

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE
OF THE PHILIPPINES**

1. For the Fiscal Year ended: **December 31, 2020**
2. Commission Identification No.: **133828**
3. BIR Tax Identification No.: **420-000-188-756**
4. Exact Name of Issuer as specified in its Charter: **PRIMEX CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila**
6. Industry Classification Code: (SEC use only)
7. Address of Issuer's Principal office & postal code:
Ground Floor, Richbelt Terraces, 19 Annapolis St., Greenhills, San Juan 1502
8. Issuer's Telephone number, including area code: **(632) 722-80-78**
9. Securities registered pursuant to Sec. 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of shares issued and outstanding
Common shares	1,661,666,665

Amount of Debt Outstanding
683,353,023..00

10. Are any or all of these securities listed on a Stock Exchange?
Yes () No (x)

Stock Exchange: **Philippine Stock Exchange**
Securities listed: **1,661,666,665 Common Shares**

11. Check whether the Issuer:
(a) has filed reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)
Yes (x) No ()

PART 1 - BUSINESS AND GENERAL INFORMATION

Item 1. Business

A. Background Information

1. Brief Company History

Primex Corporation was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission on July 17, 1986 with the primary purpose of engaging in real estate development.

2. Listing in Stock Exchange

The shares of stock of Primex Corporation was listed at the Philippine Stock Exchange on August 10, 2001. The company has an authorized capital stock of Four Billion Five Hundred Million pesos (Php 4,500,000,000), divided into Three Billion Five hundred million (3,500,000,000) common shares with a par value of Php 0.20 per share and One Billion (1,000,000,000) preferred shares with a par value of Php 0.20 per share. Listed common shares of stock at the Philippine Stock Exchange as of December 31, 2018 stands at One Billion Six hundred Sixty one million Six hundred Sixty Six thousand Six hundred Sixty Five (1,661,666,665) shares while Issued and Outstanding common shares is also One Billion Six Hundred Sixty One Million Six hundred Sixty Six thousand Six hundred Sixty Five (1,661,666,665) shares. On November 24, 2015, the Board of Directors of the Company approved a resolution for the change in the Par Value of the shares of stock of the corporation from P 1.00/share to P 0.20/share. The resolution was approved by two-thirds of the shareholders of the company in a Special Stockholders meeting held on January 29, 2016.

3. Nature of Operations

The Company is authorized to engage in the real estate business in all its aspects, to purchase, lease, or in any matter dispose of or deal with lands and other real property and any interest therein.

Its completed projects include two high-end residential projects, namely: (1) Goldendale Village located in Malabon; and (2) The Richdale, situated along Sumulong Highway, Antipolo City. Both projects are being marketed on a lots-only basis. The Company has also completed the development of Goldendale II, a 4.6 hectare mixed-use project that is also marketed on a lots-only basis. The company has completed the development of the Tresor Residences, a mid-rise residential condominium along Gov. Pascual Ave., Malabon City. In 2015, the Company acquired a majority stake in an affiliate, Primex Realty Corporation, whose real estate development project, The Stratosphere, is already completed. On January 17, 2018, the Company acquired full ownership and control of Primex Realty Corporation, thereby making it a wholly-owned subsidiary. Presently, Primex Realty Corporation is developing Primex Tower, a 50-storey prime office building at the corner of EDSA and Connecticut in Greenhills, San Juan.

Consolidated Total Revenues totaled Php 613.318 M for the year, a rise of 431 % from the Php 115.439 M of the previous year and 110 % increase from the Php 290.135 M of 2018. Real estate sales revenues from The Richdale Subdivision amounted to Php 7.366 M, no sales from the Goldendale Subdivision while Php 520.579 M was attributable to revenues from the Stratosphere. These revenues earned from real estate sales, in turn accounted for 86 % of all revenue sources. There are no seasonal aspects that will have a material effect on the financial condition or results of operation of the company. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations. There are no significant elements of income or loss that did not arise from continuing operations. The company does not foresee any effect on its business from existing or probable governmental regulations.

Business Competition/Risks

The real estate industry is highly dependent on the state of the national economy as the growth of the industry has a direct correlation with the state of the national income and the effective disposal income of the people. An increase in disposal income shall correspond to a proportionate increase in expenditures on housing.

There are no major risks involved in the businesses of the Company. Transfer of Titles are effected only after payments are made in full, thereby ensuring no bad accounts.

There is a need for real estate companies to secure government approval such as Development Permit, Certificate of Registration and License to Sell before the commencement of any development. The Company has complied with all appropriate government regulations, including environmental laws and has secured all necessary licenses prior to the development and marketing of its Goldendale and Richdale projects.

The company does not own nor does it depend on any patents, trademarks, copyrights, franchises, concessions and/or royalty agreements for its operations. For its development activities, the company spent Php 666.566 M in 2020, Php 1,566.634 M in 2019, and Php 1,469.026 M. in 2018, which is 108 %, 1,361 %, and 506 % , respectively of their respective yearly's total revenues.

The Company is not aware of any pending legislation or governmental regulation which is expected to materially affect its business.

Expenses incurred by the Company for purposes of compliance with environmental laws consist primarily of payments for government regulatory fees which are standard in the industry and are minimal.

As of December 31, 2020, the Company and its subsidiary, Primex Realty Corporation, both have the same number of full-time employees and positions, broken down as follows:

<u>Department</u>	<u>No. of Employees</u>
Adminstrative & Personnel	3

Marketing	1
Operations & Engineering	3
Finance	2
	9

There are no supplemental benefits or incentive arrangements with the afore-mentioned employees, aside from what is provided for by law.

The Company engages the services of outside personnel (sales coordinators, brokers, independent contractors, engineers, etc.) to provide the marketing, operations, and engineering services to the company.

The contracting out of engineering services is mostly on a per project or contract basis. The number of personnel involved depends on the requirements of the particular project.

Item 2. Properties

Investment in real properties as of December 31, 2020 are as follows:

<u>Particular</u>	<u>Location</u>	<u>Total area in sq. m.</u>	<u>Description</u>
1. Land	Annapolis, Greenhills	1,000	This property is bounded by Annapolis, Florida and Columbia Sts. Most ideal for a first-class, high-rise residential condominium
2. Land	Sumulong Highway Antipolo City	140,029	This property has a panoramic view of Laguna de Bay and the whole of Metro Manila. With Notice of lis pendens.
3. Land	National Highway Tagaytay City	69,599	This property provides a scenic view of the famed Taal Lake and Taal Volcano.
4. Land	Gov. Pascual Ave. Malabon City	29,391	Site of the planned Primex Business Park. It lies along the main transportation link connecting the town's center of commerce with its industrial hub.
5. Land	Meycauayan Bul.	11,508	Located in Bo. Saluysoy, Meycauayan, Bulacan
6. Land	Richdale Subd.	21,718	Located along Sumulong Highway, Antipolo
7. Land	Goldendale Village	31,744	Located in Bo. Tinajeros, Malabon
8. Land	Naic, Cavite	49,295	Located in Naic, Cavite

9. Building Valero St., Makati 5,776 The Stratosphere, Makati City

* There are no mortgage, lien or encumbrance over any of the abovementioned properties nor any limitations on ownership or usage over the same.

