COVER SHEET

1	3	3	8	2	8						

SEC Registration Number

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

(Company's Full Name)

G / F   R I C H B E L T   T E R R A C E S   1 9   A N N A P O -
L I S   S T .,   G R E E N H I L L S ,   S A N   J U A N ,   M M

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

Atty. Ericson O. Ang
(Contact Person)

722-5417/722-8078
(Company Telephone Number)

1 2 **3 1**
Month *Day*
(Fiscal Year)

1 7 - A
(Form Type)

0 6 **1 4**
Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

15
Total No. of Stockholders

2,765,940,974.0
Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

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, 2023**

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	**2,344,168,472**

Amount of Debt Outstanding
2,765,940,974.00

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

Stock Exchange: **Philippine Stock Exchange**
Securities listed: **2,344,168,472 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 (   )

(b) has been subject to such filing requirements for the past ninety (90) days
Yes (x) No ( )

The aggregate market value of the voting stock held by non-affiliates of the company, based on the latest traded price of the Company's Common stock on the Philippine Stock Exchange on March 21, 2024 is Php 1,703,235,537.70

514,572,670 shares x 2.24 = Php 1,152,642,780.80

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, 2021 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 Two Billion Three Hundred Forty Four Million One hundred Sixty Eight thousand Four hundred Seventy Two (2,344,168,472) 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. On October 19, 2021, the Company submitted an application for the additional listing of 682,501,807 common shares subscribed via Private Placement of Highvalue Holdings Inc. (120,000,000 shares) and Primex Development Corporation (562,501,807 shares). The shares were listed on the Philippine Stock Exchange on March 17, 2023, bringing the total listed shares to 2,344,168,472.

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 have developed Primex Tower, a 50-storey prime office building at the corner of EDSA and Connecticut in Greenhills, San Juan. The project is almost complete.

Consolidated Total Revenues totaled Php 265.646 M for the year, a rise of 81 % from the Php 90.8 M of the previous year and 73 % drop from the Php 625.722 M of 2020. Total Real estate sales amounted to Php 98.932 M, a 230 % increase from the Php 29.622 M of 2021 and a 81 % decrease off the Php 527.946 M of 2020. These revenues earned from real estate sales, in turn accounted for 60 % 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 2,537,804,703.00 in 2023, Php 3,048.0 M in 2022, Php 666.566 m in 2021, which is 9.5 times, 31 times, and 22 times, 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, 2023, the Company and its subsidiary, Primex Realty Corporation, both have the same number of full-time employees and positions, broken down as follows:

Department	No. of Employees
Adminstrative & Personnel	3
Marketing	1

Operations & Engineering	4
Finance	2
	10

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, 2023 are as follows:

Particular	Location	Total area in sq. m.	Description
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 condom 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 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.	20,532	Located along Sumulong Highway, Antipolo
7. Land	Goldendale Village	30,730	Located in Bo. Tinajeros, Malabon
8. Land	Naic, Cavite	49,295	Located in Naic, Cavite
9. Building	Valero St., Makati	5,634	The Stratosphere, Makati City
10. Building	EDSA Connecticut	47,846	Primex Tower

* 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. 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. (Waiting for execution on Final and executory judgment)

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.

<u>PART II - OPERATIONAL AND FINANCIAL INFORMATION</u>

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.

			LOW	HIGH
2021	First Quarter	Php	1.24	2.25
	Second Quarter		2.08	4.02
	Third Quarter		1.70	3.29
	Fourth Quarter		1.16	2.42
2022	First Quarter	Php	2.65	3.70
	Second Quarter		1.89	2.89
	Third Quarter		1.98	2.59
	Fourth Quarter		2.00	2.15

2023	First Quarter	Php	1.98	2.68
	Second Quarter		2.62	3.43
	Third Quarter		2.66	3.40
	Fourth Quarter		2.40	3.20
2024	First Quarter	Php	2.05	2.56

* The par value of the Company's common stock was changed from Php 1.00 per share to Php 0.20 per share during the 3rd quarter of 2016. The price of the company's common shares that was latest traded on the First board of the Philippine Stock Exchange was transacted at Php 2.24 per share on Mar 21 , 2024.

Holders

As of December 31, 2023, there were 15 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.

Name of Stockholder	Number of Shares	Percentage of ownership
PCD NOMINEE CORP.(FIL)	1,291,803,784	55.107 %
HIGHVALUE HOLDINGS, INC.	255,782,330	10.911 %
5 CALIBRE HOLDINGS, INC.	198,618,330	8.472 %
EXCELLAR HOLDINGS INC.	193,235,000	8.243 %
HIGH INTEGRITAS HOLDINGS INC.	159,895,000	6.821 %
EA HOK KI HOLDINGS CORP.	137,778,335	5.877 %
PCD NOMINEE CORP (NON-FILIPINO)	90,947,188	3.879 %
CHAN, JOSSIE O.	6,750,000	0.288 %
DY, GONZALO C.	3,250,000	0.139 %
DY, GLORIA A.	3,250,000	0.139 %
CO, KATHRYN	2,500,000	0.107 %
GOCHECO, DORIS	325,000	0.014 %
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 the family of Eduardo O. Ang, former Director of the Company (deceased).

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 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.

Dividend History

Year	Income Year	Rate of Dividend	Record Date	Payment Date
2018	2016	P 0.055/share	07/20/2018	08/10/2018
2019	2017	P 0.026/share	07/18/2019	08/12/2019
2021	2018	P 0.020/share	05/28/2021	06/10/2021
2021	2019	P 0.0042/share	12/02/2021	12/27/2021
2022	2020	P 0.032/share	07/19/2022	08/10/2022
2023	2021	P 0.0027/share	08/04/2023	08/30/2023

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 and again, on Feb., 2021 from company affiliate, Primex Development Corporation for 342,465,753 common shares. As of December 31, 2023, these Private Placement shares have already been issued Stock Certificates and the shares were listed at the Philippine Stock Exchange on Mar. 17, 2023.

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 June 14, 2023 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, 77 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 receipient 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.

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

Emilio O. Ang, 71 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.

Edgard O. Ang, 64 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, 61 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, 43 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.

Kerwyn Ernest L. Ang, 38 years old, Filipino, a Director of the company since 2021. He is also the President of Exzzon Corporation and Megainfra Const. He graduated from the Ateneo de Manila University with a degree in Business Management.

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

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

* 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 (deceased), Emilio O. Ang, Edgard O. Ang, Ericson O. Ang while Mr. Karlvin Ernest L. Ang is the eldest son and Kerwyn Ernest L. Ang is the youngest son of Mr. Ernesto O. Ang. Annetta C. Ang is the widow of Eduardo 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
Karlvin Ernest L. Ang	Exec. Vice Pres.
Emilio O. Ang	Vice Pres.
Edgard O. Ang	Treasurer, CFO
Ericson O. Ang	Vice-Pres.-Legal
Kerwyn Ernest L. Ang	Vice Pres.
Karlvin Ernest L. Ang	Corporate Secretary

	Year	**Salary**	**Bonus**	**Others**	**Total**
All executive Officers as a Group	2022	5,458,069	236,146		5,694,215
	2023	5,458,069	236,146		5,694,215
	2024*	5,458.069	236,146		5,694,215

*Estimated for 2024

B. DIRECTORS

	Year	**Directors Fee**	**Total**
Directors' Per Diem As a Group	2022	90,000	90,000
	2023	90,000	90,000
	2024*	450,000	450,000

- Estimates for the year 2024
- 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, 2023

Title of Class	Name, address of Record owner and relationship to Issuer	Name of beneficial owner and relationship with record owner	Citizenship	No. of shares held	Percent
Common	Ernesto O. Ang # 6 Young St. Corinthian Gardens Quezon City Chairman/President	Ernesto O. Ang	Filipino	573,948,330	24.4
Common	Eduardo O. Ang 1109 Narra St., Mla. Director	Annetta. Ang Spouse	Filipino	137,778,335	5.877
Common	Emilio O. Ang 51 Flamengo St. Green Meadows Subd. Quezon City Director/Exec. Vice-Pres.	Emilio O. Ang	Filipino	159,895,000	6.821
Common	Ericson O. Ang Ph-B, Richbelt Terraces 19 Annapolis St. Greenhills San Juan Director/Vice-Pres.	Ericson O. Ang	Filipino	198,618,330	8.473
Common	Edgard O. Ang 14-A, Greenrich Mansion Lourdes St., Ortigas Ctr. Pasig City Director/Treasurer	Edgard O. Ang	Filipino	193,235,000	8.243

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, 2023

Title of Class	Name of Beneficial owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Ernesto O. Ang	573,948,330 - Indirect	Filipino	24.484 %

Common	Emilio O. Ang	159,895,000 – Indirect	Filipino	6.821 %
Common	Ericson O. Ang	198,618,330 - Indirect	Filipino	8.473 %
Common	Edgard O. Ang	193,235,000 - Indirect	Filipino	8.243 %
Common	Karlvin Ernest L. Ang	400,000 - Direct	Filipino	0.017 %
Common	Kerwyn Ernest L. Ang	1,000 - Direct	Filipino	0.000 %

* The total number of shares owned by all directors and officers as a group is 1,264,380,995 shares, which is equivalent to 53.937 % 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 2022, a new partner-in-charge, Ms. Maria Antoniette L. Aldea, was appointed. For the year 2023, 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

Exhibit No.	Description of Exhibit
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
Jun. 14, 2023	Election of Directors and officers, Appointment of Committee members.
Jan. 05, 2024	Cert. on compliance with Manual on Corporate Governance
Jan. 05, 2024	Certification on the attendance of Directors
Mar. 22, 2024	Approval of the date for 2024 Annual Stockholders Meeting

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, 2024.

