

COVER SHEET

SEC Registration Number

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Company Name

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Principal Office (No./Street/Barangay/City/Town)Province)

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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| N | A | | |
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COMPANY INFORMATION

Company's Email Address

phes_finance@yahoo.com

Company's Telephone Number/s

8637-3112

Mobile Number

09178338243

No. of Stockholders

710

Annual Meeting
Month/Day

Fiscal Year
Month/Day

December/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Jocelyn A. Valle

Email Address

phes_finance@yahoo.com

Telephone Number/s

8637-3112

Mobile Number

NA

Contact Person's Address

35Th Floor, One Corporate Center, Doña Julia Vargas Ave. Corner Meralco Avenue, Ortigas Center, Pasig City

Note: 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.

SEC Number 112978
File Number _____

PHILIPPINE ESTATES CORPORATION

Company's Full Name

^{35TH} Flr. One Corporate Centre, Julia Vargas cor. Meralco Ave., Ortigas Center, Pasig City

Company's Address

8637-3112
Telephone Number

DECEMBER 31
Fiscal Year Ending
(Month and day)

SEC-FORM 17-Q
Form Type

N.A.

Amendment Designation(If applicable)

June 30, 2022
Period Ended Date

N.A.

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE
AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2022**

2. Commission identification number **112978**

3. BIR Tax Identification No. **000-263-366**

PHILIPPINE ESTATES CORPORATION

4. Exact name of registrant as specified in its charter

Metro Manila, Philippines

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: SEC Use Only

35th Flr., One Corporate Centre, Julia Vargas cor. Meralco Ave., Ortigas Center, Pasig City

7. Address of issuer's principal office

(632) 8637-3112

8. Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report **NA**

10. Securities registered pursuant to Section 4 and 8 of the RSA: Common shares **5,000,000,000** with par Value of P1.00 per share

Number of Shares Common Stock Issued Outstanding: **1,877,102,963 Common Shares**

Amount of Debt Outstanding: P 126,844,680 (as per Financial Statements)

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes[**x**]

No[]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

PHILIPPINE STOCK EXCHANGE COMMON SHARES

12. Indicate by check mark whether the registrant:

a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 hereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such report)

Yes[**x**]

No[]

b) has been subject to such filing requirements for the past 90 days

Yes[**X**]

No[]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The Quarterly Financial Statements of the Company for the period ending June 30, 2022 are incorporated herein by reference and attached as an integral part of this Quarterly Report.

Statement of Compliance

The Financial Statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) issued by the Accounting Standards Council (ASC).

Earnings per Share

Basic Earnings per share is determined by dividing the Net Income by the weighted average number of shares issued and subscribed during the period.

Financial Information

- a. The management maintains the same system of accounting policies and methods of computation in the Interim Financial Statements.
- b. There were no changes in accounting estimates of amounts reported in interim periods of current financial year or even in prior financial years
- c. There were no issuances, repurchases and repayments of equity securities
- d. There were no changes in the composition of the issuer during the interim period i.e. Business Combinations, Acquisitions, or Disposal of Subsidiaries and Long-term Investments, Restructuring and Discontinuing operations
- e. There were no dividends declared and paid on the Company's Common Equity.
- f. There have been no material events that happened subsequent to the interim period that needs disclosure herein.
- g. The Company is contingently liable for existing lawsuits and claims from third parties arising from the ordinary course of business. Management believes that the ultimate liability for the abovementioned lawsuits and claims, if any, would not be material in relation to the Financial Position and Operating Results of the company's operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Result of Operations.

1. Plan of Operation

Even while the Philippines continued to deal with the problems brought about by the Covid-19 pandemic, the Company managed to complete the land development of the first parcel of Wellford Homes Jaro. In line with the foregoing, the application for the Certificate of Completion of the said project has been filed with the Department of Human Settlements and Urban Development (DHSUD), and is currently awaiting release. The Company has also recently launched its newest project in Iloilo, known as Wellford Homes Jaro Parcel B.