Item 3. Legal Proceedings

The following cases represent the actions now pending before various fora:

1. Civil Case No. 93-2918, Savino Penaflor vs. NHA, Primex Corporation, et. al., Branch 73 Antipolo Regional Trial Court. - This suit, instituted on October 2, 1993, is essentially an action to claim ownership of The Richdale Subdivision and other parts of Antipolo, based on an alleged handwritten authority given by a long-deceased Philippine President to the complainant to cultivate the property with no definitive description of its boundaries. A Motion to Dismiss was filed by the Company as far back as March 07, 1994. The Company was eventually ordered to, and did, file its Answer with Counterclaim. Handling counsel for the company is Atty. Agustin S. Sundiam.
2. Civil Case No. 60754, Branch 71 of the Pasig City Regional Trial Court entitled Primex Corporation vs. Marcelino E. Lopez, et. al., - an action filed by Primex Corporation on April 29, 1991 for injunction and specific performance (and breach of warranty after the case was filed) against Marcelino E. Lopez, et. al., due to delays in delivering peaceful possession and valid title, and for breach of warranty that there was no pending cases when the property was originally contracted for sale to Primex Corporation. Primex filed a Motion to Reset Pre-trial which was denied. Primex was declared non-suited and its complaint was dismissed. Defendants' evidence on their counterclaim was received ex-parte. On August 11, 1995, the RTC rendered a decision granting the counterclaims of Defendants against Primex. Primex filed a Motion for New Trial which was denied by the RTC in its order dated November 7, 1995 on the ground that the motion was not timely filed. Primex appealed both the August 11 and November 7, 1995 orders of the RTC to the Court of Appeals (CA). The CA, in its decision dated April 8 1999, set aside both orders and remanded the case to the RTC to conduct a trial de novo. Case pending appeal under CAGR No. CV-163959 and CAGR No. SP-82865.
3. HLURB Case no. TPZNCR-043004-007 - The Richdale Homeowners Association, Inc. and Primex Corporation vs. Goldloop Properties, Inc. This case filed with the Housing and Land Use Regulatory Board (HLURB) involves a boundary dispute and violation of the Zoning ordinance, New Civil Code and other incidents. The case was filed to stop the construction of the project of the Goldloop Properties, Inc. which had mainly affected Lot-16, Block-1 of The Richdale Subdivision. The principal complainant is The Richdale Homeowners Association, Inc. with Primex Corporation as its co-plaintiff. Evidence for the plaintiff is essentially the certificates of title of the plaintiffs, the Zoning Code of Antipolo City, PD 957, the New Civil Code and its rules and regulations. The case is being set for pre-trial. The probable outcome is that the HLURB shall uphold the provisions of the Zoning Code, New Civil Code and PD 957.

Item 4. Submission of Matters to a Vote of Security Holders

A change in the Par Value of the stock of the Company, from Php 1.00/share to Php 0.20/share, was approved by two-thirds of the shareholders of the company in a Special Stockholders meeting held on January 29, 2016.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholders Matters

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.

			<u>Low</u>	<u>High</u>
2018	First Quarter	Php	3.78	5.89
	Second Quarter		2.48	4.70
	Third Quarter		2.92	4.58
	Fourth Quarter		2.99	4.05
2019	First Quarter	Php	2.65	3.70
	Second Quarter		1.89	2.89
	Third Quarter		1.98	2.59
	Fourth Quarter		2.00	2.31
2020	First Quarter	Php	3.53	5.05
	Second Quarter		3.80	4.86
	Third Quarter		3.86	6.37
	Fourth Quarter		5.21	7.41
2021	First Quarter	Php	1.71	2.51

* 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 last traded on the First board of the Philippine Stock Exchange was transacted at Php 2.98 per share on April 08, 2021.

Holders

As of December 31, 2020, there were 16 holders of the Company's shares of Common stock. Below is a List of the Top twenty holders of the Company's shares of Common stock as of the above date.

<u>Name of Stockholder</u>	<u>Number of Shares</u>	<u>Percentage of ownership</u>
PCD NOMINEE CORP.(FIL)	636,779,364	38.321 %
HIGHVALUE HOLDINGS, INC.	255,782,330	15.393 %
5 CALIBRE HOLDINGS, INC.	198,618,330	11.953 %
EXCELLAR HOLDINGS INC.	193,235,000	11.629 %
HIGH INTEGRITAS HOLDINGS INC.	159,895,000	9.623 %
EA HOK KI HOLDINGS CORP.	137,778,335	8.292 %
SHERA HOLDINGS	50,000,000	3.009 %
DELA CRUZ, ROBERTO	10,000,000	0.602 %
CHAN, JOSSIE O.	6,750,000	0.406 %
PCD NOMINEE CORP (NON-FILIPINO)	3,478,801	0.209 %
DY, GONZALO C.	3,250,000	0.196 %
DY, GLORIA A.	3,250,000	0.196 %
CO, KATHRYN	2,500,000	0.150 %
GOCHECO, DORIS	325,000	0.020 %
BORJA, GEORGE C.	20,000	0.001 %
GARCIA, LEIGH LAUREN P.	13,500	0.001 %
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.

Dividends

It is the Company's current intention to periodically declare a portion of its unrestricted retained earnings as dividend either in the form of cash or stock. The Company declared a Cash Dividend equivalent to P 0.055 for every share of common stock payable in August 10, 2018 and in 2019, again, declared a Cash Dividend equivalent to Php 0.026 for every share of common stock, payable also in August..

The payment of dividends depends upon the company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out its unrestricted retained earnings. These represent the net accumulated earnings of the Company, with its capital unimpaired, which are not appropriated for any other purpose.

The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval of the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

A cash dividend of Php 0.055 for every common share of stock was declared in 2018 and a Php 0.026 for every common share 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 Corporation Code prohibits stock corporations from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Recent Sales of Unregistered or Exempt Securities

On December 08, 2003, the company's Board of Directors approved the conversion of 100,000,000 shares of Preferred stock to Common shares. In lieu of cash, the Board of Directors also approved the issuance of 6,333,333 shares of Common stock exclusively to existing Preferred shareholders as payment for the accumulated cash dividends. A Certification from the Corporate Finance Department of the Securities and Exchange Commission was issued on December 12, 2003, certifying that the issuance are exempt transactions under Section 10.1 (e) and (g) of the Securities Regulation Code. On August 15, 2014, the Company issued 17,000,000 shares of common stock in favor of a private placement investor. On October 10, 2016, the Company accepted an offer for private placement of 45,000,000 common shares at P 4.00/share. The aforesaid shares are already listed at the Philippine Stock Exchange. In 2020, the Company also accepted subscription to its Common shares thru Private Placement from an affiliate, Primex Development Corp. for 220, 036,054 shares on August 28, 2020 and from Highvalue Holdings Inc. for 120,000,000 shares on Nov. 06, 2020. As of December 31, 2020, both Private Placement shares have yet to be issued Stock Certificates nor were listed at the Philippine Stock Exchange.

