549,317
Other current assets (Note 10)	**82,303,871**	286,218,911
Total Current Assets	**2,156,069,750**	2,476,875,117
Noncurrent Assets		
Receivables - net of current portion (Notes 5 and 22)	**9,490,047**	23,388,507
Investment properties (Note 8)	**505,159,021**	83,463,177
Investment in an associate (Note 9)	**214,295,000**	75,000,000
Property and equipment (Notes 3 and 11)	**15,393,075**	21,965,235
Deferred tax assets - net (Note 19)	**1,081,044**	30,088,329
Other noncurrent assets (Note 10)	**5,363,725**	5,496,687
Total Noncurrent Assets	**750,781,912**	239,401,935
	₱2,906,851,662	₱2,716,277,052
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of long-term loans (Notes 13 and 22)	**₱23,096,792**	₱–
Accounts and other payables (Notes 12, 14 and 22)	**538,480,646**	884,913,168
Contract liabilities (Note 6)	**16,998,410**	151,744,585
Lease liabilities - current portion (Note 21)	**5,579,573**	3,922,053
Subscription payable (Note 14)	–	56,250,000
Income tax payable (Note 19)	**2,610,434**	–
Total Current Liabilities	**586,765,855**	1,096,829,806
Noncurrent Liabilities		
Long-term loans - net of current portion (Notes 13 and 22)	**683,353,023**	623,981,423
Lease liabilities - net of current portion (Note 21)	**5,051,435**	10,468,936
Pension liability (Note 16)	**9,106,513**	8,083,943
Deferred tax liabilities - net (Note 19)	**6,474,280**	–
Refundable deposits (Notes 12, 22 and 24)	**15,543,213**	24,811,436
Total Noncurrent Liabilities	**719,528,464**	667,345,738
Total Liabilities	**1,306,294,319**	1,764,175,544
Equity (Note 15)		
Capital stock	**400,340,544**	332,333,333
Additional paid-in capital	**654,845,789**	223,000,000
Retained earnings	**507,319,390**	358,433,347
Other equity reserve	**39,821,375**	39,821,375
Remeasurement loss on defined benefit plan (Note 16)	**(1,769,755)**	(1,486,547)
Total Equity	**1,600,557,343**	952,101,508
	₱2,906,851,662	₱2,716,277,052

See accompanying Notes to Consolidated Financial Statements.

PRIMEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUE AND OTHER INCOME			
Real estate sales	**₱527,946,651**	₱25,029,574	₱233,508,332
Interest income from real estate sales (Note 5)	**5,087,177**	42,988,138	19,639,338
Rent income (Notes 8 and 21)	**80,284,867**	17,507,152	11,083,935
Miscellaneous income - net (Note 17)	–	29,915,075	25,903,899
	613,318,695	115,439,939	290,135,504
COST AND EXPENSES			
Cost of real estate sales and services (Notes 7 and 18)	**324,276,388**	14,650,008	130,491,914
General and administrative expenses (Note 18)	**46,087,769**	49,388,887	38,604,287
Interest expense (Notes 12, 13 and 21)	**12,361,113**	21,803,896	3,128,028
Miscellaneous expense - net (Note 17)	**2,963,222**	–	–
	385,688,492	85,842,791	172,224,229
INCOME BEFORE INCOME TAX	**227,630,203**	29,597,148	117,911,275
PROVISION FOR INCOME TAX (Note 19)	**78,744,160**	9,692,879	35,523,420
NET INCOME	**148,886,043**	19,904,269	82,387,855
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified to profit or loss in subsequent years:			
Remeasurement loss on defined benefit obligation (Note 16)	**(404,581)**	(1,892,397)	(399,924)
Income tax effect (Note 19)	**121,373**	567,719	119,977
	(283,208)	(1,324,678)	(279,947)
TOTAL COMPREHENSIVE INCOME	**₱148,602,835**	₱18,579,591	₱82,107,908
Basic/Diluted Earnings Per Share (Note 20)	**₱0.0856**	₱0.0120	₱0.0496

See accompanying Notes to Consolidated Financial Statements.

PRIMEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	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**
	For the year ended December 31, 2020					
As of January 1, 2020	**₱332,333,333**	**₱223,000,000**	**₱358,433,347**	**₱39,821,375**	**(₱1,486,547)**	**₱952,101,508**
Net income	**–**	**–**	**148,886,043**	**–**	**–**	**148,886,043**
Other comprehensive loss	**–**	**–**	**–**	**–**	**(283,208)**	**(283,208)**
Total comprehensive income (loss)	**–**	**–**	**148,886,043**	**–**	**(283,208)**	**148,602,835**
Issuance of capital stock (Note 15)	**68,007,211**	**431,845,789**	**–**	**–**	**–**	**499,853,000**
As of December 31, 2020	**₱400,340,544**	**₱654,845,789**	**₱507,319,390**	**₱39,821,375**	**(₱1,769,755)**	**₱1,600,557,343**

	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
	For the year ended December 31, 2019					
As of January 1, 2019	₱332,333,333	₱223,000,000	₱381,732,411	₱39,821,375	(₱161,869)	₱976,725,250
Net income	–	–	19,904,269	–	–	19,904,269
Other comprehensive loss	–	–	–	–	(1,324,678)	(1,324,678)
Total comprehensive income (loss)	–	–	19,904,269	–	(1,324,678)	18,579,591
Cash dividends declared (Notes 15 and 24)	–	–	(43,203,333)	–	–	(43,203,333)
As of December 31, 2019	₱332,333,333	₱223,000,000	₱358,433,347	₱39,821,375	(₱1,486,547)	₱952,101,508

	Equity Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 15)	Additional Paid-in Capital	Retained Earnings (Note 15)	Other Equity Reserve (Note 15)	Remeasurement Gain on Defined Benefit Plan (Note 16)	Total	Non-Controlling Interests	Total
	For the year ended December 31, 2018							
As of January 1, 2018, as previously Reported	₱332,333,333	₱223,000,000	₱415,291,406	(₱10,661,455)	₱118,078	₱960,081,362	₱65,332,830	₱1,025,414,192
Effect of adoption of PFRS 9	–	–	(24,555,183)	–	–	(24,555,183)	–	(24,555,183)
As of January 1, 2018, as restated	332,333,333	223,000,000	390,736,223	(10,661,455)	118,078	935,526,179	65,332,830	1,000,859,009
Net income	–	–	82,387,855	–	–	82,387,855	–	82,387,855
Other comprehensive loss	–	–	–	–	(279,947)	(279,947)	–	(279,947)
Total comprehensive income (loss)	–	–	82,387,855	–	(279,947)	82,107,908	–	82,107,908
Effect of acquisition of non-controlling interests (Note 1)	–	–	–	50,482,830	–	50,482,830	(65,332,830)	(14,850,000)
Cash dividends declared (Notes 15 and 24)	–	–	(91,391,667)	–	–	(91,391,667)	–	(91,391,667)
As of December 31, 2018	₱332,333,333	₱223,000,000	₱381,732,411	₱39,821,375	(₱161,869)	₱976,725,250	₱–	₱976,725,250

See accompanying Notes to Consolidated Financial Statements.

PRIMEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱227,630,203**	₱29,597,148	₱117,911,275
Adjustments for:			
Depreciation and amortization (Notes 8, 11, 18 and 21)	**21,673,834**	9,214,364	4,928,671
Interest expense (Notes 12, 13 and 21)	**12,361,113**	21,803,896	3,128,028
Retirement expense (Notes 16 and18)	**617,989**	561,735	390,905
Interest income (Notes 4, 5 and 17)	**(5,097,307)**	(43,190,749)	(19,681,660)
Operating income before changes in working capital	**257,185,832**	17,986,394	106,677,219
Decrease (increase) in:			
Receivables	**39,764,814**	175,068,946	9,785,386
Real estate held for sale and development	**(159,675,826)**	(577,522,405)	44,222,679
Other current assets	**(1,623,079)**	(62,929,787)	37,015,852
Increase (decrease) in accounts and other payables and contract liabilities	**(545,035,255)**	97,241,235	(246,611,191)
Cash used for operations	**(409,383,514)**	(350,155,616)	(48,910,055)
Interest received	**6,208,440**	51,460,666	14,596,495
Income taxes paid, including final and creditable withholding taxes	**(40,530,786)**	(18,928,908)	(44,569,700)
Net cash used in operating activities	**(443,705,860)**	(317,623,858)	(78,883,260)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment in an associate (Note 9)	**(139,295,000)**	(18,750,000)	–
Property and equipment (Note 11)	**(413,541)**	(2,756,891)	(716,889)
Investment properties (Note 8)	**–**	–	(2,254,060)
Decrease (increase) in other noncurrent assets	**132,962**	(981,771)	–
Net cash used in investing activities	**(139,575,579)**	(22,488,662)	(2,970,949)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of loans (Notes 13 and 24)	**101,659,464**	622,297,500	202,000,000
Issuance of stocks (Note 15)	**499,853,000**	–	–
Refundable deposits (Note 24)	**–**	12,684,617	–
Payments of:			
Loans (Notes 13 and 24)	**(17,916,667)**	(202,000,000)	–
Interest expense (Notes 13 and 24)	**(34,348,584)**	(17,559,107)	(2,668,243)
Lease liabilities (Notes 21 and 24)	**(4,900,830)**	(4,408,523)	–
Refundable deposits (Note 24)	**(1,661,250)**	–	–
Cash dividends (Notes 15 and 24)	**–**	(43,203,333)	(91,391,667)
Net cash provided by financing activities (Note 24)	**542,685,133**	367,811,154	107,940,090
NET INCREASE (DECREASE) IN CASH	**(40,596,306)**	27,698,634	107,940,090
CASH AT BEGINNING OF YEAR	**69,792,597**	42,093,963	16,008,082
CASH AT END OF YEAR (Note 4)	**₱29,196,291**	₱69,792,597	₱42,093,963

See accompanying 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.