PRIMEX CORPORATION
Company
By:

ERNESTO O. ANG
President

EDGARD O. ANG
Treasurer

Theabernardo
THEA YVONNE DJ BERNARDO
Principal Accounting Officer

KARLVIN ERNEST L. ANG
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 0 8 2024 day of April 2024, affiants exhibiting to me their Taxpayer Identification nos. as follows:

NAMES	TIN NO.
Ernesto O. Ang	108-929-290
Edgard O. Ang	109-929-273
Karlvin Ernest L. Ang	212-621-196
Thea Yvonne DJ Bernardo	729-716-490

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Book No. 13
Series of 2024

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2024
PTR No. 5565783 / January 03, 2024 Q.C
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Roll No. 30457 / 05-09-1980
MCLE VII-0000994 / 09-21-2021
ADM. MATTER No. NP-021 (2024-2025)
TIN NO 131-942-754
Matalino Corner Malakas ST., Brgy. Central
District IV, Diliman Quezon City

Exhibit “1”

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION FOR EACH OF THE LAST THREE FISCAL YEARS

2023

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

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

The Company’s Balance Sheet reflects a 7 % rise as of December 31, 2023. Total Assets, which stood at Php 4,827,230 M as of December 31, 2022 now stands at Php 5,162.434 M. Cash, which was Php 37.769 M as of yearend 2022 decreased to Php 28.576 M on account of the payment to contractors and suppliers of materials for Primex Tower.

Receivables was down to Php 49.622 M , from Php 73.617 M due to maturity of installment payment schemes. Real estate held for sale rose by 6 %, from Php 3,042,457 M as of yearend 2022 to Php 3,233,979 M as of December 31, 2023. From Php 637.305 M as of yearend 2022, Property and Equipment rose to Php 790.070 M as of December 31, 2023. Total Current Liabilities rose by 20 %, from Php 1,014.283 M as of yearend 2022 to Php 1,225.193 as of December 31, 2023. Likewise, Total Liabilities jumped by 9 %, from Php 2,805.145 M to Php 3,052.394 M by yearend 2023.

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

2022

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

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

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

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

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

2021

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

General and administrative expense increased by 26 % from the amounts incurred the previous year which is Php 46.087 M and 18 % more than the Php 49.388 M incurred in 2019. Taxes and Licenses expense totaled Php 24.849 M, which is 55 % more than the Php 15.965 M last year and 34 % more than the Php 18.551 M of 2019 due to the payment of Documentary Stamp Tax arising from the issuance of additional shares related to the subscription of the Company's common shares thru private placement. Depreciation expense, which was Php 6.985 M for the year 2020 , decline by 13 % to Php 6.023 M. and almost a 32 % decrease from the Php 8.834 M of 2019. Salaries, wages and employee benefits, which was almost identical at the Php 8.4 M level for the previous 2 years was up by 10 % on account of increased wages. The Php 4.880 M spent for Light, Water and Dues was 155 % more the Php 1.910 M last year and 43 % more than the Php 3,407 M in 2019 on account of extended operating hours and higher utility rates. Commission paid out dropped to Php 1.534 M as compared with Php 2.110 M and Php 1.789 M, respectively of the past two years due to decreased real estate sales. Insurance expense decreased by 28 % , from Php 0.607 M to Php 0.433 M, as compared with the Php 0.802 M of 2019. Retirement expense remains basically unchanged at the Php 0.618 M level.. The 117 % rise in Gas and Oil expense to Php 0.584 M was due to higher petroleum prices and more utilization of company vehicles to provide transportation to employees. Communication and transportation expense decreased to Php 0.539 M due to reduced marketing and promotional activities for the Primex Tower. Security, Messengerial and Janitorial Expense was unchanged at the Php 2.1 M level for the past two years. Repairs and Maintenance was significantly down to Php 0.572 M due to less repairs and maintenance of heavy equipment on account of less usage.. Training and Development expense was nil for the year because company seminars were conducted via remote communication only. Miscellaneous expense was up to Php 5.009 M, from the Php 2.830 M in 2020 and the Php 4.470 M of 2019 due to the purchase of safety equipment and supplies for the prevention of COVID-19.

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

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

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.

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 2022 = Php 1,000,000.00
Year 2023 = Php 1,000,000.00

The Company's Top key performance indicators:

1.Sales Volume Growth

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

2. Revenue Growth

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

3. Realized Gross Profit on Sales

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

4. Operating Margin

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

5. Asset Growth

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

PRIMEX CORPORATION
a PRIME EXPONENT in choice real estate

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

ERNESTO O. ANG
Chairman of the Board

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

ERNESTO O. ANG
Chief Executive Officer

EDGARD O. ANG
Chief Financial Officer/Treasurer

ATTY. CONCEPCION P. VILLARENA
Notary Public for Quezon City
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SERIES OF 2024

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

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

SEC Registration Number

1	3	3	8	2	8					

C O M P A N Y   N A M E

PRIMEX CORPORATION AND SUBSIDIARIES

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

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

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

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

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

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ernesto O. Ang	primexgroup_pc@yahoo.com	8722-5400	–

CONTACT PERSON's ADDRESS

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

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

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

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

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

Key Audit Matters

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

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

Real Estate Revenue Recognition

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

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

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

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

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

Audit Response

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

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

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

April 15, 2024

PRIMEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

See accompanying Notes to Consolidated Financial Statements.

PRIMEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

See accompanying Notes to Consolidated Financial Statements.

PRIMEX CORPORATION AND SUBSIDIARIES

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

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

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

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

See accompanying Notes to Consolidated Financial Statements.

PRIMEX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

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

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

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

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

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

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

2. **Material Accounting Policy Information**

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

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

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

Deferred effectivity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Material Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. Financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Equity

Capital stock and additional paid-in capital

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

Retained earnings

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

Other equity reserve

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

Other Comprehensive Income (OCI)

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

Revenue from Contracts with Customers

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

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

Real estate sales

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Defined benefit costs comprise the following:

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

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

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

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

Taxes

Current income tax

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

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

3. **Significant Accounting Judgments and Estimates**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

4. **Cash**

This account consists of:

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

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

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

5. **Receivables**

This account consists of:

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

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

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

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

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

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

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

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

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

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

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

6. Contract Balances

Contract Liabilities

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

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

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

Performance Obligation

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

Real estate sales

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

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

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

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

7. Real Estate Held for Sale and Development

This account consists of:

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

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

Land and improvements pertain to properties held for future development.

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

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

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

2023

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

2022

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

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

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

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

8. Investment Properties

Rollforward analysis of the account is as follows:

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

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

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

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

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

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

9. Investment in an Associate

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

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

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

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

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

10. **Other Assets**

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

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

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

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

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

11. **Property and Equipment**

The composition of and movements in this account follow:

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

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

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

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

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

12. Accounts and Other Payables

This account consists of:

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

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

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

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

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

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

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

13. **Long-term Loans Payable**

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

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

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

Primex Corporation

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

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

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

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

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

Primex Realty Corporation

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

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

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

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

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

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

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

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

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

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

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

14. Related Party Transactions

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

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

2023

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

2022

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

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

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

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

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

15. **Equity**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group is not subject to externally imposed capital requirements.