Item 6. Management's Discussion and Analysis

Please see Exhibit "1" hereof.

Item 7. Financial Statements

Please see Exhibit "2" hereof.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the accountants on accounting and financial disclosures.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

The NINE (9) members of the Company's Board of Directors were elected during the company's Annual Stockholders Meeting held on October 23, 2020 via Remote Communication and they shall hold office until their successors have been duly elected and qualified.

Directors and Executive Officers

Listed below are the business experience of the company's Directors and Executive Officers covering the past five (5) years.

Ernesto O. Ang, 74 years old, Filipino, President and Chairman of the Board of Directors 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 Fish Farm Corporation, Primex Realty Corporation, Primex Land, Inc., Meycauayan Market Corporation, and Richville Development Ltd. He graduated Cum Laude from the Mapua Institute of Technology with a Bachelor's Degree in Mathematics and was a Gold Medalist as well as a recipient of the Don Tomas Mapua Memorial Scholarship Award. He also took Graduate studies in Management Engineering at the Adamson University where he was a former Professor in Mathematics.

Eduardo O. Ang, 77 years old, Filipino, has been a Director of the Company since 1986. He is concurrently a Director of Omega Lumber Corporation, Primex Development Corporation, Primex Realty Corporation, and Primex Land, Inc. Mr. Ang is also the General Manager of Omega Lumber Corporation. He holds a Bachelor's Degree in Mechanical Engineering from the Mapua Institute of Technology.

Emilio O. Ang, 68 years old, Filipino, Exec. Vice President, has been a Director of the Company since 1986. 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. Mr. Ang graduated from the University of Santo Tomas with a Bachelor's Degree in Banking and Finance.

Jossie O. Chan, 65 years old, Filipino, has been a Director of the Company since 1995. Ms. Chan is concurrently a Director of Omega Lumber Corporation, Primex Domains, Inc., Primex Realty Corporation, and Primex Land, Inc. She is a holder of a Bachelor's of Science Degree, major in Business Administration from the University of Santo Tomas.

Edgard O. Ang, 61 years old, Filipino, is the Treasurer and Chief Financial Officer of the Company. He has been a Director of the Company for the past 8 years. A Marketing Graduate

of the De la Salle University, Mr. Ang 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, Vice President-Legal, has been a Director of the Company since 1998. He is concurrently a Director of Primex Domains, Inc., Primex Realty Corporation, Primex Land, Inc. and Primex Development Corporation. Mr. Ang is a Management graduate of the Ateneo de Manila University. He also completed his Bachelor of Laws at the Ateneo Law School and is a member of the Integrated Bar of the Philippines (Rizal Chapter).

Karlvin Ernest L. Ang, 40 years of age, Filipino, Corporate Secretary, he is the Chairman and President of Novelty Specialist, Inc. and Chairman of the Board of Headhigh Venture Holdings Corporation. He is an alumnus of the De la Salle University where he graduated with a Bachelor's Degree in Business Management.

Benito Chua Co Kiong, 68 years of age, Filipino, he is the President of BNC Ingredients Corporation and the former Vice President for Sales of Malabon Longlife Trading Corporation. He holds a Bachelor of Science degree Major in Chemical Engineering from Adamson University. He is also a member of various prestigious business/professional associations, including the American Chamber of Commerce, Canadian Chamber of Commerce, Management Association of the Philippines and the Makati Business Club.

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.

* There are no other persons, 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 Mr. Ernesto O. Ang.

Involvement in Legal Proceedings of any of the Directors and Executive Officers during the past five years

There were no bankruptcy petition filed by or against any business of which any director or executive officer of the company was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time.

No director or executive officer were convicted by final judgement, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses.

No director or executive officer were the subject to any order, judgement, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities.

No director or executive officer were found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation and the judgement has not been reversed, suspended, or vacated.

Item 10. Compensation of Executive Officers and Directors

A. EXECUTIVE OFFICERS

NAME	POSITION
Ernesto O. Ang	President, CEO
Emilio O. Ang	Vice Pres.
Edgard O. Ang	Treasurer, CFO
Ericson O. Ang	Vice-Pres.-Legal
Karlvin Ernest L. Ang	EVP Corporate Secretary

	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>Others</u>	<u>Total</u>
All executive Officers as a Group	2019	5,458,069	236,146		5,694,215
	2020	5,458,069	236,146		5,694,215
	2021	5,458,069	236,146		5,694,215

*Estimated for 2021

B. DIRECTORS

	<u>Year</u>	<u>Directors Fee</u>	<u>Total</u>
Directors' Per Diem As a Group	2019	90,000	90,000
	2020	90,000	90,000
	2021*	90,000	90,000

- Estimates for the year 2021
- There were no standard or other arrangements for which the directors of the registrant are to be compensated.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of 5%+ Beneficial Owners as of December 31, 2020

<u>Title of Class</u>	<u>Name, address of Record owner and relationship to Issuer</u>	<u>Name of beneficial owner and relationship with record owner</u>	<u>Citizenship</u>	<u>No. of shares held</u>	<u>Percent</u>
Common	Ernesto O. Ang # 6 Young St. Corinthian Gardens Quezon City Chairman/President	Ernesto O. Ang	Filipino	453,948,330	27.318
Common	Eduardo O. Ang 1109 Narra St., Mla. Director	Eduardo O. Ang	Filipino	137,778,335	8.292
Common	Emilio O. Ang 51 Flamengo St. Green Meadows Subd. Quezon City Director/Exec. Vice-Pres.	Emilio O. Ang	Filipino	159,895,000	9.623
Common	Ericson O. Ang Ph-B, Richbelt Terraces 19 Annapolis St. Greenhills San Juan Director/Vice-Pres.	Ericson O. Ang	Filipino	198,618,330	11.953
Common	Edgard O. Ang 14-A, Greenrich Mansion Lourdes St., Ortigas Ctr. Pasig City Director/Treasurer	Edgard O. Ang	Filipino	193,235,000	11.629

Voting Trust holders of 5% or more

The Company has no knowledge of any person/s holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement.

Security Ownership of Management as of December 31, 2020

<u>Title of Class</u>	<u>Name of Beneficial owner</u>	<u>Amount and Nature of beneficial ownership</u>	<u>Citizenship</u>	<u>Percent of Class</u>
Common	Ernesto O. Ang	453,948,330 - Indirect	Filipino	27.318 %
Common	Eduardo O. Ang	137,778,335 – Indirect	Filipino	8.292 %

Common	Emilio O. Ang	159,895,000 – Indirect	Filipino	9.622 %
Common	Ericson O. Ang	198,618,330 - Indirect	Filipino	11.953 %
Common	Edgard O. Ang	193,235,000 - Indirect	Filipino	11.629 %
Common	Jossie O. Chan	6,750,000 - Direct	Filipino	0.406 %
Common	Willy G. Ong	20,000 - Direct	Filipino	0.001 %
Common	Karlvin Ernest L. Ang	400,000 - Direct	Filipino	0.024 %
Common	Benito Chua Co Kiong	5,000 - Direct	Filipino	0.0003 %

* The total number of shares owned by all directors and officers as a group is 1,150,649,995 shares, which is equivalent to 69.246 % of the total issued and outstanding capital stock of the Registrant.