Since Cebu province was severely affected recently by typhoon Odette, the Company has initially focused its efforts in the rehabilitation of its projects in the said province, while simultaneously working on completing the remaining deliverables for the Phase 4 of Pacific Grand Villas. Here in Luzon, the Company has significantly completed the land development of portions of Phases 1 and 2 of Wellford Homes Malolos in Bulacan, and is set to award the initial batch of townhouses and single-attached units for construction.

Although the Company was able to complete most of the housing units scheduled for delivery in 2021, the Covid-19 pandemic affected the operations of several contractors, with some being forced to cease their operations completely. This resulted in the takeover of several construction works, particularly several rows of townhouses in Pacific Grand Townhomes. However, bidding and awarding of units for construction continue, as the Company aims to fulfill delivery of units on time, as promised to buyers and despite the difficulties brought about by the pandemic. Furthermore, the Company has completed the construction, interior design works, and landscaping of all the model houses in Wellford Homes Malolos, in its bid to improve sales take-up of the project.

The Company also recently awarded the construction of Wellford Residences – Mactan, which will commence by the second quarter of 2022. The first residential tower and amenity building are expected to be completed by 2024.

As the country's economy slowly recovers, the Government has gradually started to allow more industries to resume operations. The Company is adapting to the new normal by slowly conducting limited face to face events, and at the same time, by continuously enhancing its online marketing presence. We recently conducted face-to-face Annual Sellers' Awarding and Ground Breaking Ceremonies in both Iloilo and Cebu, after more than 2 years of purely online selling and marketing activities.

New Residential and Commercial Projects

For the coming year, the Company is looking to launch two (2) new residential projects, both contiguous to existing projects.

The Company was able to secure its License to Sell for its Wellford Homes Jaro Parcel B this 2nd quarter of 2022. This particular project will provide new and more diverse inventory for Iloilo, as the remaining units for sale in Jaro Grand Estates are mostly from the duplex units in Wellford Homes Jaro Parcel A.

Pacific Grand Villas Phase 5 will be a purely residential phase, with fewer but bigger lot cuts and bigger houses to be offered than in the previous phases of Pacific Grand Villas. The initial government permits for PGV Phase 5 have already been acquired. The Company is looking to

secure all the necessary permits by the third quarter of 2022, in time for the launch of the project before the year-end

For the next 5 years, the Company has identified several properties in its pipeline, ready for planning and development, such as Wellford Homes Sta. Maria, which is a 40-hectare horizontal mixed-use development, Wellford Homes Balagtas, a 10-hectare horizontal residential development, and Winfields Village Tanza Cavite, a 19.7-hectare horizontal development.

With the highest concentration of business establishments and industrial parks in the area, Sta. Maria is now considered the economic hub of eastern Bulacan. It also houses numerous public and private schools and colleges, as well as the Philippine Arena, renowned as the largest indoor arena in the world, which has been used for various major events ranging from church gatherings, to sports, and live performances.

In Iloilo, Wellford Homes Parcels C & D will be follow-up projects to the recently launched Wellford Homes Parcel B, with both upcoming projects following the American theme of the existing developments in the area.

In addition to these exciting upcoming projects is the proposed mixed-use development in Cebu to be called Winfields Towncenter. This will be a combination of mid-rise residential and commercial towers, a first in its area in Mactan.

To support its liquidity, the Company is offering attractive and flexible payment terms to its buyers and has also accredited new contractors which can deliver built units faster so as to expedite collection of loan proceeds from partner institutions. Pre-selling of its units and CTS Financing are being explored to fund its projects especially for its newly launched projects

The Company continues to develop and generate cash flow through the following projects:

- ***Pacific Grand Townhomes Phase 1***

The Pacific Grand Townhomes is a middle-class Victorian-themed townhouse project located in Lapu-Lapu City. It boasts of the exclusivity of a pocket community, consisting of 43 units of elegantly designed houses. This stylish community is proximate to private and public institutions, recreational areas, schools, resorts, business and trade centers.