16. **Retirement Plan**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17. **Miscellaneous Income**

This account consists of:

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

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

18. **Costs and Expenses**

Cost of real estate sales and services consist of:

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

General and administrative expenses consist of:

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

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

19. **Income Taxes**

Provision for (benefit from) income tax consists of:

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

The components of net deferred tax assets follow:

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

(Forward)

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

The components of net deferred tax liabilities follow:

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

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

<u>NOLCO</u>

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

MCIT

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

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

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

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

20. Earnings Per Share

Earnings per share amounts were computed as follows:

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

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

21. Lease Commitments

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

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

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

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

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

Leases - Group as Lessee

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

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

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

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

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

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

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

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

22. **Financial Instruments**

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

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

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

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

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

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

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

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

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

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

Credit risk

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

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

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

2023

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

2022

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

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

2023

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

2022

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

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

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

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

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

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

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

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

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

2023

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

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

2022

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

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

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

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

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

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

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

23. Segment Information

The industry segments where the Group operates are as follows:

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

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

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

The significant information on the reportable segments is as follows:

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

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

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

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

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

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

Reconciliation of Assets

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

Reconciliation of Liabilities

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

Reconciliation of Revenue and Other income

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

Reconciliation of Net Income

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

24. Notes to Statements of Cash Flow

Below is the rollforward of liabilities under financing activities:

2023

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

2022

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

2021

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

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

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

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

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

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

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BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-147-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079893, January 5, 2024, Makati City

April 15, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
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19 Annapolis Street, Greenhills
San Juan, Metro Manila

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

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Alden

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

April 15, 2024

PRIMEX CORPORATION AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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

PRIMEX CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE ON FINANCIAL ASSETS
AS OF DECEMBER 31, 2023

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

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

PRIMEX CORPORATION AND SUBSIDIARIES

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

FOR THE YEAR ENDED DECEMBER 31, 2023

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

SCHEDULE C

PRIMEX CORPORATION AND SUBSIDIARIES

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

FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

SCHEDULE D

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

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

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

**Net of unamortized transaction costs*

SCHEDULE E

PRIMEX CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON INDEBTEDNESS TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

SCHEDULE F

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

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

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

SCHEDULE G

PRIMEX CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON CAPITAL STOCK

FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

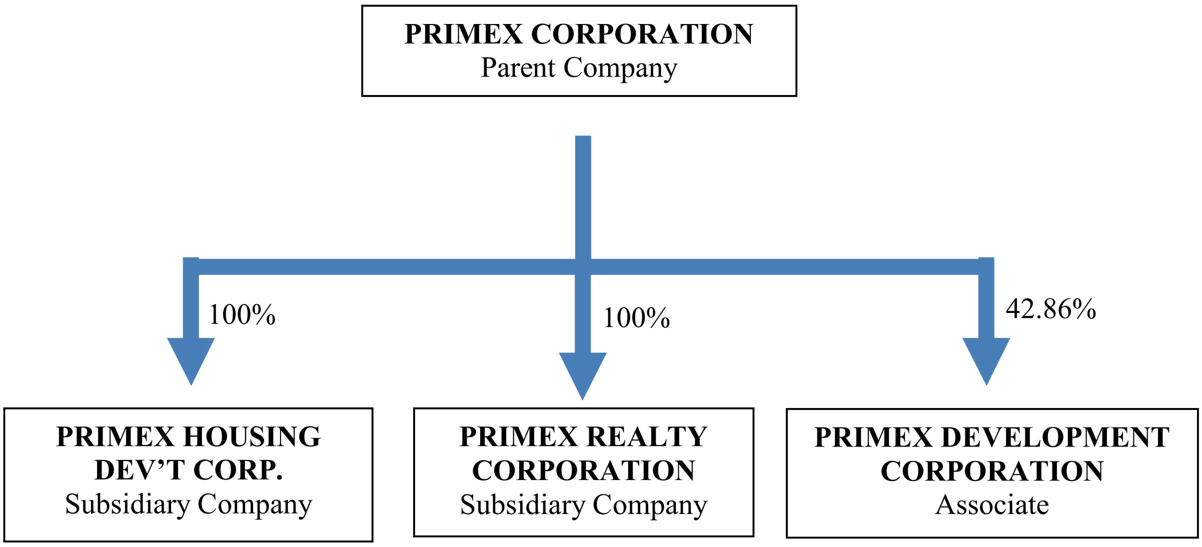
Unappropriated Retained Earnings, beginning of reporting period		**₱219,335,580**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	₱–	
Reversal of Retained Earnings Appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Less: Category B: Items that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

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

PRIMEX CORPORATION AND SUBSIDIARIES

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

FOR THE YEAR ENDED DECEMBER 31, 2023



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

Financial Soundness Indicator

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

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

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	3	8	2	8					

COMPANY NAME

PRIMEX CORPORATION

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

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

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ernesto O. Ang	primexgroup_pc@yahoo.com	8722-5400	–

CONTACT PERSON's ADDRESS

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

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

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission*

SGV
Building a better working world

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ey.com/ph

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, 2023 and 2022, 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 material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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.

Emphasis of Matter

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

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

Management is responsible for the preparation of these parent company financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the parent company financial statements, 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the financial statements.

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 Note 26 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 required are prepared in all material respects, in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC.

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

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

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

April 15, 2024

PRIMEX CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash (Notes 4 and 23)	**₱6,525,554**	₱5,159,047
Receivables (Notes 5, 19 and 23)	**36,046,703**	32,016,557
Real estate held for sale and development (Note 7)	**856,988,116**	827,288,832
Other current assets (Note 9)	**4,515,188**	3,947,304
Total Current Assets	**₱904,075,561**	868,411,740
Noncurrent Assets		
Receivables - net of current portion (Notes 5 and 23)	**957,990**	3,648,341
Investment in an associate (Note 10)	**214,295,000**	214,295,000
Investment in subsidiaries (Note 11)	**1,030,958,000**	1,000,958,000
Investment property (Note 8)	**62,958,916**	62,958,916
Deposit on future stock subscription (Note 19)	**73,000,000**	–
Property and equipment (Note 12)	**4,384,986**	5,715,193
Deferred tax assets - net (Note 20)	**2,283,716**	1,207,987
Other noncurrent assets (Note 9)	**143,915**	143,915
Total Noncurrent Assets	**1,388,982,523**	1,288,927,352
Total Assets	**₱2,293,058,084**	₱2,157,339,092
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable - current portion (Notes 14 and 23)	**₱259,109,496**	₱118,296,325
Accounts and other payables (Notes 13, 19 and 23)	**153,776,177**	89,215,356
Subscription payable (Notes 10, 19 and 23)	**41,958,000**	41,958,000
Income tax payable	**–**	2,072,863
Total Current Liabilities	**454,843,673**	251,542,544
Noncurrent Liabilities		
Loan payable - net of current portion (Notes 14 and 23)	**64,661,773**	125,352,735
Pension liability (Note 16)	**5,792,982**	4,845,129
Total Noncurrent Liabilities	**70,454,755**	130,197,864
Total Liabilities	**525,298,428**	381,740,408
Equity		
Capital stock (Note 15)	**468,833,695**	468,833,695
Additional paid-in capital (Note 15)	**1,086,352,638**	1,086,352,638
Retained earnings (Note 15)	**213,317,330**	220,759,800
Net actuarial loss on remeasurement of defined benefit obligation - net of tax (Note 16)	**(744,007)**	(347,449)
Total Equity	**1,767,759,656**	1,775,598,684
Total Liabilities and Equity	**₱2,293,058,084**	₱2,157,339,092

See accompanying Notes to Parent Company Financial Statements.

PRIMEX CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
REVENUE AND INCOME		
Rental income (Notes 8 and 22)	**₱33,793,656**	₱15,244,155
Sales (Note 24)	–	33,904,714
Interest income from real estate sales (Note 5)	**504,021**	561,398
Miscellaneous (Note 17)	**4,215,043**	7,953,095
	38,512,720	57,663,362
COSTS AND EXPENSES		
Cost of real estate sales (Notes 7 and 24)	–	2,818,345
General and administrative expenses (Note 18)	**21,197,860**	18,616,246
Interest expense (Note 14)	**18,799,146**	7,525,852
	39,997,006	28,960,443
INCOME (LOSS) BEFORE INCOME TAX	**(1,484,286)**	28,702,919
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 20)	**(371,071)**	7,175,959
NET INCOME (LOSS)	**(1,113,215)**	21,526,960
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified to profit or loss in subsequent years:		
Remeasurement gain (loss) on defined benefit obligation (Note 16)	**(528,744)**	27,794
Income tax effect (Note 20)	**132,186**	(6,949)
	(396,558)	20,845
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱1,509,773)**	₱21,547,805
Basic/Diluted Earnings (Loss) Per Share (Note 21)	**(₱0.0005)**	₱0.0092