On September 7, 2017, the Parent Company formed Primex Housing Dev't. Corp. (PHDC) and subscribed to 41,958,000 common shares thereof at ₱1.00 per share. This wholly-owned subsidiary will be utilized for future mass housing developments of the Parent Company.

On January 17, 2018, the Parent Company acquired the remaining 1.8% stake in Primex Realty Corporation (PRC), thereby taking 100% control of PRC. The acquisition of the remaining non-controlling interest of 1.8% in 2018 increased the other equity reserve of ₱50.48 million (see Note 15). On August 24, 2020, the Parent Company purchased the remaining unissued authorized capital stock of PRC.

On February 1, 2019, the Board of Directors (BOD) of the Parent Company approved the initial subscription for 375,000,000 shares of Primex Development Corporation (PDC) equivalent to 42.86% ownership.

On November 6, 2020, the Parent Company acquired additional subscription of 696,475,000 shares for a total consideration of ₱139.30 million while retaining 42.86% ownership of the affiliate company as the individual shareholders of PDC decided to proportionally subscribe to the unissued shares of its authorized capital stock. As of December 31, 2020 and 2019, the investment in PDC is accounted for as investment in an associate.

The consolidated financial statements represent the consolidation of the financial statements of the Parent Company and its subsidiaries as follow:

	Nature of Business	December 31	
		2020	2019
Primex Realty Corporation (PRC)	Real Estate	**100%**	100%
Primex Housing Dev't Corp. (PHDC)	Real Estate	**100%**	100%

PRC and PHDC are both domiciled and was incorporated in the Republic of 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, 2020.

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 BOD on April 14, 2021.

2. **Summary of Significant Accounting Policies**

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.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the SEC under Memorandum Circular (MC) Nos. 14-2018 and 3-2019, that deferred the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers affecting the real estate industry.*

Deferral of the following provision of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)
b. Accounting for Common Usage Service Area (CUSA) charges

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

The consolidated financial statements also include the availment of relief under SEC MC No. 4-2020 to defer the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provision (a) above of *PIC Q&A 2018-12* and the IFRIC Agenda Decision on Borrowing Cost, for another (three) 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 2.

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

Basis of Consolidation
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.

Specifically, the Parent Company controls an investee if and only if the Parent Company has all the following:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and,
- the ability to use its power over the investee to affect its returns.

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.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Combinations of Entities Under Common Control
Business combinations of entities under common control are accounted for using the pooling-of-interests method. The pooling-of-interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

Adoption of New and Amended Accounting Standards and Interpretation
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year except for the adoption of the following new accounting pronouncements which became effective January 1, 2020. Unless otherwise indicated, the Group does not expect that the adoption of the said pronouncements will have a significant impact on its consolidated financial statements.

- Amendments to PFRS 3, *Definition of a Business*
  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

  These amendments will apply on future business combinations of the Group.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

  These amendments do not have a significant impact on the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

  These amendments do not have a significant impact on the Group.

- Conceptual Framework for Financial Reporting issued on March 29, 2018
  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

  This amendment is not applicable to the Group as there are no rent concessions granted to the Group as a lessee.

- Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*
  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

  The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted the additional guidance issued by the PIC in September 2019.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*
  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements* to PFRSs 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not applicable to the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

  The new standard is not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

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*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group is currently assessing the impact of adopting these amendments.

- 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
c.	Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A No. 2020-02)	Until December 31, 2020
d.	Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

  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

  After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the SEC reliefs to defer the above specific provision (a) and (d) of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

a. 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. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.
b. Had the Group accounted for the revenue from air-conditioning services and CUSA as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. Currently, the related revenue is presented net of costs and expenses. There is no impact on opening retained earnings, income and expense and the related balance sheet accounts.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

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.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of the IFRIC agenda decision would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and the opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- Deferral of PIC Q&A 2018-14, *Accounting for Cancellation of Real Estate Sales* (as amended by PIC Q&A 2020-05)

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach (approach 3) where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The Group availed of the SEC relief to defer of adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at cost. The Group has opted to implement approach 3 in its accounting for sales cancellation.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Group's financial reporting during the period of deferral as follows:

a. The financial statements are not considered to be in accordance with PFRS and should specify in the *"Basis of Preparation of the Financial Statements"* section of the financial statements that the accounting framework is:

   PFRS, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic:

   1) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods under PAS 23; and
   2) Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)

b. The Auditor's report will:

   i. reflect in the Opinion paragraph that the financial statements are prepared in accordance with the compliance framework described in the notes to the financial statements; and
   ii. include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the financial statements.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash
Cash includes cash on hand and in banks. Cash in banks are stated at nominal amount and earn interest at prevailing bank deposit rates.

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 sales contract 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

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.

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

The Group does not have financial assets at fair value through profit or loss.

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.

For other financial assets such interest receivable, advances to homeowner's association and accrued rent receivables, 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'.

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 and contract assets 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.

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.

The Group's financial liabilities include accounts and other payables, loans payable, advances to affiliates and refundable deposits.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

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.

This category generally applies to loans payable.

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.

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.

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. Land and improvements classified under "Real Estate Held for Sale and Development" are properties under development and are expected to be completed within one year.

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.

Cost includes the purchase price of land and costs incurred for the development and improvement of the properties such as amounts paid to contractors for construction, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Amounts paid to contractors and suppliers in advance are not part of real estate held for sale and development but presented as "Advances to contractors and suppliers" under "Other current assets" in the consolidated statement of financial position.

The cost of inventory recognized in profit or loss as disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific cost based on the relative size of the property sold.

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.

Construction Materials, Parts and Supplies
Inventories are valued at the lower of cost or NRV.

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 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.

Under the equity method, investment in an associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share in the net asset of the associate. The consolidated statements of comprehensive income reflect the share in the result of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share in any changes and discloses this, when applicable, in the consolidated statement of income. Profit and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. 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. An investment in associate is accounted for using the equity method from the date when it becomes an associate. On acquisition of the investment, any difference between the cost of the investment and the investor's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for as follows:

- Goodwill relating to an associate or joint venture is included in the carrying amount of the investment. However, amortization of that goodwill is not permitted and is therefore not included in the determination of the Group's share in the associate's profits or losses.
- Any excess of the Group's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share in the associate's profit or loss in the period in which the investment is acquired.

Also, appropriate adjustments to the Group's share of the associate's or joint venture's profit or loss after acquisition are made to account for the depreciation of the depreciable assets based on their fair values at the acquisition date and for impairment losses recognized by the associate.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate and accounts for the investment in accordance with PFRS 9, from that date, provided the associate does not become a subsidiary. 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. Prior to that date, all of the Company's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated statement of financial position. 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.

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.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that any item of investment in associates, property and equipment, investment properties and other noncurrent 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 losses 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, except for the provisioning of water, electricity, air-conditioning and common use service area in its retail spaces, wherein it is acting as agent.

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 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 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" 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.

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 rental income and 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.

Operating Expenses
Operating expenses include 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.

Commission Expense
Commissions paid to sales or marketing agents on the sale of 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 under "Cost of real estate sales" in profit or loss.

Leases effective January 1, 2019
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.

<u>Leases prior to January 1, 2019</u>
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or an extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in the circumstances gave rise to the reassessment for scenarios (a), (c) or (d), and at the date of renewal or extension period for scenario (b).

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments are recognized on a straight-line basis over the lease while the variable rent is recognized as an expense based on the terms of the lease contract.

Group as a lessor
Leases where the Group retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as income on a straight-line basis over the lease term.

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" account 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 using the liability method 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 compliance with PFRSs 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:

Revenue recognition upon adoption of PFRS 15
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 application, official receipts and buyer's computation sheets would contain all the criteria to qualify as 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 sales 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. an active market for that financial assets has disappeared because of financial difficulties
d. concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
e. 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. The Group has also considered the impact of COVID-19 pandemic and it did not have significant impact on the identification of key drivers of credit risk and credit losses of each portfolio of financial instruments.

Distinction between real estate held for sale 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 properties and other current 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. The COVID-19 outbreak has no significant impact on the impairment assessment of nonfinancial assets of the Group.

As of December 31, 2020 and 2019, carrying values follow:

	2020	2019
Property and equipment (Note 11)	**₱15,393,075**	₱21,965,235
Investment properties (Note 8)	**505,159,021**	83,463,177
Construction materials, parts and supplies (Note 10)	–	205,538,119

Determination of lease term of contracts with renewal options - Group as a lessee (Effective January 1, 2019)
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 either 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 is based on mutual agreement, thus not enforceable (see Note 21).

Assessment on whether lease concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease, including consideration of general and special laws in the Philippines which may apply. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The impact of lease concessions accounted as not lease modification granted by the Group decreased total rental income in 2020 by ₱9.35 million (see Note 21).

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

The Group has considered impact of COVID-19 pandemic in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from sale of real estate during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

The information about the ECLs on the Group's receivables is disclosed in Note 5. As of December 31, 2020 and 2019, the carrying value of receivables amounted to ₱56.83 million and ₱97.70 million, respectively (see Note 5).