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

Item 12. Certain Relationships and Related Transactions

In the normal conduct of business, the Company has transactions with its stockholders and related parties consisting of principally non interest-bearing advances without definite call dates.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company's Board of Directors and Management believe that good corporate governance is a necessary component of sound strategic business management.

In 2002, a Manual on Corporate Governance was adopted by the Company to institutionalize the principles of good corporate governance in the entire organization. As contained in the Manual, the Nomination, Compensation and Remuneration and Audit committees were created. Each committee has three (3) voting members, one of whom is an independent director. The Company's Manual on Corporate Governance was revised and adopted on Feb. 15, 2011 to incorporate additional provisions promulgated by the Securities and Exchange Commission. An amended Manual on Corporate Governance was again filed with the Securities & Exchange Commission on April 08, 2015. An amended Manual on Good Corporate Governance was filed with the Securities and Exchange Commission on May 31, 2017.

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of the Manual. No violations or sanctions have been imposed on any director, officer or employee for non-compliance with the Manual.

The Company's Manual on Corporate Governance also requires that the Company's External Auditor be rotated or the Handling partner be changed every five (5) years or earlier. Starting with the audit of year 2015, a new partner-in-charge, Ms. Jennifer D. Ticlao, was appointed. All

the Directors of the Company have already attended their annual seminar on Corporate Governance.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
1	Management's Discussion and Analysis
2	Consolidated Financial Statements of Primex Corp. and Subsidiary, Primex Realty Corporation.
3	Audited Financial Statement of Primex Corp.
4	Sustainability Report

Report on SEC Form 17-C

During the last six-month period covered by this report, the Company filed the following reports on SEC Form 17-C.

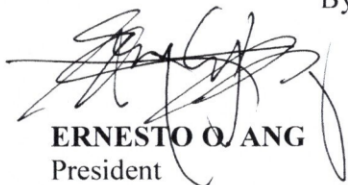
DATE	DISCLOSURES
Oct. 23, 2020	Election of Directors and officers, Appointment of Committee members.
Jan. 08, 2021	Cert. on compliance with Manual on Corporate Governance
Jan. 08, 2021	Certification on the attendance of Directors

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto authorized, in the City of San Juan on day of April, 2021.

PRIMEX CORPORATION
Company

By:



ERNESTO O. ANG
President



EDGARD O. ANG
Treasurer



LOURDES P. MAMERTO
Principal Accounting Officer



KARLVIN ERNEST L. ANG
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ... day of 2021, affiants exhibiting to me their Taxpayer Identification nos. as follows:

22 APR 2021

<u>NAMES</u>	<u>TIN NO.</u>
Ernesto O. Ang	108-929-290
Edgard O. Ang	109-929-273
Karlvin Ernest L. Ang	212-621-196
Lourdes P. Mamerto	108-929-249

Doc. No. 132
Page No. 28
Book No. 26
Series of 2021

Concepcion P. Villanueva
ATY. CONCEPCION P. VILLANUEVA
Notary Public for Quezon City
Until December 31, 2021
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MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION FOR EACH OF THE LAST THREE 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 Php 130.178 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 additional 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 events that will trigger any direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

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.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There are no material commitments for capital expenditures.

EXTERNAL AUDIT FEES

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

Year 2020 = Php 803,572.00

Year 2019 = Php 803,572.00

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.

Contextual Information

Company Details	
Name of Organization	Primex Corporation
Location of Headquarters	G/F Richbelt Terraces 19 Annapolis St., Greenhills, San Juan, Metro Manila
Location of Operations	<ol style="list-style-type: none"> 1. Antipolo <ul style="list-style-type: none"> • Name of Project: The Richdale A 17,716 sq.m. property in Antipolo City. This property complements the existing inventory of first-class residential lots in The Richdale. Antipolo City is fast gaining prominence as a major location for vacation villas. It offers cool climate and fresh air that is untainted by the pollution of the Metropolis. It is only a short drive from the Ortigas Center/Pasig area. 2. Makati <ul style="list-style-type: none"> • Name of Project: The Stratosphere A 34-storey tower at a prime location in classy Salcedo Village along Valero St. – a short walk to Ayala Avenue and Paseo de Roxas. 3. Malabon <ul style="list-style-type: none"> • Name of Project: Goldendale Village The Company's first major middle-market horizontal development in Malabon City near bustling and highly-populated Monumento. • Name of Project: Goldendale II A twenty-five-hectare horizontal development adjacent to Goldendale Village geared towards commercial and light industrial locators. 4. San Juan, Manila <ul style="list-style-type: none"> • Name of Project: Primex Towers A 50-storey office project under development on a 1,944-square meter lot at the corner of EDSA, Connecticut Street, and Florida Street at the Greenhills commercial district. Present completed super structure is on the 30th floor.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report will cover only the activities and operations directly controlled and managed by Primex Corporation and its fully owned subsidiary, Primex Realty Corporation.
Business Model, including Primary Activities, Brands, Products, and Services	Primex Corporation and Primex Realty Corporation deal and engage in the real estate business in all its aspects: to purchase, lease or in any manner to own, hold, improve and develop for all purposes and to sell, convey, lease, mortgage, or in any manner dispose of or deal with lands and other real property and any interest therein.
Reporting Period	January-December 2020
Highest Ranking Person responsible for this report	Karlvin Ernest Ang, Corporate Secretary

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹⁴

For the Company to understand the concerns of its stakeholders and examine how the its operations have impacts on and are affected by economic, social and environmental issues, we have conducted a materiality study. The approach to materiality adheres to the requirements of the Global Reporting Initiative (GRI) and incorporates consideration of the United Nations Sustainable Development Goals (SDGs) to ensure that we are aligned with the global sustainable development priorities.

A scan of external sources (i.e. peer sustainability reports, media reports about the Company, and NGO, industry and other publications) and internal Company documents (i.e. corporate strategy, policies, annual report, board papers, management meeting minutes) was undertaken to come up with a preliminary list of economic, environmental, social and governance issues. The list of issues was presented to key Company personnel to assess and rate each issue’s importance based on stakeholder interest and the Company’s capacity to have impact on the issues and/or the possible risk/opportunity the issues pose to the Company. Finally, the board of directors and management reviewed and validated the material sustainability issues that Primex Corporation will prioritize in its succeeding sustainability report.