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 (loss) on defined benefit pension plans (Note 16)	Total
	For the year ended December 31, 2023				
At January 1, 2023	**₱468,833,695**	**₱1,086,352,638**	**₱220,759,800**	**(₱347,449)**	**₱1,775,598,684**
Net loss	**–**	**–**	**(1,113,215)**	**–**	**(1,113,215)**
Actuarial loss on defined benefit pension plan - net of tax (Note 16)	**–**	**–**	**–**	**(396,558)**	**(396,558)**
Total comprehensive loss	**–**	**–**	**(1,113,215)**	**(396,558)**	**(1,509,773)**
Cash dividends (Note 15)	**–**	**–**	**(6,329,255)**	**–**	**(6,329,255)**
At December 31, 2023	**₱468,833,695**	**₱1,086,352,638**	**₱213,317,330**	**(₱744,007)**	**₱1,767,759,656**
	For the year ended December 31, 2022				
At January 1, 2022	₱468,833,695	₱1,086,352,638	₱274,255,989	(₱368,294)	₱1,829,074,028
Net income	–	–	21,526,960	–	21,526,960
Actuarial gain on defined benefit pension plan - net of tax (Note 16)	–	–	–	20,845	20,845
Total comprehensive income	–	–	21,526,960	20,845	21,547,805
Cash dividends (Note 15)	–	–	(75,023,149)	–	(75,023,149)
At December 31, 2022	₱468,833,695	₱1,086,352,638	₱220,759,800	(₱347,449)	₱1,775,598,684

See accompanying Notes to Parent Company Financial Statements.

PRIMEX CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**(₱1,484,286)**	₱28,702,919
Adjustments for:		
Interest expense (Notes 13 and 14)	**18,799,146**	7,525,852
Depreciation (Notes 12 and 18)	**1,380,381**	1,467,466
Retirement expense (Notes 16 and 18)	**419,109**	298,987
Interest income from real estate sales and cash in banks (Notes 4 and 5)	**(528,014)**	(563,869)
Operating income before changes in working capital	**18,586,336**	37,431,355
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	**(1,345,061)**	(5,746,162)
Real estate held for sale and development	**(29,699,284)**	1,425,894
Other assets	**(567,884)**	11,310,651
Increase (decrease) in accounts and other payables	**17,324,685**	(5,729,297)
Net cash generated from (used for) operations	**4,298,792**	38,692,441
Interest received	**533,280**	616,571
Income taxes paid, including final and creditable withholding taxes	**(2,645,335)**	(5,100,876)
Net cash provided by (used in) operating activities	**2,186,737**	34,208,136
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Deposit for future stock subscription	**(73,000,000)**	–
Investment in subsidiaries (Note 11)	**(30,000,000)**	(95,000,000)
Property and equipment (Note 12)	**(50,174)**	(5,628,522)
Net cash used in investing activities	**(103,050,174)**	(100,628,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Loan availments (Note 25)	**105,000,000**	95,000,000
Refundable deposit (Note 25)	**91,547,235**	3,793,941
Advances from related parties	**(45,300,000)**	75,000,000
Payments of:		
Interest payable (Note 25)	**(18,799,147)**	(7,523,381)
Long-term loans (Note 25)	**(23,888,889)**	(23,888,889)
Cash dividends (Note 15)	**(6,329,255)**	(75,023,149)
Net cash provided by financing activities	**102,229,944**	67,358,522
NET INCREASE IN CASH	**1,366,507**	938,136
CASH AT BEGINNING OF YEAR	**5,159,047**	4,220,911
CASH AT END OF YEAR (Note 4)	**₱6,525,554**	₱5,159,047

See accompanying 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 15, 2024.

2. Material Accounting Policy Information

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), as modified by the application of the following reporting reliefs issued and approved by the SEC under Memorandum Circular (MC) No. 34-2020 in response to the COVID-19 pandemic.

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

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

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

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) 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 Interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective beginning January 1, 2023. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on its financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

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

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

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

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

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

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

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

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

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

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

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

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

The IFRIC Agenda Decision would change the 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.

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

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

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

<u>Material Accounting Policies</u>

<u>Current versus Non-current Classification</u>
The Parent Company presents assets and liabilities in statement of financial position based on current/non-current classification. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

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

<u>Financial Instruments - initial recognition and subsequent measurement</u>
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

As of December 31, 2023 and 2022, the Parent Company's financial assets consist of financial assets at amortized cost.

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.

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 homeowners' association, advances to related parties, accrued rent receivable 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:

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 accounts and other payables, loans payable and refundable deposits.

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

<u>Real Estate Held for Sale and Development</u>
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.

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.

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

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 loss 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 and house and 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 acting as a principal in its revenue arrangements.

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

Real estate sales
The Parent Company derives its real estate revenue from sale of lots and house and lots. 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.

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

Commission Expense
Commissions paid to sales or marketing agents on the sale of completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included under “Cost of real estate sales” in profit or loss.

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

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

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

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

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

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

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

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

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 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 accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the parent company financial statements 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 agreement, official receipts and buyer's computation sheets would contain all the criteria to qualify as a contract with customers under PFRS 15. In addition, part of the assessment process of the 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.

Distinction between real estate held for sale and development 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., investment in an associate, investment in subsidiaries and investment property) 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.

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

	2023	2022
Investment in an associate (Note 10)	**₱214,295,000**	₱214,295,000
Investment in subsidiaries (Note 11)	**1,030,958,000**	1,000,958,000
Investment property (Note 8)	**62,958,916**	62,958,916
Property and equipment (Note 12)	**4,384,986**	5,715,193

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 information about the ECLs on the Parent Company's receivables is disclosed in Note 5. As of December 31, 2023, and 2022, the carrying value of receivables amounted to ₱37.00 million and ₱35.66 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 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 ₱856.99 million and ₱827.29 million as of December 31, 2023 and 2022, 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 ₱2.69 million and ₱1.48 million as of December 31, 2023 and 2022, 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 ₱5.79 million and ₱4.85 million as of December 31, 2023 and 2022, respectively (see Note 16).

4. Cash

This account consists of the following:

	2023	2022
Cash on hand	**₱30,000**	₱20,000
Cash in bank	**6,495,554**	5,139,047
	₱6,525,554	₱5,159,047

Cash in bank earns interest at the respective bank deposit rate of 0.125% to 0.25% in 2023 and 2022.

Interest income derived from cash in banks amounted to ₱23,993 and ₱2,471 for the years ended December 31, 2023 and 2022, respectively (see Note 17).

5. Receivables

This account consists of:

	2023	2022
Advances to related parties (Note 19)	**₱24,867,570**	₱22,867,570
Advances to homeowners' associations	**6,400,000**	4,400,000
Installment contracts receivable	**3,648,341**	6,504,367
Accrued rent receivable	**650,884**	449,797
Others	**1,437,898**	1,443,164
	37,004,693	35,664,898
Less: noncurrent portion	**957,990**	3,648,341
	₱36,046,703	₱32,016,557

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 ₱0.50 million and ₱0.56 million in 2023 and 2022, respectively.

Advances to Homeowners' Association pertain to receivables 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 Balances

Contract Liabilities

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

The revenue recognized from the amounts included in contract liabilities as of December 31, 2022 amounted to ₱0.53 million.

Performance Obligation

Information about the Parent Company's performance obligations are summarized below:

Real estate sales

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

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

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes of up to maximum of 5 years. The financing scheme would include down payment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from three (3) to five (5) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

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

7. Real Estate Held for Sale and Development

This account consists of:

	2023	2022
At cost:		
Subdivision land held for sale and development	**₱144,661,976**	₱140,215,639
Land and improvements	**712,326,140**	687,073,193
	₱856,988,116	₱827,288,832

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 are as follows:

2023

	Subdivision land held for sale and development	**Land and improvements**	**Total**
Balance at beginning of year	**₱140,215,639**	**₱687,073,193**	**₱827,288,832**
Development costs incurred	**4,446,337**	**25,252,947**	**29,699,284**
Balance at end of year	**₱144,661,976**	**₱712,326,140**	**₱856,988,116**

2022

	Subdivision land held for sale and development	Land and improvements	Total
Balance at beginning of year	₱142,726,209	₱685,988,517	₱828,714,726
Development costs incurred	307,775	1,084,676	1,392,451
Disposal recognized as cost of sales (Note 24)	(2,818,345)	–	(2,818,345)
Balance at end of year	₱140,215,639	₱687,073,193	₱827,288,832

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

8. Investment Property

Investment property consist of commercial land property in Annapolis that is being leased out. As of December 31, 2023 and 2022, investment property amounted to ₱62.96 million.