Evaluation of NRV of real estate held for sale and development
The Group reviews the NRV of real estate inventories, which are recorded under "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 line with the impact of COVID-19, the Group experienced limited selling activities in 2020. 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 ₱1,997.23 million and ₱2,046.55 million as of December 31, 2020 and 2019, respectively (see Note 7).

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

As of December 31, 2020 and 2019, lease liabilities of the Group amounted to ₱10.63 million and ₱14.39 million, respectively (see Note 21).

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 ₱5.38 million and ₱35.06 million as of December 31, 2020 and 2019, respectively (see Note 19).

In 2020, the Group has derecognized deferred tax assets amounting to ₱10.33 million (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.

Those assumptions are described in Note 16. 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 ₱9.11 million and ₱8.08 million as of December 31, 2020 and 2019, respectively (see Note 16).

4. Cash

	2020	2019
Cash on hand	**₱31,429**	₱53,065
Cash in bank	**29,164,862**	69,739,532
	₱29,196,291	₱69,792,597

Cash in banks earn interest at the respective bank deposit rate of 0.125% to 0.25% and 0.25% in 2020 and 2019, respectively.

Interest income derived from cash in banks amounted to ₱10,130, ₱202,611, and ₱42,322 in 2020, 2019 and 2018, respectively (Note 17).

5. **Receivables**

This account consists of:

	2020	2019
Installment contracts receivable	**₱45,535,902**	₱77,319,491
Advances to Homeowners' Association	**4,400,000**	13,400,000
Accrued rent receivable (Note 21)	**4,844,624**	3,825,849
Interest receivable	**1,079,660**	2,190,793
Others	**1,604,218**	1,604,218
	57,464,404	98,340,351
Less allowance for expected credit loss	**637,552**	637,552
	56,826,852	97,702,799
Less noncurrent portion	**9,490,047**	23,388,507
Current portion	**₱47,336,805**	₱74,314,292

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. 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 ₱5.09 million, ₱42.99 million and ₱19.64 million in 2020, 2019 and 2018, respectively.

The Group's allowance for expected credit losses on installment contracts receivables and accrued rent receivables amounted to ₱0.63 million as of December 31, 2020 and 2019. The carrying value of the Group's installment contracts receivables and accrued rent receivables as of December 31, 2020 and 2019 follows:

	2020	2019
Installment contracts receivable	**₱45,535,902**	₱77,319,491
Less allowance for expected credit loss	**625,733**	625,733
	₱44,910,169	₱76,693,758
Accrued rent receivable	**₱4,844,624**	₱3,825,849
Less allowance for expected credit loss	**11,819**	11,819
	₱4,832,805	₱3,814,030

Advances to Homeowners' Association pertain to receivable 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 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 2020 from amounts included in contract liabilities at the beginning of the year amounted to ₱137.48 million (nil in 2019).

Contract liabilities as of December 31, 2020 and 2019 amounted to ₱17.00 million and ₱151.74 million, respectively.

7. Real Estate Held for Sale and Development

This account consists of:

	2020	2019
At cost:		
Residential, commercial and office spaces	**₱1,109,800,186**	₱697,385,397
Land and improvements	**718,314,307**	463,835,932
Subdivision land held for sale and development	**145,219,758**	146,015,911
Condominium units	**23,898,532**	739,312,077
	₱1,997,232,783	₱2,046,549,317

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:

2020

	Residential, commercial and office spaces	**Condominium units**	**Subdivision land held for sale and development**	**Land and improvements**	**Total**
Balances at beginning of year	**₱697,385,397**	**₱739,312,077**	**₱146,015,911**	**₱463,835,932**	**₱2,046,549,317**
Construction/development costs incurred	**412,414,789**	**22,852,830**	**211,774**	**254,478,375**	**689,957,768**
Disposals recognized as cost of sales (Note 18)	–	**(301,882,398)**	**(1,007,927)**	–	**(302,890,325)**
Transfer to investment properties (Note 8)	–	**(436,383,977)**	–	–	**(436,383,977)**
Balances at end of year	**₱1,109,800,186**	**₱23,898,532**	**₱145,219,758**	**₱718,314,307**	**₱1,997,232,783**

2019

	Residential, commercial and office spaces	Condominium units	Subdivision land held for sale and development	Land and improvements	Total
Balances at beginning of year	₱198,977,729	₱683,252,187	₱147,127,128	₱439,669,868	₱1,469,026,912
Construction/development costs incurred	498,407,668	68,822,636	395,692	24,166,064	591,792,060
Disposals recognized as cost of sales (Note 18)	–	(12,762,746)	(1,506,909)	–	(14,269,655)
Balances at end of year	₱697,385,397	₱739,312,077	₱146,015,911	₱463,835,932	₱2,046,549,317

In 2020, the Group reclassified the unsold condominium units and the related lot in Stratosphere project to investment properties amounting to ₱436.38 million (see Note 8). No write-down of inventories was recognized in 2020 and 2019. During the same year, the construction materials, parts and supplies under other current assets account were used for land development on one of the Group's projects under land and improvements amounting to ₱205.54 million (see Note 10).

Interest expense capitalized as part of real estate held for sale and development amounted to ₱21.86 million in 2020 and nil in 2019 (see Note 13).

As of December 31, 2020 and 2019, real estate held for sale and development with carrying value of ₱1,227.11 million and ₱814.69 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:

	2020		
	Condominium and Commercial units	**Land**	**Total**
Cost			
Balances at beginning	**₱18,943,606**	**₱65,212,976**	**₱84,156,582**
Transfer from real estate held for sale and development (Note 7)	**421,700,656**	**14,683,321**	**436,383,977**
Balances at end of year	**440,644,262**	**79,896,297**	**520,540,559**
Accumulated Depreciation			
Balances at beginning of year	**693,405**	**–**	**693,405**
Depreciation (Note 18)	**14,688,133**	**–**	**14,688,133**
Balances at end of year	**15,381,538**	**–**	**15,381,538**
Net Book Value	**₱425,262,724**	**₱79,896,297**	**₱505,159,021**

	2019		
	Commercial units	Land	Total
Cost			
Balances at beginning and end of year	₱18,943,606	₱65,212,976	₱84,156,582
Accumulated Depreciation			
Balances at beginning of year	313,052	–	313,052
Depreciation (Note 18)	380,353	–	380,353
Balances at end of year	693,405	–	693,405
Net Book Value	₱18,250,201	₱65,212,976	₱83,463,177

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 ₱80.28 million, ₱17.51 million and ₱11.08 million in 2020, 2019 and 2018, respectively.

Direct operating expenses incurred from rental operations of the Group amounted to ₱14.69 million, ₱0.38 million and ₱0.31 million in 2020, 2019 and 2018, respectively (see Note 18).

The fair value of investment properties amounted to ₱1,553.64 million and ₱268.43 million as at December 31, 2020 and 2019, 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.

9. Investment in an Associate

On February 1, 2019, PC acquired 42.86% ownership interest in Primex Development Corporation (PDC) through acquisition of 375,000,000 shares for a total consideration of ₱75.00 million, which approximates the proportionate share of PC in the fair value of the identifiable net assets of PDC.

On November 6, 2020, the Parent Company acquired additional subscription of 696,475,000 shares for a total consideration of ₱139.30 million while retaining 42.86% ownership of the affiliate company as the individual shareholders of PDC decided to proportionally subscribed to the unissued shares of its authorized capital stock.

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.

PDC has no operation nor commenced the transaction of its business. As such, there is no share in the net income for years ended December 31, 2020 and 2019.

The registered office address of PDC is at Ground Floor, Richbelt Terraces, 19 Annapolis Street, Greenhills, San Juan, Metro Manila, Philippines.

Below is the summarized financial information of PDC as of December 31, 2020 and 2019:

	2020	2019
Total Assets		
Current assets	**₱18,858,015**	₱9,271,183
Noncurrent assets	**848,589,709**	522,802,871
	867,447,724	532,074,054
Total liabilities	**₱367,459,390**	₱357,085,720
Equity	**₱499,988,334**	₱174,988,334

10. **Other Assets**

	2020	2019
Other current assets:		
Input VAT	**₱43,214,408**	₱67,826,343
Prepaid taxes	**36,416,127**	10,722,374
Creditable withholding tax	**1,427,658**	1,715,213
Advances to employees	**334,449**	360,449
Construction materials, parts and supplies	**–**	205,538,119
Others	**911,229**	56,413
	₱82,303,871	₱286,218,911
Other noncurrent assets:		
Deposits (Note 21)	**₱5,360,385**	₱5,493,347
Others	**3,340**	3,340
	₱5,363,725	₱5,496,687

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.

Construction materials, parts and supplies pertain to materials purchased in the construction of the Group's land development project. In 2020, the construction materials, parts and supplies were used for land development on one of the Group's projects under "Real held for sale and development" amounting to ₱205.54 million (see Note 7).