The following issues are considered material to the Company and its stakeholders, as outlined in the table and illustrated in the materiality matrix below:

Economic	Economic Performance
	Anti-corruption
Environment	Energy
	Water Management
	Environmental Compliance
Social	Employment
	Occupational Health and Safety
	Local Communities
	Customer Satisfaction
	Customer Health and Safety
	Customer Data Privacy and Security

Materiality Process



ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	610,105,473.43	PhP
Direct economic value distributed:		
a. Operating costs	67,473,833.45	PhP
b. Employee wages and benefits	6,311,754.41	PhP
c. Payments to suppliers, other operating costs	601,293,487	PhP
d. Dividends given to stockholders and interest payments to loan providers	0	
e. Taxes given to government	15,965,180.47	PhP
f. Investments to community (e.g. donations, CSR)	0	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Economic Performance is the Company's most highly ranked material sustainability issue as its continuous operations hinge on its ability to generate and distribute economic value to its stakeholders.</p> <p>The figures shown in the above table can also be found in the Company's audited financial statements.</p>	<ul style="list-style-type: none"> • Investors/ shareholders • Board of directors/ Management • Employees • Suppliers and contractors • Government • Local community 	<p>The Company has instituted an Enterprise Risk Management Committee, whose duties and responsibilities include assessing the probability of identified risks becoming a reality and estimates its possible significant financial impact and likelihood of occurrence, and providing oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. Details of the Enterprise Risk Management Committee's duties and responsibilities can be found in Primex Corporation's official website: http://www.primex.ph/enterprise-risk-management.html</p>
<p>What is the Risk/s identified?</p>		
<p>Risks identified relating to this material sustainability topic are:</p> <ul style="list-style-type: none"> • Changes in customer preferences and demand • Decline in sales volume • Competition • Increase in operating costs • Government regulations 		
<p>What are the Opportunity/ies identified?</p>		
<p>An opportunity identified relating to this material sustainability topic is:</p> <ul style="list-style-type: none"> • Changes in consumer preferences and demand 		

Climate-related risks and opportunities¹⁵

Governance	Strategy	Risk Management	Metrics and Targets
<p>The Company does not have any form of governance around climate-related risks and opportunities yet. This matter may be discussed further by the board/management in the future.</p>	<p>The Company has not yet conducted a formal assessment of the potential impacts of climate-related risks and opportunities on its operations. As such, the Company’s strategy on this matter has not been formulated yet.</p> <p>However, the Company has identified that its Malabon project sites are prone to flooding brought about by frequent rains/typhoons passing through Metro Manila. In consideration of this medium-term risk, management has installed drainage systems capable of handling high volumes of water in the Malabon project sites. The company also used riprap in its site in Antipolo City, The Richdale, to address the risk of erosion in the area.</p> <p>Additionally, the Company has identified the importance of energy efficiency in its commercial projects. As such, Primex Towers, a development under construction located in Greenhills, San Juan, will feature energy efficient designs in accordance with the Leadership in Energy and Environmental Design (LEED) standards.</p>	<p>The management considers climate-related risks and opportunities as these are presented or raised during strategic planning of Company investments and expenditures.</p>	<p>The Company has not yet identified metrics and targets for assessing and managing material climate-related risks and opportunities.</p>

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	0	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	25	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company acknowledges that several aspects of its operations may be susceptible to corruption, including but not limited to:</p> <ul style="list-style-type: none"> • Related party transactions • Transactions with suppliers and contractors 	<ul style="list-style-type: none"> • Investors/ shareholders • Board of directors/ Management • Employees • Suppliers and contractors • Government • Local community 	<p>The Company exercises a high standard of business and moral ethics in its operations. Its Code of Conduct and Business Ethics states that "Primex Corporation believes that integrity and honesty start with every individual; thus, we strive to maintain an exceptional standard of conduct among our employees." The Code and Business Ethics is presented in the Company's official website:</p>
<p>What is the Risk/s Identified?</p>		
<p>Risks identified relating to this material sustainability topic are:</p> <ul style="list-style-type: none"> • Insider trading • Reputational risk • Corruption • Criminal charges 		<p>http://www.primex.ph/code-of-business-conduct-and-ethics.html</p> <p>The Company has policies relating to Conflict of Interest and Related Party Transactions. These can be found in Company's official website:</p> <p>http://www.primex.ph/company-policies.html</p>
<p>What are the Opportunity/ies identified?</p>		
<p>An opportunity identified relating to this material sustainability topic is:</p> <ul style="list-style-type: none"> • Continuously communicating the Company's anti-corruption policies to new employees, management and board of directors through orientation 		<p>The Company also has policies relating to whistle-blowing and insider trading, which can be found in its official website:</p> <p>http://www.primex.ph/corporate-social-responsibility.html</p>

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company acknowledges that several aspects of its operations may be susceptible to corruption, including but not limited to:</p> <ul style="list-style-type: none"> • Related party transactions • Transactions with suppliers and contractors 	<ul style="list-style-type: none"> • Investors/ shareholders • Board of directors/ Management • Employees • Suppliers and contractors • Government • Local community 	<p>The Company exercises a high standard of business and moral ethics in its operations. Its Code of Conduct and Business Ethics states that "Primex Corporation believes that integrity and honesty start with every individual; thus, we strive to maintain an exceptional standard of conduct among our employees." The Code and Business Ethics is presented in the Company's official website: http://www.primex.ph/code-of-business-conduct-and-ethics.html</p> <p>The Company has policies relating to Conflict of Interest and Related Party Transactions. These can be found in Company's official website: http://www.primex.ph/company-policies.html</p> <p>The Company also has policies relating to whistle-blowing and insider trading, which can be found in its official website: http://www.primex.ph/corporate-social-responsibility.html</p>
What is the Risk/s identified?		
<p>Risks identified relating to this material sustainability topic are:</p> <ul style="list-style-type: none"> • Insider trading • Reputational risk • Corruption • Criminal charges 		
What are the Opportunity/ies identified?		
<p>An opportunity identified relating to this material sustainability topic is:</p> <ul style="list-style-type: none"> • Continuously implementing the existing policies in relation to anti-corruption 		