Total rental income arising from the investment property amounted to ₱3.82 million and ₱3.41 million in 2023 and 2022, respectively. The fair value of investment property amounted to ₱251.03 million and ₱251.54 million as at December 31, 2023 and 2022, 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. The Parent Company has no restrictions on the realizability of its investment properties.

9. Other Assets

This account consists of:

	2023	2022
Prepayments	**₱1,894,614**	₱2,750,194
Creditable withholding tax	**1,468,918**	–
Input VAT	**1,149,656**	806,461
Advances to employees	**2,000**	390,649
	₱4,515,188	₱3,947,304
Other noncurrent assets:		
Deposits	**₱140,575**	₱140,575
Others	**3,340**	3,340
	₱143,915	₱143,915

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

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

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.

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.

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 subscribe 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.

Subscription payable to PDC amounted to ₱41.96 million as of December 31, 2023 and 2022.

Below is the summarized financial information of PDC:

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

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	
		2023	2022	**2023**	2022
Primex Realty Corporation (PRC)	Real estate	**100%**	100%	**₱989,000,000**	₱959,000,000
Primex Housing Dev't Corp. (PHDC)	Real estate	**100%**	100%	**41,958,000**	41,958,000
				₱1,030,958,000	₱1,000,958,000

In 2023 and 2022, the Parent Company made additional investment to PRC amounting to ₱30.00 million and ₱95.00 million, respectively.

Both subsidiaries are domiciled in the Philippines.

12. Property and Equipment

The composition of and movements in this account follows:

	2023		
	Transportation Equipment	**Office Furniture, Fixtures and Equipment**	**Total**
Cost			
At beginning of year	**₱25,763,100**	**₱15,963,633**	**₱41,726,733**
Additions		**50,174**	**50,174**
At end of year	**25,763,100**	**16,013,807**	**41,776,907**
Accumulated Depreciation			
At beginning of year	**21,323,605**	**14,687,935**	**36,011,540**
Depreciation (Note 18)	**1,164,933**	**215,448**	**1,380,381**
At end of year	**22,488,538**	**14,903,383**	**37,391,921**
Net Book Value	**₱3,274,562**	**₱1,110,424**	**₱4,384,986**

	2022		
	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost			
At beginning of year	₱20,441,671	₱15,656,540	₱36,098,211
Additions	5,321,429	307,093	5,628,522
At end of year	25,763,100	15,963,633	41,726,733
Accumulated Depreciation			
At beginning of year	20,406,699	14,137,375	34,544,074
Depreciation (Note 18)	916,906	550,560	1,467,466
At end of year	21,323,605	14,687,935	36,011,540
Net Book Value	₱4,439,495	₱1,275,698	₱5,715,193

Depreciation expense charged to operations amounted to ₱1.38 million and ₱1.47 million in 2023 and 2022, 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:

	2023	2022
Refundable deposits	**₱102,622,301**	₱11,075,066
Advances from related parties (Note 19)	**29,700,000**	75,000,000
Trade payable	**20,312,537**	55,646
Accrued expenses	**587,399**	1,390,065
Advance rent (Note 22)	–	1,093,650
Others	**553,940**	600,929
	₱153,776,177	₱89,215,356

Refundable deposits pertain to the sum of money that the lessee agrees to pay upon signing of lease contract which will be refunded at the end of the lease term.

As of December 31, 2023, and 2022, the refundable deposits amounting to ₱106.62 million and ₱11.08 million, respectively, are recorded at fair value, which approximates its carrying amount due to the relatively short-term nature of these transactions.

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

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.

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:

	2023	2022
Balance at beginning of year	**₱244,305,555**	₱173,194,444
Availments	**105,000,000**	95,000,000
Payments	**(23,888,889)**	(23,888,889)
Balance at end of year	**325,416,666**	244,305,555
Unamortized transaction costs	**(1,645,397)**	(656,495)
Carrying amount	**323,771,269**	243,649,060
Less: Current portion of loans payable	**(259,109,496)**	(118,296,325)
	₱64,661,773	₱125,352,735

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

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

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

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

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

Interest expense incurred for loans payable amounted to ₱18.80 million and ₱7.53 million in 2023 and 2022 , respectively.

Amortization of transaction cost amounted to ₱0.99 million and ₱0.005 million in 2023 and 2022, respectively.

15. **Equity**

Paid-in Capital

Details of the Parent Company's paid-in capital as of December 31, 2023 and 2022 follow:

	2023	2022
Authorized shares	**4,500,000,000**	4,500,000,000
Par value per share	**₱0.20**	₱0.20
Issued and outstanding shares	**2,344,168,472**	2,344,168,472
Capital stock	**₱468,833,695**	₱468,833,695

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

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

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

On February 5, 2013, 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 in 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.

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

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

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

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

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

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 ₱1,767.76 million and ₱1,775.60 million as of December 31, 2023 and 2022, respectively.

There were no changes made in the Parent Company's capital management objectives, policies or processes during the years ended December 31, 2023 and 2022. 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, 2023.

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

The 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:

	2023	2022
Current service cost	**₱83,342**	₱85,384
Interest cost	**335,767**	213,603
Total retirement expense (Note 18)	**₱419,109**	₱298,987

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:

	2023	2022
Balance at beginning of year	**₱4,845,129**	₱4,573,936
Current service cost	**83,342**	85,384
Interest cost	**335,767**	213,603
Actuarial loss (gain) arising from:		
Changes in financial assumptions	**53,671**	(159,509)
Experience adjustments	**475,073**	131,715
Balance at end of year	**₱5,792,982**	₱4,845,129

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

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

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation (DBO) as of December 31, 2023 and 2022 assuming all other assumptions were held constant:

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

		Effect on DBO	
	Increase (Decrease)	2023	2022
Discount rate	1.00%	**(₱62,654)**	(₱48,275)
	(1.00%)	**125,675**	88,436
Rate of salary increase	1.00%	**126,679**	92,524
	(1.00%)	**(85,190)**	(60,778)

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

	2023	2022
More than 1 year to 5 years	**₱5,641,280**	₱4,892,737
More than 10 to 15 years	**7,929,392**	7,663,738
	₱13,570,672	₱12,556,475

17. **Miscellaneous income**

This account consists of:

	2023	2022
Interest income from banks (Note 4)	**₱23,993**	₱2,471
Gain on cancellation of sales	–	7,279,765
Others	**4,191,050**	670,859
	₱4,215,043	₱7,953,095

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:

	2023	2022
Salaries, wages and employee benefits	**₱5,437,227**	₱5,127,867
Taxes and licenses	**4,897,996**	4,804,600
Security, messengerial and janitorial services	**2,236,226**	2,146,138
Depreciation (Note 12)	**1,380,381**	1,467,466
Gas and oil	**1,092,347**	976,245
Light, water and dues	**1,063,426**	169,264
Professional fees	**730,370**	586,840
Retirement (Note 16)	**419,109**	298,987
Entertainment, amusement and recreation	**299,327**	252,157
Repairs and maintenance	**228,907**	565,910
Communication and transportation	**158,050**	189,253
Insurance	**16,636**	131,278
Miscellaneous	**3,237,858**	1,900,241
	₱21,197,860	₱18,616,246

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, 2023 and 2022 are as follow:

	2023		
Category	**Amount/ Volume**	**Receivable (Payable)**	**Terms and Conditions**
Advances to related parties (Note 5)			
Subsidiaries	**₱–**	**₱2,867,570**	Due and demandable; no impairment
Associate	**2,000,000**	**22,000,000**	Due and demandable; no impairment
		₱24,867,570	
Deposit for future stock subscription	**₱73,000,000**	**₱73,000,000**	Payable within 1 year; non-interest bearing; no impairment
Advances from related parties (Note 13)			
Subsidiary	**(57,000,000)**	**(₱22,000,000)**	Payable within 1 year; non-interest bearing; unsecured
Stockholders	**7,700,000**	**(7,700,000)**	Payable within 1 year; non-interest bearing; unsecured
		(₱29,700,000)	
Subscription payable (Note 10)			
Associate	**–**	**(₱41,958,000)**	Payable within 1 year; non-interest bearing; unsecured

	2022		
Category	Amount/ Volume	Receivable (Payable)	Terms and Conditions
Advances to related parties (Note 5)			
Subsidiaries	₱–	₱2,867,570	Due and demandable; no impairment
Associate	20,300,000	20,000,000	Due and demandable; no impairment
Stockholders	(16,000,000)	–	
		₱22,867,570	
Advances from related parties (Note 13)			
Subsidiary	₱75,000,000	(₱75,000,000)	Payable within 1 year; non-interest bearing; unsecured
Subscription payable (Note 10)			
Associate	–	(₱41,958,000)	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 ₱4.28 million and ₱5.34 million for the years ended December 31, 2023 and 2022, respectively.