11. **Property and Equipment**

The composition of and movements in this account follow:

	2020				
	Transportation Equipment	**Office Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Right-of-Use Assets – Showroom**	**Total**
Cost					
At beginning of year	**₱32,624,306**	**₱16,761,554**	**₱7,882,731**	**₱18,427,534**	**₱75,696,125**
Additions	**44,643**	**155,615**	**–**	**213,283**	**413,541**
At end of year	**32,668,949**	**16,917,169**	**7,882,731**	**18,640,817**	**76,109,666**
Accumulated Depreciation and Amortization					
At beginning of year	**₱30,126,297**	**₱13,762,791**	**₱5,638,172**	**₱4,203,630**	**₱53,730,890**
Depreciation and amortization (Notes 18 and 21)	**1,477,055**	**717,403**	**229,564**	**4,561,679**	**6,985,701**
At end of year	**31,603,352**	**14,480,194**	**5,867,736**	**8,765,309**	**60,716,591**
Net Book Value	**₱1,065,597**	**₱2,436,975**	**₱2,014,995**	**₱9,875,508**	**₱15,393,075**

	2019				
	Transportation Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-Use Assets – Showroom	Total
Cost					
At beginning of year, as previously reported	₱32,454,292	₱16,420,721	₱5,636,687	₱–	₱54,511,700
Effect of adoption of PFRS 16, *Leases*	–	–	–	16,837,654	16,837,654
At beginning of year, as restated	32,454,292	16,420,721	5,636,687	16,837,654	71,349,354
Additions	170,014	340,833	2,246,044	1,589,880	4,346,771
At end of year	32,624,306	16,761,554	7,882,731	18,427,534	75,696,125
Accumulated Depreciation and Amortization					
At beginning of year	26,396,372	12,910,475	5,590,032	–	44,896,879
Depreciation and amortization (Notes 18 and 21)	3,729,925	852,316	48,140	4,203,630	8,834,011
At end of year	30,126,297	13,762,791	5,638,172	4,203,630	53,730,890
Net Book Value	₱2,498,009	₱2,998,763	₱2,244,559	₱14,223,904	₱21,965,235

Depreciation expense charged to operations amounted to ₱7.00 million, ₱8.83 million and ₱4.62 million in 2020, 2019 and 2018, respectively (see Note 18). 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:

	2020	2019
Advances from affiliates (Note 14)	**₱275,049,859**	₱325,417,509
Accounts payable (Note 14)	**233,003,190**	524,857,197
Refundable deposits	**12,629,395**	4,319,522
Advance rent	**11,076,942**	25,002,676
Accrued expenses	**4,088,402**	884,107
Others	**2,632,858**	4,432,157
	₱538,480,646	₱884,913,168

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, 2020 and 2019, the refundable deposits amounting to ₱12.63 million and ₱4.32 million, respectively, are recorded at fair value, which approximates its carrying amount due to the relatively short-term nature of these transactions.

Noncurrent refundable deposits are initially recorded at fair value, which is obtained by discounting its future cash flows using the applicable rates for similar type of instruments. As of December 31, 2020 and 2019, the present value of the refundable deposits amounted to ₱15.54 million and ₱24.81 million, respectively. Interest expense arising from the accretion of these deposits amounted to ₱0.71 million and ₱0.68 million in 2020 and 2019, respectively.

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 operating 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:

	2020	2019
Principal balance at beginning of year	**₱627,000,000**	₱2,000,000
Availments	**101,659,464**	627,000,000
Payments	**(17,916,667)**	(2,000,000)
Principal balance at beginning of year	**710,742,797**	627,000,000
Unamortized discount	**(4,292,982)**	(3,018,577)
Carrying amount	**706,449,815**	623,981,423
Less: current portion of long-term loans	**(23,096,792)**	–
	₱683,353,023	₱623,981,423

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

a. On October 23, 2018, PRC obtained a secured 10-year loan facility from a local bank amounting to ₱2.00 million to be used for permanent working capital requirements. The principal amount is payable in 72 equal monthly amortizations commencing on November 23, 2022. The loan is subject to an interest rate of 7.12% which is subject to a monthly or quarterly repricing based on the prevailing market rate. This loan was paid in full in 2019.

   Interest expense incurred amounted to ₱0.11 million in 2019.

b. On September 25, 2018, PRC obtained a short-term loan facility from a local bank amounting to ₱200.00 million to be used for permanent 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 6 equal monthly amortization commencing on the 7th month. The loan is subject to an interest rate of 4.5% which is subject to a monthly or quarterly repricing based on the prevailing market rate. The outstanding payable for this loan payable amounting to ₱200.00 million was paid in 2019.

   Interest expense incurred amounted to ₱5.29 million in 2019.

c. 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 proceeds of the loans will be 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 ₱17.92 million in 2020.

Interest expense incurred amounted to ₱10.74 million and ₱5.63 million in 2020 and 2019, respectively.

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.

   Interest expense incurred amounted to ₱21.36 million and ₱8.98 million in 2020 and 2019, respectively. The interest expense in 2020 is capitalized as part of project cost of Primex Tower.

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.

   Interest expense incurred amounted to ₱0.50 million in 2020. These are capitalized as part of project cost of Primex Tower.

Movement in unamortized discount as of December 31, 2020 and 2019 follows:

	2020	2019
Beginning balance	**₱3,018,577**	₱–
Additions	**1,978,053**	4,702,500
Amortization	**(703,648)**	(1,683,923)
Ending balance	**₱4,292,982**	₱3,018,577

Interest expense capitalized and included under “Real estate held for sale and development” in the Company’s statement of financial position amounted to ₱21.86 million in 2020 and nil in 2019 (see Note 7).

Real estate held for sale and development with a carrying amount of ₱1,227.11 million and ₱814.69 million as of December 31, 2020 and 2019, respectively, were used as collateral to secure the bank loans described in (a), (d) and (e) above (see Note 7).

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.

2020

Category	Amount/Volume	Payable	Terms and Conditions
Associate			
Subscription payable	**₱56,250,000**	**₱–**	**Payable within 1 year; unsecured; non-interest bearing**
Stockholders			
Advances from	**50,367,650**	**(275,049,859)**	**Payable within 1 year; unsecured; non-interest bearing**
Trade payable	**(56,250,000)**	**(56,250,000)**	**Payable within 1 year; unsecured; non-interest bearing**
		(₱331,299,859)	

2019

Category	Amount/Volume	Payable	Terms and Conditions
Associate			
Subscription payable	₱8,600,000	(₱56,250,000)	Payable within 1 year; unsecured; non-interest bearing
Stockholders			
Advances from	(737,012)	(325,417,509)	Payable within 1 year; unsecured; non-interest bearing
		(₱381,667,509)	

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 ₱2.78 million, ₱3.08 million and ₱2.69 million for the years ended December 31, 2020, 2019 and 2018, respectively.

15. **Equity**

Paid-in Capital
Details of the Parent Company's paid-in capital as of December 31, 2020 and 2019 follow:

	2020	2019
Authorized shares	**4,500,000,000**	4,500,000,000
Par value per share	**₱0.20**	₱0.20
Issued and outstanding shares	**2,001,702,719**	1,661,666,665

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

2020

	Shares	**Amount**
Issued capital stock		
At beginning and end of year	**1,661,666,665**	**₱332,333,333**
Subscribed capital stock		
At beginning of year	–	–
Additional subscription - fully paid	**340,036,054**	**68,007,211**
At end of year	**340,036,054**	**68,007,211**
Issued and outstanding capital stock	**2,001,702,719**	**₱400,340,544**

2019

	Shares	Amount
Issued and outstanding capital stock		
At beginning and end of year	1,661,666,665	₱332,333,333

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.

The Parent Company has 16 stockholders as of December 31, 2020 and 2019, respectively.

Retained Earnings
Retained earnings include the accumulated equity in undistributed net earnings of the consolidated subsidiaries amounting to ₱317.44 million and ₱177.30 million as of December 31, 2020 and 2019, 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, 2020 and 2019 amounted to ₱277.32 million and ₱256.95 million, respectively.

On May 3, 2018, the Parent Company's BOD approved the declaration of cash dividends with an aggregate amount of ₱91.39 million to all of its stockholders of record as of July 20, 2018 and were paid on August 10, 2018.

On June 28, 2019, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱43.20 million with a date of record and payment of June 18, 2019 and August 12, 2019, respectively.

Other Equity Reserve
The Group's other equity reserve amounting to ₱39.82 million as of December 31, 2020 and 2019 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 ₱1,600.56 million and ₱952.10 million as of December 31, 2020 and 2019, respectively.

No changes were made in the Group's capital management objectives, policies or processes during the years ended December 31, 2020 and 2019.

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, 2020.

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 operating expenses in the consolidated statements of comprehensive income follow:

	2020	2019	2018
Current service cost	**₱215,389**	₱151,267	₱132,844
Interest cost	**402,600**	410,468	258,061
Total retirement expense (Note 18)	**₱617,989**	₱561,735	₱390,905

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:

	2020	2019
Balance at beginning of year	**₱8,083,943**	₱5,629,811
Current service cost	**215,389**	151,267
Interest cost	**402,600**	410,468
Remeasurement loss (gain) arising from:		
Changes in financial assumptions	**504,801**	646,705
Experience adjustments	**(100,220)**	1,245,692
Balance at end of year	**₱9,106,513**	₱8,083,943

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:

	2020	2019
Discount rate	**3.69%**	4.91%-5.06%
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)	**2020**	2019
Discount rate	1.00%	**(₱388,365)**	(₱307,325)
	(1.00%)	**539,022**	405,143
Rate of salary increase	1.00%	**504,290**	393,132
	(1.00%)	**(384,145)**	(318,008)

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

	2020	2019
More than 1 year to 5 years	**₱6,611,725**	₱6,488,917
More than 5 to 10 years	**1,566,202**	1,636,569
More than 10 to 15 years	**16,766,918**	15,489,090

17. **Miscellaneous Income (Expense) -** Net

	2020	2019	2018
Loss on cancellation of sales	**(₱19,633,399)**	(₱32,961,916)	₱–
Rental income (Note 21)	**12,403,667**	60,932,336	25,430,507
Interest income from banks (Note 4)	**10,130**	202,611	42,322
Others	**4,256,380**	1,742,044	431,070
	(₱2,963,222)	₱29,915,075	₱25,903,899

Rental income pertains to the Group's lease agreements with third parties covering its parcels of land under real estate held for sale and development and 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.