- ***Costa Smeralda.***

The second of our exclusive residential communities in Iloilo City, Costa Smeralda is themed after the famed Italian coastal resorts. Offering 395 lot-units, we introduced in this village four trendy yet sophisticated house designs of varying floor areas, blending form and function to perfectly suit the requirements of discriminating buyers.

- ***Wellford Homes – Jaro***

This project is our third residential community in Iloilo City. The house-and lot packages are mainly designed for homebuyers inclined for economy, maximizing value-for- money. Consisting of about 10 hectares, the initial offering is an American inspired two bungalow-type house model. These single-level houses are very much suited also for senior citizens and retirees. The project was launched in November 2016, with the land development and house construction well underway.

- **Wellford Homes – Malolos**

Wellford Homes is a residential development with an area of approximately 6.7 hectares located in Barangay Longos, Malolos City, Bulacan. This horizontal development is American inspired. Housing design reflects the suburban feel with the American ambience reflected even in the design of the community facilities and amenities. The subdivision is designed to provide generous areas for roads and open spaces, which accounts for nearly 42% of the total developable area. It is an affordable and quality development that offers a master planned community with a total of 554 residential units with two-storey houses and lot-only properties envisioned to be completed by 4Q 2026

2. Financial Position

The Company maintained its Financial Position as its total assets stood at P2.10B. Current ratio registered at 4.07:1. Current assets reached P1.44B while current liabilities amounted only to P0.35B. Debt –to- equity ratio stood at 0.38:1 The Balance Sheet shows that accounts are indicators of positive liquidity condition. Hereunder are the significant or material changes in the Balance Sheet accounts as of June 30, 2022.

Causes for material changes (5% or more) from period to period:

- a. Cash – the decrease of 97.03% was basically attributable to the payments of prior years' payables and payments for the purchased raw land.
- b. Real estate inventories, net - the increase of 96.82% was due to acquired new raw land
- c. Prepayments and Other Assets – the increase of 892.04% was due to increase in Deferred VAT Input from the purchased raw land to be amortized over 5 years.
- d. Non-current Trade Receivables - the decrease of 69.92% was due to improved collections on sales and restatement of old accounts.
- e. Other Noncurrent Assets - the increase of 12.58% was due to increase in Refundable Deposits to MORE ELECTRIC AND POWER CORPORATION for the extension of electrical distribution facilities.
- f. Deferred Gross Profit - the decrease of 10.36% was the result of recognition of realized gross profit based on percentage of completion done for the quarter.
- g. Customers Deposits – the decrease of 27.50% was due to increase in reported sales from the reservations made in prior's year.
- h. Retention payable and refundable bonds - the increase of 6.28% pertains to the 10% retained payment of each progress billing of contractors to be paid until full completion of the contract of on-going projects

3. Result of Operations

For the 2Q 2022, the Company was able to post consolidated net sales of ₱ 38.42M thus registering a decrease of ₱20.13M or 34.38% compared to the Sales for same period in 2021 of ₱ 58.55M.

Realized Gross Profit increased by 12.80% or ₱2.37M from ₱20.93M this 2Q 2022 compared to ₱18.56M in 2Q 2021. Consequently, Net Income before tax decreased to ₱0.388M compared from ₱0.476M in 2Q 2021, a decrease of 18.35% or ₱0.087M. This was primarily due to the lingering effect of the pandemic and typhoon Odette, which hit the areas where our projects are located at, Cebu and Iloilo.