ENVIRONMENT

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	317.70	GJ
Energy consumption (electricity)	1,072,993.00	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	0	kWh
Energy reduction (gasoline)	0	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company has identified that its energy consumption impacts its:</p> <ul style="list-style-type: none"> • Operating costs • Emissions • Supplier <p>The figures shown in the table above cover the energy consumption of Primex Corporation's Head Office as well as properties that do not have lessees and/or occupants during the reporting period.</p> <p>The Company currently does not track its energy reduction efforts; hence, there are no figures to be disclosed in this section for this reporting period.</p>	<ul style="list-style-type: none"> • Investors/ shareholders • Board of directors/ Management • Employees • Suppliers and contractors • Government • Local community 	<p>Management recognizes the positive impact of employing energy reduction measures not only on the operations of the Company but also on its environmental performance. As such, its commercial development under-construction, Primex Towers, will feature energy efficient designs in accordance with the Leadership in Energy and Environmental Design (LEED) standards.</p>
<p>What is the Risk/s identified?</p>		
<p>Risk identified relating to this material sustainability topic is:</p> <ul style="list-style-type: none"> • Increased energy consumption resulting to higher operating costs and emissions 		
<p>What are the Opportunity/ies identified?</p>		
<p>An opportunity identified relating to this material sustainability topic is:</p> <ul style="list-style-type: none"> • Upgrading machines, appliances and vehicles into more energy efficient alternatives 		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	1,673.00	Cubic meters
Water consumption	0	Cubic meters
Water recycled and reused	0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company has identified that its water management impacts its:</p> <ul style="list-style-type: none"> • Operating costs • Suppliers and contractors <p>The figures shown in the above table cover the water consumption of Primex Corporation's Head Office. In computing the Company's water consumption, it has been assumed that water withdrawn by the Company has also been discharged as domestic wastewater.</p>	<ul style="list-style-type: none"> • Investors/ shareholders • Board of directors/ Management • Employees • Suppliers and contractors • Government • Local community 	<p>Management recognizes the positive impact of adapting water management measures not only on the operations of the Company but also on its environmental performance. This matter may be discussed further by the board/management in the future.</p>
<p>What is the Risk/s Identified?</p> <p>Risk identified relating to this material sustainability topic is:</p> <ul style="list-style-type: none"> • Increased water consumption resulting to higher operating costs and water withdrawal from the suppliers' source/s 		
<p>What are the Opportunity/ies Identified?</p> <p>An opportunity identified relating to this material sustainability topic is:</p> <ul style="list-style-type: none"> • Adopting water management measures to lessen consumption 		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company has identified that its compliance with environmental laws and regulations impacts its relationship with the living and non-living natural systems in the sites where it operates, as well as the local communities residing within and around its sites.</p>	<ul style="list-style-type: none"> • Investors/ shareholders • Board of directors/ Management • Employees • Government • Local community 	<p>In all of its operations, the Company considers its impact on living and non-living natural systems and ensures that its interactions serve its environment and stakeholders positively. Hence, before conducting business, the Company complies with all national, regional, and local environmental laws and regulations and secures permits necessary for its operations.</p> <p>When the local community where the Company operates, local government unit, or regulator raises an environmental issue or violation relating to the Company's operations, management would take the necessary measures to address the complaint. The Vice President for Operations or the VP for Legal will be the officer-in-charge for attending to and investigating the environmental issue or violation. Once validated, steps will be undertaken to resolve the issue—management will consult with the local government unit or regulator the necessary actions for remediation. The Company will immediately comply should there be sanctions or necessary actions to remediate the issue and secure approval to continue with the project or business operations.</p>
<p>What is the Risk/s identified?</p> <p>Risks identified relating to this material sustainability topic are:</p> <ul style="list-style-type: none"> • Reputational risk • Fines and non-monetary sanctions • Other costly environmental liabilities 		
<p>What are the Opportunity/ies identified?</p>		
<p>There are no further opportunities identified in relation to this material sustainability topic.</p>		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ¹⁸	9	
a. Number of female employees	7	#
b. Number of male employees	2	#
Attrition rate ¹⁹	0%	rate
Ratio of lowest paid employee against minimum wage	1:1	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	80%	50%
PhilHealth	Y	80%	50%
Pag-ibig	Y	80%	50%
Parental leaves	Y	0%	0%
Vacation leaves	Y	80%	0%
Sick leaves	Y	80%	0%
Medical benefits (aside from PhilHealth)	N	N/A	N/A
Housing assistance (aside from Pag-ibig)	N	N/A	N/A
Retirement fund (aside from SSS)	Y	N/A	0%
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	Y	80%	50%
Flexible-working Hours	N	N/A	N/A
(Others)			

¹⁸ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

¹⁹ Attrition are = (no. of new hires – no. of turnover) / (average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company has identified that its employee management significantly impacts its relationship with the employees and their satisfaction.</p> <p>The figures shown in the above table cover the persons directly employed by Primex Corporation and its subsidiary, Primex Realty Corporation.</p>	<p>The Company values its relationship with its employees and ensures that they are properly remunerated and provided with appropriate, government-mandated benefits. As stated in its policy relating to health, safety and welfare of employees, including company-sponsored trainings, "All officers and employees shall be treated fairly and accorded respect and dignity. Their individual and collective rights shall not be violated." The full text of the policy can be found here: http://www.primex.ph/company-policies.html.</p> <p>To facilitate engagement with employees, the Company utilizes a Suggestion/Complaint Box where employees can share their ideas, suggestions and best practices within the Company.</p> <p>The adoption of employee management practices that will contribute to the increased satisfaction and retention of employees may be discussed further by the board/management in the future.</p>
<p>What are the Risk/s Identified?</p> <p>Risks identified relating to this material sustainability topic are:</p> <ul style="list-style-type: none"> • Employee dissatisfaction • Increased attrition rate 	
<p>What are the Opportunity/ies Identified?</p> <p>An opportunity identified relating to this material sustainability topic is:</p> <ul style="list-style-type: none"> • Adopting employee management practices that will contribute to the increased satisfaction and retention of employees 	

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	563,032	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	2	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company has identified that its occupational health and safety practices and policy impact its:</p> <ul style="list-style-type: none"> • Compliance with legal requirements and/or recognized standards/guidelines relating to occupational health and safety • Relationship with employees <p>The figures shown in the above table cover the persons directly employed by Primex Corporation and its subsidiary, Primex Realty Corporation, and workers who are not employees by the Company but whose workplace is controlled by the Company (i.e. security contractors).</p>	<p>The Company prioritizes the health and safety of its workers. As stated in its policy relating to health, safety and welfare of employees, including company-sponsored trainings, "The Company shall maintain a safe, productive and conducive workplace and comply with all applicable health, safety and environmental laws." The full text of the policy can be found here: http://www.primex.ph/company-policies.html.</p> <p>Due to the COVID-19 pandemic, the Company provided free board and lodging to its office staff. In addition, transportation to and from the office was also provided thru shuttle service. Health and safety protocols implemented includes disinfectant foot mats strategically placed at all entry and exit points of the Company's office, strict monitoring of temperature of each employee and placement of disinfectant agents in various locations. Use of Face Masks indoors is 100% while outdoors, use of Face Shield is also 100%.</p>
What are the Risk/s Identified?	
<p>The Company has identified the occurrence of a work-related injury, fatality and ill-health in its sites, whether these are directly or indirectly controlled by the Company, as its main risk in relation to this material sustainability topic.</p>	
What are the Opportunity/ies Identified?	
<p>Adopting occupational health and safety practices that will further prevent and mitigate negative occupational health and safety impacts directly linked to the Company's operations, products and services has been identified as an opportunity in relation to this material sustainability topic.</p>	

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people? (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
The Richdale	Antipolo	N/A	No	None	N/A
The Stratosphere	Makati	N/A	No	None	N/A
Goldendale Village	Malabon	N/A	No	None	N/A
Goldendale II	Malabon	N/A	No	None	N/A
Primex Towers	San Juan, Manila	N/A	No	None	N/A