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.

18. **Costs and Expenses**

Cost of real estate sales and services consist of:

	2020	2019	2018
Cost of real estate sales (Note 7)	**₱309,588,255**	₱14,269,655	₱130,178,862
Cost of rental (Note 8)	**14,688,133**	380,353	313,052
	₱324,276,388	₱14,650,008	₱130,491,914

Commission expense recorded under cost of real estate sales amounted to ₱6.70 million in 2020 (nil in 2019 and 2018).

General and administrative expenses consist of:

	2020	2019	2018
Taxes and licenses	**₱15,965,180**	₱18,551,610	₱9,637,521
Salaries, wages and employee benefits	**8,446,713**	8,435,969	6,751,139
Depreciation and amortization (Note 11)	**6,985,701**	8,834,011	4,615,619
Security, messengerial and janitorial services	**2,124,543**	343,209	812,154
Commission	**2,110,583**	1,789,876	5,691,392
Light, water and dues	**1,910,234**	3,407,426	1,434,319
Professional fees	**1,705,797**	977,748	1,026,465
Repairs and maintenance	**1,455,767**	70,828	618,884
Communication and transportation	**952,406**	483,085	164,098
Retirement (Note 16)	**617,989**	561,735	390,905
Insurance	**607,602**	802,204	239,441
Gas and oil	**269,771**	383,077	633,883
Entertainment, amusement and recreation	**105,015**	232,488	238,023
Training and development	**–**	45,010	–
Rent expense (Note 21)	**–**	–	3,412,732
Miscellaneous	**2,830,468**	4,470,611	2,937,712
	₱46,087,769	₱49,388,887	₱38,604,287

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

19. Income Taxes

Provision for income tax consists of:

	2020	2019	2018
Current - Regular Corporate Income Tax (RCIT)	**₱43,139,194**	₱9,972,535	₱53,634,113
Deferred	**35,602,940**	(320,178)	(18,119,157)
Current - final	**2,026**	40,522	8,464
	₱78,744,160	₱9,692,879	₱35,523,420

The components of net deferred tax assets follow:

	2020	2019
Presented in profit or loss		
Deferred tax assets on:		
Pension liability	**₱1,108,498**	₱1,675,617
Amortization on loans payable	**157,944**	778,482
Allowance for expected credit loss	**187,719**	191,265
Deferred gross profit from real estate sales	**–**	29,627,258
Accrued expenses	**–**	1,359,289
Accretion of interest on receivables	**–**	619,710
Lease liabilities - net	**–**	50,125
Unearned rent	**–**	5,110
	1,454,161	34,306,856
Deferred tax liabilities on:		
Amortization of transaction cost	**(210,746)**	(1,261,730)
Accretion of interest on receivables	**(78,857)**	(39,281)
Lease income differential between straight-line and accrual method of accounting for leases	**(378,826)**	(295,845)
Accretion of interest on security deposit - net	**–**	(15,433)
Capitalized borrowing costs	**–**	(3,355,803)
	(668,429)	(4,968,092)
	785,732	29,338,764
Presented in OCI		
Deferred tax asset on:		
Remeasurement gain on defined benefit obligation	**295,312**	749,565
	₱1,081,044	₱30,088,329

The components of net deferred tax liabilities follow:

	2020	2019
Presented in profit or loss		
Deferred tax assets on:		
Pension liability	**₱752,518**	–
Accrued expenses	**784,502**	–
Amortization on loans payable	**699,939**	–
Accretion of interest on receivables	**583,003**	–
Lease liabilities - net	**226,650**	–
Allowance for expected credit loss	**3,545**	–
	3,050,157	–
Deferred tax liabilities on:		
Capitalized borrowing costs	**(8,355,802)**	–
Amortization of transaction cost	**(962,088)**	–
Lease income differential between straight-line and accrual method of accounting for leases	**(775,798)**	–
Accretion of interest on security deposit – net	**(6,375)**	–
	(10,100,063)	–
	(7,049,906)	–
Presented in OCI		
Deferred tax asset on:		
Remeasurement gain on defined benefit obligation	**575,626**	–
	(₱6,474,280)	₱–

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

	2020	2019	2018
Statutory income tax	**₱68,289,060**	₱8,879,144	₱35,373,383
Add (Deduct):			
Derecognized deferred tax assets	**10,332,387**	–	–
Nondeductible expenses	**119,111**	831,093	154,269
Deductible temporary difference for which no deferred tax asset was recognized	**4,615**	2,904	–
Interest income subject to final tax	**(1,013)**	(20,262)	(4,232)
Provision for income tax	**₱78,744,160**	₱9,692,879	₱35,523,420

In 2020 and 2019, the Group did not recognize DTA related on the accretion of interest expense on security deposit amounting to ₱4,615 and ₱2,904, respectively.

In 2020, the Group has derecognized deferred tax assets from deferred gross profit amounting to ₱34.44 million (tax effect of ₱10.33 million) as management believes that it is not probable that sufficient taxable profit will be available to allow the benefit of the deferred tax assets to be utilized in the future.

20. **Earnings Per Share**

Earnings per share amounts were computed as follows:

	2020	2019	2018
a. Net income	**₱148,886,043**	₱19,904,269	₱82,387,855
b. Weighted average number of outstanding common shares	**1,738,339,341**	1,661,666,665	1,661,666,665
c. Basic/diluted earnings per share (a/b)	**₱0.0856**	₱0.0120	₱0.0496

As of December 31, 2020, 2019 and 2018, 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 ₱4.84 million and ₱3.83 million as of December 31, 2020 and 2019, respectively (see Note 5).

As of December 31, 2020 and 2019, the future minimum lease receivables under noncancelable operating leases follow:

	2020	2019
Within one year	**₱56,099,310**	₱52,626,476
After one year but not more than five years	**60,493,272**	102,059,954
	₱116,592,582	₱154,686,430

In addition, the Group has transactions with an affiliate in which the latter allowed the Group to lease out the properties it own, 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 "Miscellaneous income" account in profit or loss.

Total rental income, including those recorded under miscellaneous income, amounted to ₱92.69 million, ₱78.44 million and ₱36.51 million in 2020, 2019 and 2018, respectively (see Notes 8 and 17).

In 2020, the Group granted rent concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱9.35 million. 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 2020 (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 years and is renewable annually subject to mutual agreement by both parties. Security deposits relating to this contract as of December 31, 2020 and 2019 amounted to ₱0.74 million (see Note 10).

On May 1, 2019, the Group entered into another operating lease agreement with Philippine Union Realty Development Corporation for a period of two years covering a commercial space to be used as the Group's showroom. The lease is renewable upon mutual agreement by both parties. Related security deposits amounted to ₱0.28 million as of December 31, 2020 and 2019 (see Note 10).

Rental expense (which includes common area dues) charged to profit or loss on the above leases amounted to ₱3.41 million in 2018 (see Note 18).

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

	2020	2019
Depreciation of right-of-use assets	**₱4,561,679**	₱4,203,630
Interest expense on lease liability	**911,858**	1,119,655
Total	**₱5,473,537**	₱5,323,285

The movements in the lease liabilities as at December 31, 2020 and 2019 are presented below:

	2020	2019
Balance as at January 1	**₱14,390,989**	₱16,089,977
Additions	**228,991**	1,589,880
Interest expense	**911,858**	1,119,655
Payments	**(4,900,830)**	(4,408,523)
As at December 31	**₱10,631,008**	₱14,390,989
Current	**₱5,579,573**	₱3,922,053
Noncurrent	**₱5,051,435**	₱10,468,936

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

	2020	2019
Less than one year	**₱4,535,702**	₱4,900,830
After one year but not more than five years	**7,132,305**	11,668,007
	₱11,668,007	₱16,568,837

22. **Financial Instruments**

Fair Value Information

The fair values of cash, receivables (except installment contracts receivables), accounts and other payables 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, 2020 and 2019, 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.

Refundable deposits - Due to the unpredictability of timing of payment, fair value of these liabilities cannot be reasonably estimated.

Fair Value Hierarchy

The Group categorized installments contracts receivable under Level 3 as of December 31, 2020 and 2019. 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, 2020 and 2019. 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 2020 and 2019.

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.