20. **Income Taxes**

Provision for income tax consists of:

	2023	2022
Current - RCIT	**₱567,673**	₱7,173,245
Final	**4,799**	494
Deferred	**(943,543)**	2,220
	(₱371,071)	₱7,175,959

The components of net deferred tax assets follow:

	2023	2022
Presented in profit or loss		
Deferred tax assets on:		
Pension liability	**₱1,132,670**	₱1,027,895
MCIT	**567,673**	–
NOLCO	**677,966**	–
Unearned rent	–	273,412
	2,378,309	1,301,307
Deferred tax liabilities on:		
Accretion of interest on receivables	**(410,166)**	(162,942)
Lease income differential between straight-line and accrual method of accounting for leases	–	(112,449)
Amortization of transaction cost	–	(1,316)
	(410,166)	(276,707)
	1,968,143	1,024,600
Presented in OCI		
Deferred tax asset on:		
Remeasurement gain on defined benefit obligation	**315,573**	183,387
	₱2,283,716	₱1,207,987

The Parent Company recognized deferred tax assets from its MCIT and NOLCO which can be claimed as deduction from its tax due and the regular taxable income, respectively as follow:

NOLCO

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2023	₱2,711,865	₱–	₱2,711,865	2026

MCIT

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2023	₱567,673	₱–	₱567,673	2026

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

	2023	2022
Statutory income tax	**(₱371,071)**	₱7,175,730
Nondeductible expenses	**1,200**	739
Interest income subject to final tax	**(1,200)**	(124)
Movement in unrecognized deferred tax assets	–	(386)
Effective income tax	**(₱371,071)**	₱7,175,959

21. **Earnings (Loss) Per Share**

Earnings per share amounts were computed as follows:

	2023	2022
a. Net income (loss)	**(₱1,113,215)**	₱21,526,960
b. Weighted average number of outstanding common shares	**2,344,168,472**	2,344,168,472
c. Basic/diluted earnings (loss) per share (a/b)	**(₱0.0005)**	₱0.0092

As of December 31, 2023 and 2022, 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 ₱1.09 million as of December 31, 2022 (nil in 2023) (Note 13).

The future minimum lease receivables under noncancellable operating leases follow:

	2023	2022
Within one year	**₱10,084,985**	₱8,697,046
After one year but not more than five years	**4,018,087**	4,166,117
	₱14,103,072	₱12,863,163

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 at no cost to the Parent Company. Rental income earned from this transaction amounted to ₱29.97 million and ₱11.83 million in 2023 and 2022, respectively.

23. **Financial Instruments**

Fair Value Information
The fair values of cash, receivables (except installment contracts receivable), accounts and other payables, current portion of loans payable 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, 2023 and 2022, the carrying value approximates the fair value.

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

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

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

Financial Risk Management Objectives and Policies
The 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, 2023, and 2022, the aging analysis of receivables presented per class, is as follows:

2023

		Past Due but not Impaired							
	Current	**<30 days**	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**	**Total**	**ECL**	**Total**
Installment contracts receivable	**₱2,690,351**	**₱–**	**₱–**	**₱–**	**₱–**	**₱957,990**	**₱3,648,341**	**₱–**	**₱3,648,341**
Advances to Homeowners' Associations	–	–	–	–	–	**6,400,000**	**6,400,000**	–	**6,400,000**
Advances to related parties	**2,000,000**	–	–	–	–	**22,867,570**	**24,867,570**	–	**24,867,570**
Accrued rent receivable	**650,884**	–	–	–	–	–	**650,884**	–	**650,884**
Others	–	–	–	–	–	**1,437,898**	**1,437,898**	–	**1,437,898**
	₱5,341,235	**₱–**	**₱–**	**₱–**	**₱–**	**₱31,663,458**	**₱37,004,693**	**₱–**	**₱37,004,693**

2022

		Past Due but not Impaired							
	Current	<30 days	30-60 days	60-90 days	90-120 days	>120 days	Total	ECL	Total
Installment contracts receivable	₱6,083,680	₱–	₱–	₱–	₱211,216	₱209,471	₱6,504,367	₱–	₱6,504,367
Advances to Homeowners' Associations	–	–	–	–	–	4,400,000	4,400,000	–	4,400,000
Advances to related parties	20,300,000	–	–	–	–	2,567,570	22,867,570	–	22,867,570
Accrued rent receivable	449,797	–	–	–	–	–	449,797	–	449,797
Others	–	–	–	–	–	1,443,164	1,443,164	–	1,443,164
	₱26,821,658	₱–	₱–	₱–	₱211,216	₱8,620,205	₱35,664,898	₱–	₱35,664,898

The table below shows the credit quality of the Parent Company's financial assets as of December 31, 2023 and 2022:

2023

	Current	**Past due but not impaired**	**ECL**	**Total**
Financial statements at amortized cost				
Cash in banks	**₱6,495,554**	**₱–**	**₱–**	**₱6,495,554**
Receivables:				
Installment contracts receivable	**2,690,351**	**957,990**	–	**3,648,341**
Advances to Homeowners' Associations	–	**6,400,000**	–	**6,400,000**
Advances to related parties	**2,000,000**	**22,867,570**	–	**24,867,570**
Accrued rent receivable	**650,884**	–	–	**650,884**
Others	–	**1,437,898**	–	**1,437,898**
	₱11,836,789	**₱31,663,458**	**₱–**	**₱43,500,247**

2022

	Current	Past due but not impaired	ECL	Total
Financial statements at amortized cost				
Cash in banks	₱5,139,047	₱–	₱–	₱5,139,047
Receivables:				
Installment contracts receivable	6,083,680	420,687	–	6,504,367
Advances to Homeowners' Associations	–	4,400,000	–	4,400,000
Advances to related parties	20,300,000	2,567,570	–	22,867,570
Accrued rent receivable	–	449,797		449,797
Others	–	1,443,164	–	1,443,164
	₱31,522,727	₱9,281,218	₱–	₱40,803,945

The Parent Company 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 Parent Company's policy. The Parent Company holds cash in banks that have good reputation and low probability of insolvency. These are considered to be low credit risk investments.

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 million with various local banks as of December 31, 2023 (nil in 2022).

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:

	<30 days	**30-60 days**	**61 days-1 year**	**>1 year**	**Total**
Other financial liabilities:					
Accounts and other payables	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Refundable deposits	**117,000**	**90,155,200**	**12,350,101**	**–**	**102,622,301**
Accrued expenses*	**2,227,729**	**1,630,469**	**10,985,280**	**30,484,201**	**45,327,679**
Trade payable	**20,312,537**	**–**	**–**	**–**	**20,312,537**
Advances from related parties	**29,700,000**	**–**	**–**	**–**	**29,700,000**
Loans payable	**1,990,740**	**1,990,741**	**256,773,412**	**64,661,773**	**325,416,666**
Subscription payable	**41,958,000**	**–**	**–**	**–**	**41,958,000**
Total other financial liabilities	**₱96,306,006**	**₱93,776,410**	**₱280,108,793**	**₱95,145,974**	**₱565,337,183**
Financial assets at amortized cost:					
Cash	**₱6,525,554**	**₱–**	**₱–**	**₱–**	**₱6,525,554**
Receivables:					
Installment contracts receivable	**2,690,351**	**–**	**–**	**957,990**	**3,648,341**
Accrued rent receivable	**650,884**	**–**	**–**	**–**	**650,884**
Advances to homeowners' association	**6,400,000**	**–**	**–**	**–**	**6,400,000**
Advances to related parties	**2,000,000**	**–**	**–**	**22,867,570**	**24,867,570**
Others	**1,437,898**	**–**	**–**	**–**	**1,437,898**
	₱19,704,687	**₱–**	**₱–**	**₱23,825,560**	**₱43,530,247**

**Accrued expenses include expected future interest payments on long-term loans payable amounting to ₱44.74 million*

2022

	<30 days	30-60 days	61 days-1 year	>1 year	Total
Other financial liabilities:					
Accounts and other payables					
Refundable deposits	₱–	₱–	₱11,075,066	₱–	₱11,075,066
Accrued expenses*	2,468,434	1,158,475	9,153,748	1,814,471	14,595,128
Trade payable	55,646	–	`	–	55,646
Advances from related parties	75,000,000	–	–	–	75,000,000
Loans payable	1,990,741	1,990,741	114,971,338	125,352,735	244,305,555
Subscription payable	41,958,000	–	–	–	41,958,000
Total other financial liabilities	₱121,472,821	₱3,149,216	₱135,200,152	₱127,167,206	₱386,989,395
Financial assets at amortized cost:					
Cash	₱5,159,047	₱–	₱–	₱–	₱5,159,047
Receivables:					
Installment contracts receivable	614,497	195,426	2,046,103	3,648,341	6,504,367
Accrued rent receivable	449,797	–	–	–	449,797
Advances to homeowners' association	4,400,000	–	–	–	4,400,000
Advances to related parties	22,867,570	–	–	–	22,867,570
Others	1,443,164	–	–	–	1,443,164
	₱34,934,075	₱195,426	₱2,046,103	₱3,648,341	₱40,823,945

**Accrued expenses include expected future interest payments on long-term loans payable amounting to ₱13.21 million*

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 ₱415.00 million and ₱310.00 million as of December 31, 2023 and 2022, respectively.