Comparative Top Key Performance Indicators of the Company:

Management evaluates the Company's performance as it relates to the following:

- a. Sales – The Company gauges its performance by determining the Return on Sales (net income after tax over the net sales). It indicates net profitability of each peso of sales.
- b. Accounts Receivable – The Company assesses the efficiency in collecting receivables and in managing of credit by determining the past due ratio thru the aging of receivables.
- c. Gross Profit Margin – Measures effectiveness of pricing and control of project development cost. This is derived by dividing Gross Profit over Net Sales.
- d. Working Capital – The Company's ability to meet obligations is measured by determining Current Assets over Current Liabilities. Working Capital turnover is calculated by dividing Sales over Average Net Working Capital.

Variance Analysis – Another tool that measures efficiency on how the actual sales were attained via a vis forecasted sales.

| <u>INDICATOR</u> | <u>Q2 2022</u> | <u>Q2 2021</u> |
|--------------------------|----------------|----------------|
| Return on sales | 1.01% | 0.81% |
| Past due ratio | 5.7% | 5.20% |
| Gross Profit rate | 48.31% | 48.44% |
| Working Capital Turnover | 0.05 | 0.06 |

4. Other Notes to 2Q 2022 Operations and Financials:

Analysis of material events and uncertainties known to management that would address the past and would have an impact on future operations:

- **Any known trends, demands, commitments, events or uncertainties that will have an impact on the issuer's liquidity;**

At present, the uncertainty that may have a material impact on sales is the economic situation. The seemingly improving economic situation has already translated into a significant buying mood for the real estate market. Overall, there are no contingencies that may affect future operations of the Company. In such eventuality, the resolution of this is dependent to a large extent, on the efficacy of the fiscal measures and other actions.

- **Any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;**

The Company sees no event that will trigger direct or contingent financial obligation that is material to the Company despite of the effect of pandemic COVID-19.

- **All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during reported period.**

There were no material off-balance sheet transactions, agreements, obligations, (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reported period.

- **Any material commitments for capital expenditures, the general purpose of such commitments and expected sources of funds of such expenditures.**

Despite the negative economic effects of the pandemic, there will be continued demand for housing as the vaccine rollout is made. Hence, the Company aims to expand its inventory of projects through the acquisition of land in selected areas where economic growth is expected to show resiliency (i.e. Bulacan and Cavite). In this regard, the board of the Company has approved to undertake a Stock Rights Offering ("SRO") to raise capital for land acquisition.

The proceeds will be used to acquire land to be developed by the Company.

- **Any known trends, events or uncertainties (Material Impact on Sales)**

Due to Global Pandemic, there were significant material impacts on sales.

- **Any significant elements of income or loss (from continuing operations)**

Considering the evolving nature of this pandemic, the Company will continue to monitor the situation to determine the impact to its financial position, performance and cash flows.

- **Seasonal aspects that had material effect on the financial condition or results of operation.**

Projects are launched at no particular time of the year depending on several factors such as completion of plans and permits and appropriate timing in terms of market condition and strategies. Development and construction works follow.

- **Internal and external sources of liquidity**

Collections from selling activities provide liquidity. Externally, the Company avails of credit lines offered by banks and other financial institution, private or government. The Company periodically reviews its capital structure and existing obligations.

Compliance with Leading Practice on Corporate Governance

The Company has adopted the Manual of Corporate Governance and full compliance with the same has been made since the adoption of the Manual.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance. Among these are as follows:

- Organizational and Procedural Controls
- Independent Audit Mechanism
- Regular Reporting to Audit Committee
- Creation of Board Committees
- Financial and Operational Reporting

- Compliance to Government Regulatory and Reportorial Requirements
- Disclosure of Transparency to the Public

There was no deviation committed by any of the Company's directors and/or officers on the Manual of Corporate Governance during the period covered in this report.