As of December 31, 2020 and 2019, the aging analysis of receivables presented per class, is as follows:

2020

		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	₱43,896,699	₱23,303	₱23,120	₱22,939	₱22,759	₱921,349	₱1,013,470	₱625,733	₱45,535,902
Interest receivable	55,138	273,049	10,373	10,554	10,734	719,812	1,024,522	–	1,079,660
Advances to Homeowners' Associations	–	–	–	–	–	4,400,000	4,400,000	–	4,400,000
Accrued rent receivable	–	4,832,805	–	–	–	–	4,832,805	11,819	4,844,624
Others	–	–	–	–	–	1,604,218	1,604,218	–	1,604,218
	₱43,951,837	₱5,129,157	₱33,493	₱33,493	₱33,493	₱7,645,379	₱12,875,015	₱637,552	₱57,464,404

2019

		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	₱67,278,783	₱907,757	₱76,681	₱76,079	₱75,481	₱8,278,977	₱9,414,975	₱625,733	₱77,319,491
Interest receivable	–	2,190,793	–	–	–	–	2,190,793	–	2,190,793
Advances to Homeowners' Associations	13,400,000	–	–	–	–	–	–	–	13,400,000
Accrued rent receivable	–	3,814,030	–	–	–	–	3,814,030	11,819	3,825,849
Others	–	–	–	–	–	1,604,218	1,604,218	–	1,604,218
	₱80,678,783	₱6,912,580	₱76,681	₱76,079	₱75,481	₱9,883,195	₱17,024,016	₱637,552	₱98,340,351

The table below shows the credit quality of the Group's financial assets as of December 31, 2020 and 2019:

2020

	Current	**Past due but not impaired**	**ECL**	**Total**
Financial assets at amortized cost				
Cash in bank	**₱29,164,862**	**₱–**	**₱–**	**₱29,164,862**
Receivables:				
Installment contracts receivable	**43,896,699**	**1,013,470**	**625,733**	**45,535,902**
Interest receivable	**55,138**	**1,024,522**	**–**	**1,079,660**
Advances to Homeowners' Associations	**–**	**4,400,000**	**–**	**4,400,000**
Accrued rent receivable	**–**	**4,832,805**	**11,819**	**4,844,624**
Others	**–**	**1,604,218**	**–**	**1,604,218**
	₱73,116,699	**₱12,875,015**	**₱637,552**	**₱86,629,266**

2019

	Current	Past due but not impaired	ECL	Total
Financial assets at amortized cost				
Cash in bank	₱69,739,532	₱–	₱–	₱69,739,532
Receivables:				
Installment contracts receivable	67,278,783	9,414,975	625,733	77,319,491
Interest receivable	–	2,190,793	–	2,190,793
Advances to Homeowners' Associations	13,400,000	–	–	13,400,000
Accrued rent receivable	–	3,814,030	11,819	3,825,849
Others	–	1,604,218	–	1,604,218
	₱150,418,315	₱17,024,016	₱637,552	₱168,079,883

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 installment contracts receivables and accrued rent receivables amounted to ₱0.63 million as of December 31, 2020 and 2019.

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.

Credit line
The Group has a total available credit line up to ₱1.79 billion and ₱1.88 billion with various local banks as of December 31, 2020 and 2019, 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:

2020

	<30 days	30-60 days	61 days-1 year	>1 year	Total
Other financial liabilities:					
Accounts and other payables					
Accounts payable	**₱233,003,190**	**₱–**	**₱–**	**₱–**	**₱233,003,190**
Accrued expenses*	**7,470,189**	**4,235,749**	**31,560,995**	**129,154,745**	**172,421,677**
Loans payable	**–**	**–**	**23,096,792**	**683,353,023**	**706,449,815**
Refundable deposits	**–**	**–**	**12,629,395**	**15,543,213**	**28,172,608**
Total other financial liabilities	**₱240,473,379**	**₱4,235,749**	**₱67,287,182**	**₱828,050,981**	**₱1,140,047,290**
Financial assets at amortized cost					
Cash	**₱29,196,291**	**₱–**	**₱–**	**₱–**	**₱29,196,291**
Receivables:					
Installment contracts receivable	**22,929,729**	**2,167,264**	**10,323,129**	**9,490,047**	**44,910,168**
Interest receivable	**1,079,660**	**–**	**–**	**–**	**1,079,660**
Accrued rent receivable	**4,844,624**	**–**	**–**	**–**	**4,844,624**
Advances to Homeowners' Associations	**4,400,000**	**–**	**–**	**–**	**4,400,000**
Others	**1,604,218**	**–**	**–**	**–**	**1,604,218**
Total	**₱64,054,522**	**₱2,167,264**	**₱10,323,129**	**₱9,490,047**	**₱86,034,961**

**Accrued expenses include expected future interest payments on long-term notes payable amounting to ₱168.33 million.*

2019

	<30 days	30-60 days	61 days-1 year	>1 year	Total
Other financial liabilities:					
Accounts and other payables					
Accounts payable	₱524,857,197	₱–	₱–	₱–	₱524,857,197
Accrued expenses*	884,107	–	32,343,047	149,605,157	182,832,311
Loans payable	–	–	–	623,981,423	623,981,423
Refundable deposits	4,319,522	–	–	24,811,436	29,130,958
Total other financial liabilities	₱530,060,826	₱–	₱32,343,047	₱798,398,016	₱1,360,801,889
Financial assets at amortized cost					
Cash	₱69,792,597	₱–	₱–	₱–	₱69,792,597
Receivables:					
Installment contracts receivable	25,356,871	7,483,242	20,465,139	23,388,507	76,693,759
Interest receivable	2,190,793	–	–	–	2,190,793
Accrued rent receivable	3,814,030	–	–	–	3,814,030
Advances to Homeowners' Associations	9,000,000	–	4,400,000	–	13,400,000
Others	–	–	1,604,218	–	1,604,218
Total	₱110,154,291	₱7,483,242–	₱26,469,357	₱23,388,507	₱167,495,397

**Accrued expenses include expected future interest payments on long-term notes payable amounting to ₱181.14 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 ₱565.00 million as of December 31, 2020 and 2019.

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, 2020 and 2019, 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**
2020	**(₱2,962,623)**	**₱2,962,623**
2019	(1,985,515)	1,985,515

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:

	2020	2019	2018
REVENUE			
Real estate sales	**₱527,946,651**	₱25,029,574	₱233,508,332
Interest income from real estate sale	**5,087,177**	42,988,138	19,639,338
Rental income	**80,284,867**	17,507,152	11,083,935
	613,318,695	85,524,864	264,231,605
COSTS AND EXPENSES			
Cost of real estate sales	**₱309,588,255**	₱14,269,655	₱130,178,862
Cost of rental	**14,688,133**	380,353	313,052
General and administrative expenses	**46,087,769**	49,388,887	38,604,287
	370,364,157	64,038,895	169,096,201
Income before income tax	**242,954,538**	21,485,969	95,135,404
Provision for income tax	**78,744,160**	9,692,879	35,523,420
Income after income tax	**₱164,210,378**	₱11,793,090	₱59,611,984
SEGMENT ASSETS			
Cash	**₱29,196,291**	₱69,792,597	₱42,093,963
Receivables	**56,826,852**	97,702,799	281,041,662
Real estate held for sale and development	**1,997,232,783**	2,046,549,317	1,469,026,913
Other current assets	**82,303,871**	286,218,911	224,036,801
Investment properties	**505,159,021**	83,463,177	83,843,530
	₱2,670,718,818	₱2,583,726,801	₱2,100,042,869
SEGMENT LIABILITIES			
Accounts and other payables	**₱250,801,392**	₱555,176,137	₱424,941,578
Contract liabilities	**16,998,410**	151,744,585	122,645,777
Subscription payable	**–**	56,250,000	–
Loans payable	**706,449,815**	623,981,423	202,000,000
	₱974,249,617	₱1,387,152,145	₱749,587,355

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.

All revenues are from individuals and domestic entities incorporated in the Philippines.

There are revenues derived from a single external customer above 10% of total revenue in 2020 (nil in 2019). The Group derived ₱520.58 million or 99% of its total revenue from a single external customer which pertains to a real estate sale.

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

	2020	2019	2018
Total operating assets of segments	**₱2,670,718,818**	₱2,583,726,801	₱2,100,042,869
Investment in an associate	**214,295,000**	75,000,000	–
Property and equipment	**15,393,075**	21,965,235	9,614,821
Deferred tax assets	**1,081,044**	30,088,329	29,200,432
Other noncurrent assets	**5,363,725**	5,496,687	4,514,916
Consolidated total assets	**₱2,906,851,662**	₱2,716,277,052	₱2,143,373,038

Reconciliation of Liabilities

	2020	2019	2018
Total operating liabilities of segments	**₱974,249,617**	₱1,387,152,145	₱749,587,355
Advances to affiliates	**275,049,859**	325,417,509	389,530,497
Refundable deposits	**28,172,608**	29,130,958	12,984,274
Lease liabilities	**10,631,008**	14,390,989	–
Statutory liabilities	**2,610,434**	–	8,915,851
Deferred tax liabilities	**6,474,280**	–	–
Pension liability	**9,106,513**	8,083,943	5,629,811
Consolidated total liabilities	**₱1,306,294,319**	₱1,764,175,544	₱1,166,647,788

Reconciliation of Revenue and Other income

	2020	2019	2018
Total revenue of segments	**₱613,318,695**	₱85,524,864	₱264,231,605
Miscellaneous income - net	–	29,915,075	25,903,899
Consolidated total revenue and other income	**₱613,318,695**	₱115,439,939	₱290,135,504

Reconciliation of Net Income

	2020	2019	2018
Income after income tax	**₱164,210,378**	₱11,793,090	₱59,611,984
Miscellaneous income (expense) - net	**(2,963,222)**	29,915,075	25,903,899
Interest expense	**(12,361,113)**	(21,803,896)	(3,128,028)
Consolidated net income	**₱148,886,043**	₱19,904,269	₱82,387,855

24. **Additional Cash Flow Information**

Below is the rollforward of liabilities under financing activities:

2020

	January 1, 2020	Cash Flows	Non-cash Changes	December 31, 2020
Loans payable	**₱623,981,423**	**₱83,742,797**	**(₱1,274,405)**	**₱706,449,815**
Refundable deposits	**29,130,958**	**(1,661,250)**	**702,900**	**28,172,608**
Lease liabilities	**14,390,989**	**(4,900,830)**	**1,140,849**	**10,631,008**
Interest payable	**911,014**	**(34,348,584)**	**35,047,347**	**1,609,777**
	₱668,414,384	**₱42,832,133**	**₱35,616,691**	**₱746,863,208**

2019

	January 1, 2019	Cash Flows	Non-cash Changes	December 31, 2019
Loans payable	₱202,000,000	₱420,297,500	₱1,683,923	₱623,981,423
Refundable deposits	15,763,366	12,684,617	622,975	29,130,958
Lease liabilities	–	(4,408,523)	18,799,512	14,390,989
Interest payable	152,778	(17,559,107)	18,317,343	911,014
Dividends payable	–	(43,203,333)	43,203,333	–
	₱217,916,144	₱367,811,154	₱82,627,086	₱668,414,384

Non-cash changes pertain to amortization of transaction of loans payable and accretion of interest expense of refundable deposits and lease liabilities. In 2019, non-cash changes on dividends payable pertains to dividend declaration during the year.