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, 2023 and 2022, with all variables held constant, (through the impact on floating rate borrowings):

	Effect on income before income tax Increase (decrease)	
Change in basis points	**+ 100 basis points**	**- 100 basis points**
2023	**(₱3,241,043)**	**₱3,241,043**
2022	(₱2,905,685)	₱2,905,685

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 property.

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:

	2023	2022
REVENUE		
Real estate sales	**₱–**	₱33,904,714
Interest income from real estate sale	**504,021**	561,398
Rent income	**33,793,656**	15,244,155
	34,297,677	49,710,267
COSTS AND EXPENSES		
Cost of real estate sales	**–**	2,818,345
General and administrative expenses	**21,197,860**	18,616,246
Interest expense	**18,799,146**	7,525,852
	39,997,006	28,960,443
Income (loss) before tax	**(₱5,699,329)**	₱20,749,824

	2023	2022
SEGMENT ASSETS		
Cash	**₱6,525,554**	₱5,159,047
Receivables	**37,004,693**	35,664,898
Real estate held for sale and development	**856,988,116**	827,288,832
Other current assets	**4,515,188**	3,947,304
Investment property	**62,958,916**	62,958,916
	967,992,467	935,018,997
SEGMENT LIABILITIES		
Accounts and other payables	**153,776,177**	89,215,356
Loans payable	**323,771,269**	243,649,060
	₱477,547,446	₱332,864,416

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

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

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

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

	2023	2022
Segment operating assets	**₱967,992,467**	₱935,018,997
Investment in subsidiaries	**1,030,958,000**	1,000,958,000
Investment in an associate	**214,295,000**	214,295,000
Property and equipment	**4,384,986**	5,715,193
Deposit for future stock subscription	**73,000,000**	–
Deferred tax assets	**2,283,716**	1,207,987
Other noncurrent assets	**143,915**	143,915
	₱2,293,058,084	₱2,157,339,092

Reconciliation of Liabilities

	2023	2022
Segment operating liabilities:	**₱477,547,446**	₱332,864,416
Subscription payable	**41,958,000**	41,958,000
Pension liability	**5,792,982**	4,845,129
Income tax payable	**–**	2,072,863
	₱525,298,428	₱381,740,408

Reconciliation of Net Income (Loss)

	2023	2022
Income (loss) before income tax	**(₱5,699,329)**	₱20,749,824
Miscellaneous income	**4,215,043**	7,953,095
Benefit from (provision for) income tax	**371,071**	(7,175,959)
Consolidated net income (loss)	**(₱1,113,215)**	₱21,526,960

25. Additional Cash Flow Information

Below is the rollforward of liabilities under financing activities:

2023

	January 1, 2023	**Cash Flows**	**Non-cash Changes**	**December 31, 2023**
Loans payable	**₱243,649,060**	**₱81,111,111**	**(₱988,902)**	**₱323,771,269**
Interest payable	**553,012**	**(18,799,147)**	**18,799,147**	**553,012**
Refundable deposit	**11,075,066**	**91,547,235**	**–**	**102,622,301**
Advances from related parties	**75,000,000**	**(45,300,000)**	**–**	**29,700,000**
Dividends payable	**–**	**(6,329,255)**	**6,329,255**	**–**
	₱330,277,138	**₱102,229,944**	**₱24,139,500**	**₱456,646,582**

2022

	January 1, 2022	Cash Flows	Non-cash Changes	December 31, 2022
Loans payable	₱172,542,682	₱71,111,111	(₱4,733)	₱243,649,060
Interest payable	553,012	(7,523,381)	7,523,381	553,012
Refundable deposit	7,281,125	3,793,941	–	11,075,066
Advances from related parties	–	75,000,000	–	75,000,000
Dividends payable	–	(75,023,149)	75,023,149	–
	₱180,376,819	₱67,358,522	₱82,541,797	₱330,277,138

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

26. Supplementary Information Required under Revenue Regulations 34-2020 and 15-2010

RR No. 34-2020
In compliance with RR 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form 1709 (RPT Form), transfer pricing documentation and other supporting documents, the Company is not required to file and submit the RPT Form as enumerated in the regulation.

RR No. 15-2010
The Parent Company also reported and/or paid the following types of taxes in 2023:

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 ₱4.03 million for the year based on its vatable sales or receipts amounting to ₱33.61 million.

b. Input VAT

Balance at January 1	₱806,461
Current year's domestic purchases/payments for:	
Domestic purchases of goods other than capital goods	4,375,751
Total available input VAT	5,182,212
Applied output VAT	4,033,127
Balance at December 31	₱1,149,085

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 2023, this includes all other taxes, local and national, including real estate taxes, licenses, documentary stamp tax, and permit fees. Details follow:

Real estate taxes	₱2,598,345
License and permit fees	577,161
Documentary stamp tax	342,123
BIR annual registration fee	500
Others	1,379,867
	₱4,897,996

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

	For the Year	Ending Balance
Withholding taxes on compensation and benefits	₱313,778	₱24,315
Expanded withholding taxes	286,898	52,529
	₱600,676	₱76,844

Tax Assessments and Cases
As at December 31, 2023, 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.

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	**1.** Antipolo • Name of Project: **The Richdale** II A 17,716 sq.m. property in Antipolo City complementing the more than 50,000 sq.m. 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 • 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 • 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 Goldenvale Village geared towards commercial and light industrial locators. **4.** San Juan, Manila • Name of Project: **Primex Tower** A 50-storey office project standing on a 1,944-square meter lot at the corner of EDSA, Connecticut Street, and Florida Street at the Greenhills commercial district.
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 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 2023

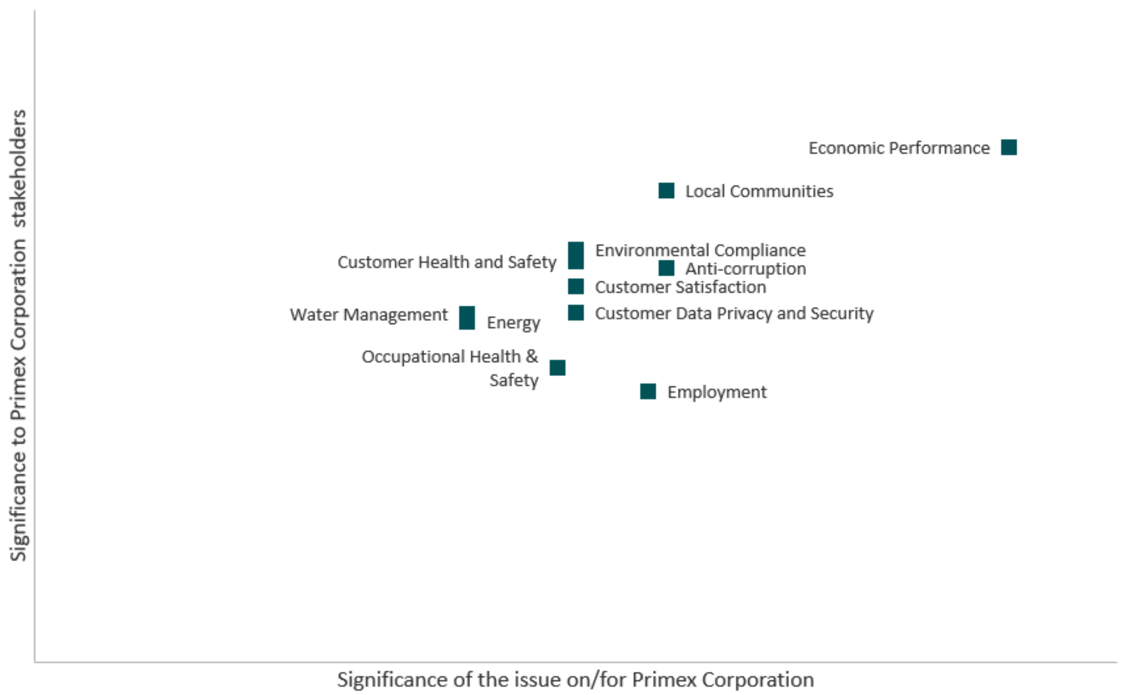
Highest Ranking Person responsible for this report	Karlvin Ernest L. Ang, Corporate Secretary

**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 first 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



Primex Corporation will report on the required disclosures for the issues listed above and the corresponding management approach in order to address the Company's impacts, risks and opportunities in relation to the aforementioned sustainability issues.