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: 0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company acknowledges that it may have significant social and environmental impacts to the local communities where it operates, including but not limited to socioeconomic development and infrastructure and use of shared resources in the area.</p>	<p>The Company adheres to Principle 16 of the Code of Corporate Governance for Publicly-Listed Companies and states its compliance to Recommendation 16.1 in its 2019 Integrated Annual Corporate Governance Report. It ensures that all applicable laws and regulations are complied with to minimize risks relating to the negative social and environmental impacts of its operations. The Company also considers that its operations, specifically in relation to Goldendale II, provides the local community with employment opportunities.</p>
What are the Risk/s identified?	
<p>Risks identified relating to this material sustainability topic are:</p> <ul style="list-style-type: none"> • Reputational risk • Fines and non-monetary sanctions • Other costly socioeconomic and environmental liabilities 	
What are the Opportunity/ies identified?	
<p>The Company has identified that it can have a positive impact to the local communities where it has commercial developments as the businesses it accommodates provide employment to residents within and around the area.</p>	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company acknowledges that the satisfaction of its customers with the Company's products and services significantly impacts the trust and confidence of its customers and investors on the Company.</p>	<p>While the Company is yet to establish a formal customer satisfaction feedback system, a satisfaction form is provided to customers before the turnover of a property. There is also a complaint line available for customers, where the building or homeowners' association in-charge may address the complaint. If the complaint relates to the workmanship of the property, the association relays the issue to the Company and the Company will then investigate and provide the remediation necessary. Operations is responsible for handling complaints of this nature.</p>
What are the Risk/s Identified?	
<p>Risks identified relating to this material sustainability topic are:</p> <ul style="list-style-type: none"> • Reputational risk • Customer dissatisfaction 	
What are the Opportunity/ies Identified?	
<p>The Company has no formal customer satisfaction feedback system in place yet, so it has been identified that formalizing this process is an opportunity in relation to this material sustainability topic.</p>	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
<p>The Company has identified that its customer health and safety management impact its:</p> <ul style="list-style-type: none"> • Compliance with legal requirements and/or recognized standards/guidelines to address health and safety across the lifecycle of its products and services • Customer satisfaction • Investor confidence 	<p>The Company prioritizes the health and safety of its customers. All legal requirements and/or recognized standards/guidelines that apply to its products and services are strictly adhered to and complied with. The board/management may discuss in the future the adoption of health and safety practices that will further prevent and mitigate negative health and safety impacts directly linked to the Company’s products and services.</p>
<p>What are the Risk/s Identified?</p> <p>Risks identified relating to this material sustainability topic are:</p> <ul style="list-style-type: none"> • Reputational risk • Customer dissatisfaction • Fines and non-monetary sanctions • Other costly liabilities 	
<p>What are the Opportunity/ies Identified?</p> <p>Adopting health and safety practices that will further prevent and mitigate negative health and safety impacts directly linked to the Company’s products and services has been identified as an opportunity in relation to this material sustainability topic.</p>	

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	

*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
The Company acknowledges that its customer data management significantly impacts the trust and confidence of its customers and investors on the Company.	The Company has the utmost respect for its customers’ privacy and assures its customers that any information collected from them to facilitate business transactions are kept private and confidential. Information collected from the customers are used only for stated purposes and retained only for as long as reasonably needed. It is ensured that other, unauthorized parties do not have access to the customers’ information. Any complaints or grievance on customer privacy may be communicated through the Company’s official phone lines. Taking into consideration the importance of data privacy, the Company is currently in the process of hiring a data privacy officer who will handle the management of employee and customer data.
What are the Risk/s identified?	
Risks identified relating to this material sustainability topic are: <ul style="list-style-type: none"> • Reputational risk • Reduced customer trust • Fines and non-monetary sanctions 	
What are the Opportunity/ies identified?	
The Company is currently in the process of hiring a data privacy officer who will handle the management of employee and customer data.	

Customer Data Security



Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company acknowledges that its customer data management significantly impacts the trust and confidence of its customers and investors on the Company.</p>	<p>The Company ensures that all customer files are kept in secured cabinets located in the head office, and that these files are accessible only to key company personnel for official business transactions involving the customer.</p>
What are the Risk/s identified?	<p>There is a plan to digitize customer files and employ cybersecurity to protect customer data once the head office has been relocated to Primex Towers.</p>
<p>Risks identified relating to this material sustainability topic are:</p> <ul style="list-style-type: none"> • Data leak, theft and loss • Reputational risk • Reduced customer trust • Fines and non-monetary sanctions 	
What are the Opportunity/ies identified?	
<p>The Company notes that digitizing customer data presents an opportunity to improve data protection and employ cybersecurity.</p>	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
<p>Residential and Commercial Projects</p>	<div data-bbox="470 481 671 674" style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <p>Key projects in and around Metro Manila provide the opportunity for growing families to invest in their start-up homes in a safe and secure environment.</p> <div data-bbox="470 992 671 1184" style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <p>In line with Leadership in Energy and Environmental Design (LEED) standards, the future headquarters of Primex called Primex Towers will incorporate energy efficient designs. Double-glazed windows will be used to let more natural light in while simultaneously preventing heat and energy losses. A variant refrigerant flow (VRF) air-conditioning system will also be implemented for increased modular control.</p>	<p>The following are the potential negative impacts:</p> <ul style="list-style-type: none"> - Increased traffic in the vicinity of the operations site - Increased consumption of water and electricity for residential and commercial use 	<p>We will investigate the potential negative impacts and consider these in planning future investments.</p>

PRIMEX CORPORATION

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

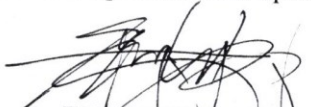
The management of **Primex Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedule attached therein, for the years ended 2018, 2019 and the year ended December 31, 2020, in accordance with the prescribed financial reporting framework indicated 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.

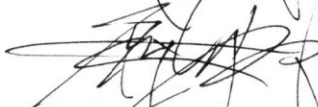
In preparing the financial statements, management is responsible from assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

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

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

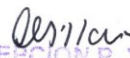

ERNESTO O. ANG
Chairman of the Board


ERNESTO O. ANG
Chief Executive Officer


EDGARD O. ANG
Chief Financial Officer/Treasurer

DOC. NO. 132
PAGE NO. 28
BOOK NO. 36
SERIES OF. 201

SUBSCRIBE AND SWORN TO BEFORE
ME THIS 22 APR 2021 DAY OF APR AT QUEZON CITY


ATTY. CONCEPCION P. VILLALPANDO
Notary Public for Quezon City
Until December 31, 2021
PTR No. 0683154 / 1-4-2021/ QC
IBP No. 093587 / 10-22-2019/ QC
Roll No. 30457 / 05-09-80
MCLE VI-0930379 / 2-21-2020
Adm. Matter No. NP-001(2020-2021)
TIN NO. 131-942-754

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		
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>		
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.

Standards Issued but not yet Effective

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:
 - o What is meant by a right to defer settlement
 - o That a right to defer must exist at the end of the reporting period
 - o That classification is unaffected by the likelihood that an entity will exercise its deferral right
 - o 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&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 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 as 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.

Fair Value Measurement

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 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.