25. **Events related to COVID-19 Pandemic**

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak as a global pandemic. In a move to contain the COVID-19 outbreak, several quarantine measures have been implemented in the National Capital Region (NCR) and other areas with significant number of COVID-19 cases. These quarantine measures have resulted in disruptions in the Company's business and economic activities. On March 27, 2021, the Presidential Spokesperson has announced that ECQ will be implemented in the NCR+ "bubble" covering the NCR, Bulacan, Rizal, Cavite and Laguna starting March 29, 2021 until April 11, 2021 as approved by the President. On April 11, 2021, the Government has announced that the NCR+ area will be under MECQ starting April 12, 2021 until April 30, 2021.

The COVID-19 and the measures taken have caused disruptions to businesses and economic activities, and its impact on business continue to evolve. The events surrounding the outbreak did not have significant impact to the Group's financial position and performance as of and for the year ended December 31, 2020. In addition, there is no significant exposure to liquidity and credit risks of the Group. Nevertheless, the Group will continue to monitor the situation.

26. Events after the Reporting Period

On March 26, 2021, President Rodrigo Duterte signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Group for CY2020 is 27.50%. This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, amounting to ₱39.54 million and ₱1.91 million, respectively, or a reduction of ₱3.59 million. The reduced amounts will be reflected in the Group's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 consolidated financial statements.
- This will result in lower net deferred tax assets and net deferred tax liabilities as of December 31, 2020 by ₱0.18 million and ₱1.08 million, respectively. Provision for deferred tax for the year then ended December 31, 2020 will lower by ₱0.90 million. These reductions will be recognized in the 2021 consolidated financial statements.

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

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, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, included in this Form 17-A and have issued our report thereon dated April 14, 2021. 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, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
SEC Accreditation No. 1758-A (Group A),
July 2, 2019, valid until July 1, 2022
Tax Identification No. 245-571-753
BIR Accreditation No. 08-001998-110-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534373, January 4, 2021, Makati City

April 14, 2021

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October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

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 Subsidiaries (the Group) as at December 31, 2020 and for each of the three years in the period ended December 31, 2020 and have issued our report thereon dated April 14, 2021. 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) 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. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
SEC Accreditation No. 1758-A (Group A),
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April 14, 2021

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

PRIMEX CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE ON FINANCIAL ASSETS
AS OF DECEMBER 31, 2020

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, 2020.

PRIMEX CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE ON AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES AND RELATED PARTIES FOR THE YEAR ENDED DECEMBER 31, 2020

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

The Group does not have receivable from directors, officers, and employees as of December 31, 2020.

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, 2020

NAME (Debtor)	BEGINNING BALANCE	ADDITIONS	COLLECTIONS	WRITE OFFS	ENDING BALANCE		TOTAL
					Current	Noncurrent	
Primex Corp.	₱80,000,000				₱80,000,000		₱80,000,000
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, 2020

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	₱215,000,000	₱–	₱213,664,711	5.50%	72	October 23, 2028
Bank loan	135,000,000	–	134,258,462	6.25%	72	October 23, 2028
Bank loan	120,000,000	12,891,884	96,448,875	5.50%	47	March 4, 2024
Bank loan	95,000,000	10,204,908	76,451,645	6.25%	47	March 4, 2024
Bank loan	75,000,000	–	74,441,562	4.38%	72	October 23, 2028
Bank loan	32,000,000	–	31,809,216	5.75%	72	October 23, 2028
Bank loan	30,000,000	–	29,823,340	5.75%	72	October 23, 2028
Bank loan	20,000,000	–	19,845,528	4.38%	72	October 23, 2028
Bank loan	6,659,464	–	6,609,684	4.38%	72	October 23, 2028

**Net of unamortized transaction costs*

PRIMEX CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON INDEBTEDNESS TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2020

NAME OF RELATED PARTY (CREDITOR)	BALANCE AT BEGINNING OF PERIOD	BALANCE AT END OF PERIOD
Stockholders	₱325,417,509	₱331,299,859
Associate	₱56,250,000	₱–

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

SCHEDULE F

PRIMEX CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON GUARANTEES OF SECURITIES OF OTHER ISSUERS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020.

PRIMEX CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2020

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	1,661,666,665	340,036,054	–	2,001,702,719	–	282,716,454	1,150,649,995	568,336,270

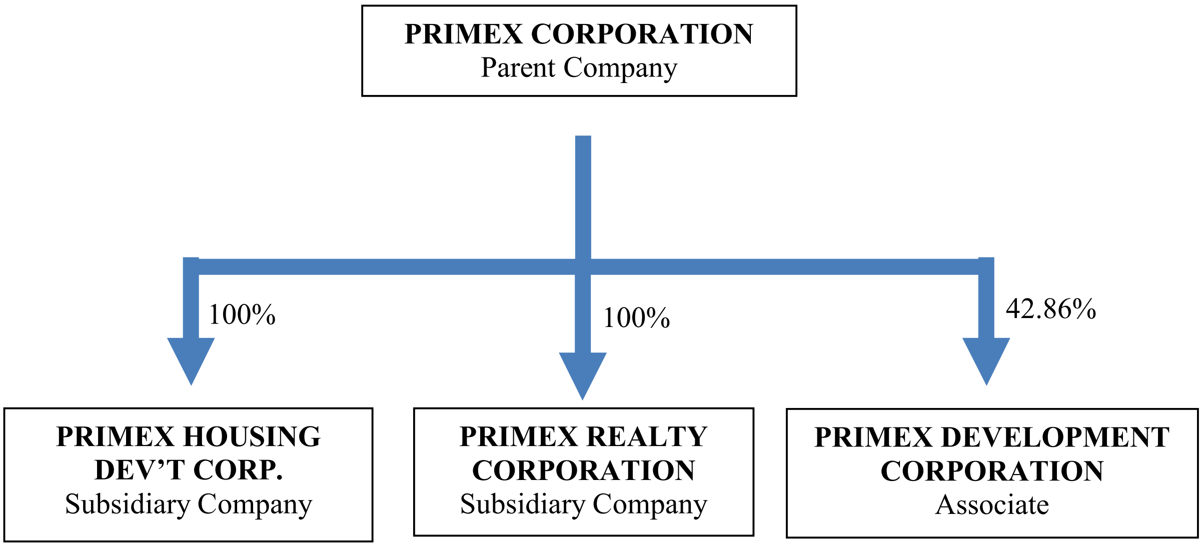
ANNEX 68-D

PRIMEX CORPORATION
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2020

Unappropriated Retained Earnings, beginning	₱258,564,183
Adjustments:	
Deferred tax asset, beginning	(1,611,084)
Unappropriated Retained Earnings, as adjusted, beginning	256,953,099
Net income based on the face of AFS	20,528,249
Less: Non-actual/unrealized income net of tax	
Amount of provision for deferred tax during the year	156,923
Unrealized foreign exchange gain – net (except those attributable to cash and cash equivalent)	–
Unrealized actuarial gain	–
Fair value adjustment (M2M gains)	–
Fair value adjustment of investment property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Add: Non-actual losses	–
Depreciation on revaluation increment (after tax)	–
Adjustment due to deviation from PFRS/GAAP – loss	–
Loss on fair value adjustment of investment property (after tax)	–
Net income actual/realized	277,324,425
Less: Other adjustments	
Dividend declarations during the period	–
Effects of changes in accounting standard	–
Treasury shares	–
Unappropriated Retained Earnings, end available for dividend distribution	₱277,324,425

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, 2020



PRIMEX CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
FOR THE YEAR ENDED DECEMBER 31, 2020

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2020 and 2019:

Financial ratios	Formula		2020	2019
Current ratio	Current assets/ Current liabilities		**3.67:1**	2.26:1
	Current assets	2,156,069,750		
	Divide by: Current liabilities	586,765,855		
	Current ratio	3.67		
Acid test ratio	Quick assets/Current liabilities (quick assets include cash and current receivables)		**0.13:1**	0.13:1
	Current assets	2,156,069,750		
	Less: Real estate held for sale	1,997,232,783		
	Other current assets	82,303,871		
	Quick assets	76,533,096		
	Divide by: Current liabilities	586,765,855		
	Acid test ratio	0.13		
Solvency ratio	EBITDA/Total liabilities (Total liabilities includes short-term and long-term liabilities)		**0.20:1**	0.03:1
	Net income	148,886,043		
	Add: Interest expense	12,361,113		
	Income taxes	78,744,160		
	Depreciation and amortization	21,673,834		
	EBITDA	261,665,150		
	Divide by: Total liabilities	1,306,294,319		
	Solvency ratio	0.20		
Debt-to-equity ratio	Total liabilities/Total equity		**0.82:1**	1.85:1
	Total liabilities	1,306,294,319		
	Divide by: Total equity	1,600,557,343		
	Debt-to-equity ratio	0.82		
Asset-to-equity ratio	Total assets/Total equity		**1.82:1**	2.85:1
	Total assets	2,906,851,662		
	Dived by: Total equity	1,600,557,343		
	Asset-to-equity ratio	1.82		