[14] See *GRI 102-46* (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	126,983,373.00	PhP
Direct economic value distributed:		
a. Operating costs	106,755,070.00	PhP
b. Employee wages and benefits	8,404,367.00	PhP
c. Payments to suppliers, other operating costs	273,277,231.00	PhP
d. Dividends given to stockholders and interest payments to loan providers	6,329,254.86	
e. Taxes given to government	17,752,115.00	PhP
f. Investments to community (e.g. donations, CSR)	0	PhP

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>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.

The figures shown in the above table can also be found in the Company’s audited financial statements.</td><td rowspan="5">• Investors/ shareholders
• Board of directors/ Management
• Employees
• Suppliers and contractors
• Government
• Local community</td><td rowspan="5">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</td></tr>
<tr><th>What is the Risk/s identified?</th></tr>
<tr><td>Risks identified relating to this material sustainability topic are:
• Changes in customer preferences and demand
• Decline in sales volume
• Competition
• Increase in operating costs
• Government regulations</td></tr>
<tr><th>What are the Opportunity/ies identified?</th></tr>
<tr><td>An opportunity identified relating to this material sustainability topic is:
• Changes in consumer preferences and demand</td></tr>
</table>

Climate-related risks and opportunities[15]

Governance	Strategy	Risk Management	Metrics and Targets
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.	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. 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. 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.	The management considers climate-related risks and opportunities as these are presented or raised during strategic planning of Company investments and expenditures.	The Company has not yet identified metrics and targets for assessing and managing material climate-related risks and opportunities.

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	50	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th rowspan="1">Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>The Company acknowledges that several aspects of its operations may be susceptible to corruption, including but not limited to:
• Related party transactions
• Transactions with suppliers and contractors</td><td rowspan="5">• Investors/ shareholders
• Board of directors/ Management
• Employees
• Suppliers and contractors
• Government
• Local community</td><td rowspan="5">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

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

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</td></tr>
<tr><td>What is the Risk/s Identified?</td></tr>
<tr><td>Risks identified relating to this material sustainability topic are:
• Insider trading
• Reputational risk
• Corruption
• Criminal charges</td></tr>
<tr><td>What are the Opportunity/ies identified?</td></tr>
<tr><td>An opportunity identified relating to this material sustainability topic is:
• Continuously communicating the Company’s anti-corruption policies to new employees, management and board of directors through orientation</td></tr>
</table>

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	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>The Company acknowledges that several aspects of its operations may be susceptible to corruption, including but not limited to:
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<tr><td>Risks identified relating to this material sustainability topic are:
• Insider trading
• Reputational risk
• Corruption
• Criminal charges</td></tr>
<tr><td>What are the Opportunity/ies identified?</td></tr>
<tr><td>An opportunity identified relating to this material sustainability topic is:
• Continuously implementing the existing policies in relation to anti-corruption</td></tr>
</table>

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)	1,092,347.00	GJ
Energy consumption (electricity)	2,258,759.00	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

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>The Company has identified that its energy consumption impacts its:
• Operating costs
• Emissions
• Supplier

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.

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.</td><td rowspan="5">• Investors/ shareholders
• Board of directors/ Management
• Employees
• Suppliers and contractors
• Government
• Local community</td><td rowspan="5">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.</td></tr>
<tr><td>What is the Risk/s identified?</td></tr>
<tr><td>Risk identified relating to this material sustainability topic is:
• Increased energy consumption resulting to higher operating costs and emissions</td></tr>
<tr><td>What are the Opportunity/ies identified?</td></tr>
<tr><td>An opportunity identified relating to this material sustainability topic is:
• Upgrading machines, appliances and vehicles into more energy efficient alternatives</td></tr>
</table>

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	147,124	Cubic meters
Water recycled and reused	0	Cubic meters

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>The Company has identified that its water management impacts its:
• Operating costs
• Suppliers and contractors

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.</td><td rowspan="5">• Investors/ shareholders
• Board of directors/ Management
• Employees
• Suppliers and contractors
• Government
• Local community</td><td rowspan="5">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.</td></tr>
<tr><td>What is the Risk/s Identified?</td></tr>
<tr><td>Risk identified relating to this material sustainability topic is:
• Increased water consumption resulting to higher operating costs and water withdrawal from the suppliers' source/s</td></tr>
<tr><td>What are the Opportunity/ies Identified?</td></tr>
<tr><td>An opportunity identified relating to this material sustainability topic is:
• Adopting water management measures to lessen consumption</td></tr>
</table>

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	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>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.</td><td rowspan="5">Investors/ shareholders
Board of directors/ Management
Employees
Government
Local community</td><td rowspan="5">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.

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.</td></tr>
<tr><td>What is the Risk/s identified?</td></tr>
<tr><td>Risks identified relating to this material sustainability topic are:
Reputational risk
Fines and non-monetary sanctions
Other costly environmental liabilities</td></tr>
<tr><td>What are the Opportunity/ies identified?</td></tr>
<tr><td>There are no further opportunities identified in relation to this material sustainability topic.</td></tr>
</table>

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	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	0%	0%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
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	0%	22%
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	Y	100%	100%
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)

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>The Company has identified that its employee management significantly impacts its relationship with the employees and their satisfaction.

The figures shown in the above table cover the persons directly employed by Primex Corporation and its subsidiary, Primex Realty Corporation.</td><td rowspan="5">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.

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.

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.</td></tr>
<tr><td>What are the Risk/s Identified?</td></tr>
<tr><td>Risks identified relating to this material sustainability topic are:
• Employee dissatisfaction
• Increased attrition rate</td></tr>
<tr><td>What are the Opportunity/ies Identified?</td></tr>
<tr><td>An opportunity identified relating to this material sustainability topic is:
• Adopting employee management practices that will contribute to the increased satisfaction and retention of employees</td></tr>
</table>

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	46,971	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?

The Company has identified that its occupational health and safety practices and policy impact its:

- Compliance with legal requirements and/or recognized standards/guidelines relating to occupational health and safety
- Relationship with employees

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).

What are the Risk/s Identified?

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.

What are the Opportunity/ies Identified?

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.

Management Approach

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. The board/management may discuss in the future the adoption of 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.

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________

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>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.</td><td rowspan="5">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.</td></tr>
<tr><td>What are the Risk/s identified?</td></tr>
<tr><td>Risks identified relating to this material sustainability topic are:
• Reputational risk
• Fines and non-monetary sanctions
• Other costly socioeconomic and environmental liabilities</td></tr>
<tr><td>What are the Opportunity/ies identified?</td></tr>
<tr><td>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.</td></tr>
</table>

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
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.	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.
What are the Risk/s Identified?	
Risks identified relating to this material sustainability topic are: • Reputational risk • Customer dissatisfaction	
What are the Opportunity/ies Identified?	
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.	

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**
The Company has identified that its customer health and safety management impact its: • 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	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.
What are the Risk/s Identified?	
Risks identified relating to this material sustainability topic are: • Reputational risk • Customer dissatisfaction • Fines and non-monetary sanctions • Other costly liabilities	
What are the Opportunity/ies Identified?	
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.	

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: • 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	

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>The Company acknowledges that its customer data management significantly impacts the trust and confidence of its customers and investors on the Company.</td><td rowspan="5">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. There is a plan to digitize customer files and employ cybersecurity to protect customer data once the head office has been relocated to Primex Tower.</td></tr>
<tr><td>What are the Risk/s identified?</td></tr>
<tr><td>Risks identified relating to this material sustainability topic are:
• Data leak, theft and loss
• Reputational risk
• Reduced customer trust
• Fines and non-monetary sanctions</td></tr>
<tr><td>What are the Opportunity/ies identified?</td></tr>
<tr><td>The Company notes that digitizing customer data presents an opportunity to improve data protection and employ cybersecurity.</td></tr>
</table>

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
Residential and Commercial Projects	 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.  In line with Leadership in Energy and Environmental Design (LEED) standards, the future headquarters of Primex Group of Companies called Primex Tower 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.	The following are the potential negative impacts: - Increased traffic in the vicinity of the operations site - Increased consumption of water and electricity for residential and commercial use	We will investigate the potential negative impacts and consider these in planning future investments.