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:

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		Acquisition Costs	
		2020	2019	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		Total
	Transportation Equipment	Office Furniture, Fixtures and Equipment	
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.

	Increase (Decrease)	Effect on DBO	
		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
<u>Associate</u>			
Subscription payable (Note 10)	₱56,250,000	₱—	Payable within 1 year; non-interest bearing; unsecured
<u>Subsidiary</u>			
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
<u>Stockholders</u>			
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
<u>Associate</u>			
Subscription payable (Note 10)	₱8,600,000	(₱56,250,000)	Payable within 1 year; unsecured; non-interest bearing
<u>Subsidiary</u>			
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
<u>Stockholders</u>			
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		
<i>Deferred tax assets on:</i>		
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
<i>Deferred tax liabilities on:</i>		
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		
<i>Deferred tax asset on:</i>		
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 installment 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					Total	ECL	Total	
	Current	<30 days	30-60 days	60-90 days	90-120 days				>120 days
Installment contracts receivable	₱15,392,595	₱-	₱-	₱-	₱-	₱-	₱625,732	₱16,018,327	
Advances to Homeowners' Associations	-	-	-	-	-	4,400,000	-	4,400,000	
Advances to affiliate	-	-	-	-	-	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	
	₱15,392,595	₱1,801,490	₱-	₱-	₱-	₱8,405,468	₱10,206,958	₱625,732	₱26,225,285

2019

	Past Due but not Impaired					Total	ECL	Total	
	Current	<30 days	30-60 days	60-90 days	90-120 days				>120 days
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	-	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
<i>Other financial liabilities:</i>					
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
<i>*Accrued expenses include expected future interest payments on long-term loans payable amounting to ₱30.20 million</i>					
<i>Financial assets at amortized cost:</i>					
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
<i>Other financial liabilities:</i>					
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):

Change in basis points	Effect on income before income tax	
	Increase (decrease)	
	+ 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.

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
<u>Total available input VAT</u>	<u>6,309,920</u>
<u>Applied output VAT</u>	<u>6,277,251</u>
<u>Balance at December 31</u>	<u>₱32,669</u>

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
<u></u>	<u>₱4,453,039</u>

Withholding Taxes

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

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

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.



COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	3	8	2	8				
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COMPANY NAME

P	R	I	M	E	X		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I
A	R	I	E	S																									

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

G	R	O	U	N	D		F	L	O	O	R	,		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	R	E	E	T	,		G	R	E	E	N	H
I	L	L	S	,			S	A	N		J	U	A	N	,		M	E	T	R	O		M	A	N	I	L	A		

Form Type

A	A	F	S
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
primexgroup_pc@yahoo.com	8722-5417 / 722-8078	-
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
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
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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.



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

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			
<i>Item that will not be reclassified to profit or loss in subsequent years:</i>			
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 and 18)	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.



PRIMEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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.

Leases prior to January 1, 2019

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 unlikelihood 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, <i>Leases</i>	–	–	–	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 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.

	Increase (decrease)	Effect on DBO	
		2020	2019
Discount rate	1.00%	(P388,365)	(P307,325)
	(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	P6,611,725	P6,488,917
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	(P19,633,399)	(P32,961,916)	P-
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
	(P2,963,222)	P29,915,075	P25,903,899

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)	P309,588,255	P14,269,655	P130,178,862
Cost of rental (Note 8)	14,688,133	380,353	313,052
	P324,276,388	P14,650,008	P130,491,914



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		
<i>Deferred tax assets on:</i>		
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
<i>Deferred tax liabilities on:</i>		
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		
<i>Deferred tax asset on:</i>		
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		
<i>Deferred tax assets on:</i>		
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	-
<i>Deferred tax liabilities on:</i>		
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		
<i>Deferred tax asset on:</i>		
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

	Current	Past Due but not Impaired					Total	ECL	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days			
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						Total	ECL	Total
	Current	<30 days	30-60 days	61-90 days	91-120 days	>120 days			
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):

Change in basis points	Effect on income before income tax Increase (decrease)	
	+ 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.



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. Tielao

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



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
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



INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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

SCHEDULE A**PRIMEX CORPORATION AND SUBSIDIARIES**

SUPPLEMENTARY SCHEDULE ON FINANCIAL ASSETS
AS OF DECEMBER 31, 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.

SCHEDULE B**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

SCHEDULE E**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.

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
<div style="border: 1px solid black; width: fit-content; margin: 0 auto; padding: 5px;">NOT APPLICABLE</div>				

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

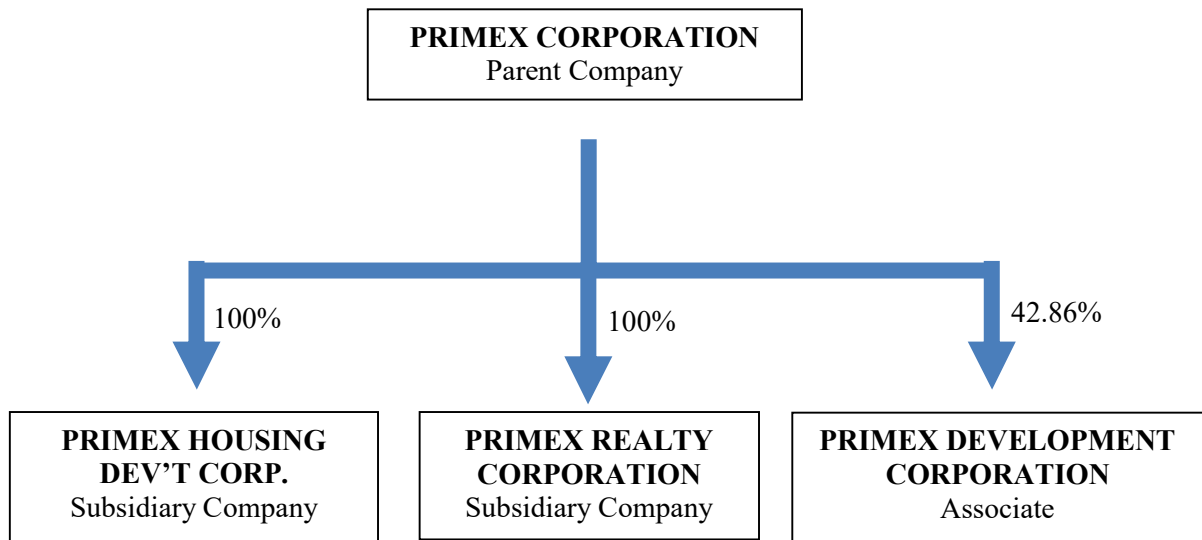
PRIMEX CORPORATION

**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)
<hr/> Unappropriated Retained Earnings, as adjusted, beginning	<hr/> 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)	–
<hr/> Net income actual/realized	<hr/> 277,324,425
Less: Other adjustments	
Dividend declarations during the period	–
Effects of changes in accounting standard	–
Treasury shares	–
<hr/> Unappropriated Retained Earnings, end available for dividend distribution	<hr/> <hr/> ₱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%