Financial ratios	Formula		2020	2019
Interest rate coverage ratio	EBITDA/Interest expense		**7.65:1**	2.78:1
	Net Income	148,886,043		
	Add: Interest expense	12,361,113		
	Income taxes	78,744,160		
	Depreciation and amortization	21,673,834		
	EBITDA	261,665,150		
	Divide by: Interest expense (including capitalized portion)	34,214,611		
	Interest rate coverage ratio	7.65		
Return on assets	Operating income/Average total assets		**8%**	1%
	Operating income	227,630,203		
	Divide by: Average total assets	2,811,564,357		
	Return on assets	8%		
Return on equity	Net income/Average total equity		**12%**	2%
	Net income	148,886,043		
	Divide by: Average total equity	1,276,329,426		
	Return on equity	12%		
Net profit margin	Net income /Total revenue		**24%**	23%
	Net income	148,886,043		
	Divide by: Total revenue	613,318,695		
	Net profit margin	24%		

PRIMEX CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31,2021 AND DEC. 31,2020

	UNAUDITED	AUDITED
	31-Mar-21	**31-Dec-20**
ASSETS		
CURRENT ASSETS		
CASH	104,949,899	29,196,291
RECEIVABLES	48,383,080	47,336,805
REAL ESTATE HELD FOR SALE & DEVELOPMENT COST	2,158,388,518	1,997,232,783
OTHER CURRENT ASSETS	99,669,358	82,303,871
TOTAL CURRENT ASSETS	2,411,390,856	2,156,069,750
NONCURRENT ASSETS		
RECEIVABLES - NET OF CURRENT PORTION	9,490,046	9,490,047
INVESTMENT PROPERTIES	501,247,340	505,159,021
INVESTMENT IN AN ASSOCIATE	214,295,000	214,295,000
PROPERTY AND EQUIPMENT	13,687,967	15,393,075
DEFERRED TAX ASSETS	1,081,044	1,081,044
OTHER NONCURRENT ASSETS	5,363,725	5,363,725
TOTAL NONCURRENT ASSETS	745,165,123	750,781,912
TOTAL ASSETS	**3,156,555,978**	**2,906,851,662**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
CURRENT PORTION PF LONG-TERM LOANS	17,124,569	23,096,792
ACCOUNTS AND OTHER PAYABLES	278,965,274	538,480,646
CONTRACT LIABILITIES	16,998,410	16,998,410
LEASE LIABILITIES - CURRENT PORTION	5,579,573	5,579,573
SUBSCRIPTION PAYABLE	-	-
INCOME TAX PAYABLE	2,610,434	2,610,434
TOTAL CURRENT LIABILITIES	321,278,261	586,765,855
NONCURRENT LIABILITIES		
LONG-TERM LOANS	733,479,309	683,353,023
LEASE LIABILITIES - NET OF CURRENT PORTION	5,051,434	5,051,435
PENSION LIABILITY	9,106,513	9,106,513
DEFERRD TAX LIABILITIES	6,474,280	6,474,280
REFUNDABLE DEPOSITS	13,354,347	15,543,213
TOTAL NONCURRENT LIABILITIES	767,465,883	719,528,464
TOTAL LIABILITIES	1,088,744,144	1,306,294,319
STOCKHOLDERS' EQUITY		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PRIMEX CORP.		
CAPITAL STOCK	464,039,174	400,340,544
ADDITIONAL PAID-IN CAPITAL	1,056,147,158	654,845,789
RETAINED EARNINGS	509,573,882	507,319,390
OTHER EQUITY RESERVES	39,821,375	39,821,375
REMEASUREMENT GAIN ON DEFINED BENEFIT OBLIGATION	(1,769,755)	(1,769,755)
TOTAL STOCKHOLDERS' EQUITY	2,067,811,834	1,600,557,343
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**3,156,555,978**	**2,906,851,662**
	0	-

PRIMEX CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED MARCH 31,2021 AND 2020

	UNAUDITED	
	Jan. 1 - March 31,2021	**Jan.1 - March 31,2020**
INCOME		
REALIZED GROSS PROFIT	-	209,172,650
TOTAL INCOME	-	209,172,650
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
SALARIES, BONUSES, AND EMPLOYEES BENEFITS	1,783,844	1,879,286
TAXES, LICENSES, AND FEES	6,732,860	12,145,515
GAS AND OIL	144,503	66,274
DEPRECIATION EXPENSE	3,401,568	32,127,365
BROKER'S FEE	477,825	9,331,606
SECURITY SERVICES	516,499	515,610
PROFESSIONAL FEE	22,765	11,000
REPAIRS AND MAINTENANCE	266,984	79,082
MISCELLANEOUS	1,066,852	2,003,375
INTEREST EXPENSE	1,412,226	8,701,411
MANAGEMENT EXPENSE	-	851,573
TOTAL	15,967,826	67,712,097
NET INCOME (LOSS) FROM OPERATION	(15,967,826)	141,460,553
OTHER INCOME - NET		
OTHER INCOME	25,197	737,918
INTEREST INCOME	610,124	2,269,975
RENTAL INCOME	18,553,205	15,259,557
TOTAL	19,188,526	18,267,450
INCOME (LOSS) BEFORE INCOME TAX	3,220,700	159,728,004
PROVISION FOR INCOME TAX		
CURRENT	966,210	37,591,624
TOTAL	966,210	37,591,624
NET/CONSOLIDATED INCOME (LOSS) AFTER TAX	**2,254,490**	**122,136,380**
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**2,254,490**	**122,136,380**
ATTRIBUTABLE TO NON-CONTROLLING INTEREST		
TOTAL	2,254,490	122,136,380
COMPUTATION OF EPS IS AS FOLLOWS		
NET INCOME (LOSS)	2,254,490	122,136,380
DIVIDED BY WEIGHTED AVERAGE NUMBER OF COMMON SHARES	1,661,666,665	1,661,666,665
EARNINGS PER SHARE	0.0014	0.0735

PRIMEX CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS OF MARCH 31,2021 AND 2020

	UNAUDITED	
	31-Mar-21	**31-Mar-20**
CAPITAL STOCK P0.20 PAR VALUE		
AUTHORIZED - 4,500,000,000 SHARES		
ISSUED AND OUTSTANDING	464,039,174	332,333,333
SUBSCRIBED AND OUTSTANDING		
TOTAL CAPITAL STOCK	464,039,174	332,333,333
ADDITIONAL PAID-IN CAPITAL	1,056,147,158	223,000,000
ACTUARIAL GAIN/(LOSS) ON DEFINED BENEFIT OBLIGATION	(1,769,755)	(1,486,549)
RETAINED EARNINGS		
Balance at Beginning of Year	507,319,391	358,433,347
Other Equity Reserve	39,821,375	39,821,375
Net Income	2,254,490	122,136,379
Balance at End of Year	549,395,256	520,391,101
NON-CONTROLLING INTEREST		
TOTAL STOCKHOLDERS' EQUITY	**2,067,811,834**	1,074,237,886

PRIMEX CORPORATION AND SUBSIDIARY
CONSOLIDATED AGING OF CONTRACT RECEIVABLES
AS OF MARCH 31,2021

	< 30 DAYS	30 - 60 DAYS	> 60 DAYS	TOTAL
	18,648,321	23,121	1,592,785	20,264,227
CONTRACT RECEIVABLES	18,648,321	23,121	1,592,785	20,264,227

PRIMEX CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF MARCH 31,2021 AND 2020

	31-Mar-21	**31-Mar-20**
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME (LOSS)	2,254,490	122,136,379
ADJUSTMENT FOR:		
DEPRECIATION/AMORTIZATION	3,401,568	32,127,365
OPERATING INCOME BEFORE CHANGES IN WORKING CAPITAL		
CHANGES IN OPERATING ASSETS AND LIABILITIES		
DECREASE (INCREASE) IN:		
RECEIVABLES	(1,046,275)	(23,289,295)
CONTRACT ASSET	-	-
REAL ESTATE HELD FOR SALE AND DEVELOPMENT	(161,155,735)	551,539,640
LAND AND IMPROVEMENT		
OTHER CURRENT ASSETS	(17,365,487)	63,035,301
INCREASE (DECREASE) IN:		
ACOUNTS AND OTHER PAYABLES	(259,515,373)	(313,998,616)
REFUNDABLE DEPOSIT	(2,188,866)	642,042
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(435,615,677)	432,192,815
CASH FLOWS FROM INVESTING ACTIVITIES:		
(ACQUISITION) DISPOSALS OF PROPERTY AND EQUIPMENT	(1,696,459)	(27,312,014)
DECREASE (INCREASE) IN:		
INVESTMENT PROPERTIES	3,911,681	(394,862,873)
PROPERTY AND EQUIPMENT		
OTHER NONCURRENT ASSETS	0	(184,117)
RECEIVABLES-NET OF CURRENT PORTION	1	(30,384,963)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	2,215,223	(452,743,967)
CASH FLOWS FROM FINANCING ACTIVITIES:		
INCREASE (DECREASE) IN CAPITAL	63,698,630	-
CURRENT PORTION LONG TERM LOAN	(5,972,223)	-
PROCEEDS FROM ISSUANCE OF CAPITAL STOCK	401,301,369	-
DIVIDEND PAID		
RETAINED EARNINGS		
long-term loans	50,126,286	
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	509,154,062	-
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANK	75,753,608	(20,551,152)
CASH ON HAND AND IN BANK AT BEGINNING OF YEAR	29,196,291	69,792,597
CASH ON HAND AND IN BANK AT END OF QUARTER	**104,949,899**	49,241,445
	0.00	