PART II – OTHER INFORMATION

Disclosure not made under SEC FORM 17-C: **NONE**

| PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY | | |
|--|----------------------|----------------------|
| STATEMENTS OF FINANCIAL POSITION | | |
| | Interim F/S | Audited F/S |
| | 30-Jun-22 | 31-Dec-21 |
| ASSETS | | |
| Current Assets | | |
| Cash | 11,427,514 | 385,033,386 |
| Trade and other receivables (net) | 590,374,710 | 581,156,088 |
| Advances to related parties (net) | 79,991 | 0 |
| Real estate inventories, net | 762,435,482 | 387,371,414 |
| Prepayments and other current assets | 72,592,009 | 7,317,455 |
| | 1,436,909,707 | 1,360,878,343 |
| Non-current Assets | | |
| Trade and other receivables (net of current portion) | 11,018,619 | 36,626,542 |
| Advances to related parties (net of current portion) | 555,798,731 | 553,297,609 |
| Property and equipment, net | 36,305,039 | 37,511,125 |
| Financial Asset at FVOCI | 50,000,000 | 50,000,000 |
| Investment property | 162,394 | 162,394 |
| Deferred tax assets | 4,734,409 | 4,734,409 |
| Other noncurrent assets | 10,381,077 | 9,220,754 |
| | 668,400,269 | 691,552,833 |
| TOTAL ASSETS | 2,105,309,976 | 2,052,431,176 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Accounts payable and other liabilities | 109,998,505 | 107,895,207 |
| Deferred gross profit | 139,898,041 | 156,073,566 |
| Borrowings (current portion) | 99,652,519 | 90,769,256 |
| Lease liabilities | 1,091,736 | 1,091,736 |
| Customers' deposits | 2,716,151 | 3,746,616 |
| | 353,356,952 | 359,576,381 |
| Non-current Liabilities | | |
| Advances from related parties | 104,493,224 | 104,993,224 |
| Borrowings (non- current portion) | 27,192,161 | 27,192,161 |
| Lease liabilities (net of current portion) | 1,313,678 | 1,313,678 |
| Retention payable and refundable bonds | 25,357,397 | 23,857,933 |
| Deferred Tax Liabilities | 52,331,787 | 52,331,787 |
| Retirement benefits obligation | 10,768,780 | 10,768,780 |
| | 221,457,027 | 220,457,563 |
| Total liabilities | 574,813,977 | 580,033,944 |
| Equity | | |
| Capital Stock | 1,877,102,963 | 1,819,102,963 |
| Remeasurement gain on retirement benefits | 4,322,581 | 4,322,581 |
| Deficit | -350,929,545 | -351,028,312 |
| Total equity | 1,530,496,000 | 1,472,397,232 |
| TOTAL LIABILITIES AND EQUITY | 2,105,309,976 | 2,052,431,176 |

| PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY | | | | |
|--|----------------|---------------------|-------------------------|---------------------|
| STATEMENT OF INCOME AND DEFICIT | | | | |
| | | | | |
| | | | | |
| | 2022 | 2022 | 2021 | 2021 |
| | Apr-Jun | Year to date | Apr - Jun | Year to date |
| REAL ESTATE SALES | 38,422,137 | 56,689,712 | 58,553,628 | 103,330,724 |
| LESS: COST OF SALES | 19,860,016 | 29,696,966 | 30,187,731 | 50,169,082 |
| GROSS PROFIT | 18,562,121 | 26,992,746 | 28,365,897 | 53,161,642 |
| DEFERRED GROSS PROFIT | 11,102,132 | 13,264,262 | 15,473,851 | 29,370,983 |
| REALIZED GROSS PROFIT ON CURRENT YEAR | 7,459,989 | 13,728,484 | 12,892,046 | 23,790,659 |
| ADD: REALIZED GROSS PROFIT - PRIOR YEAR | 13,472,740 | 24,570,908 | 5,665,950 | 14,471,388 |
| TOTAL REALIZED GROSS PROFIT | 20,932,729 | 38,299,392 | 18,557,996 | 38,262,047 |
| OPERATING EXPENSES | 20,068,590 | 36,312,130 | 16,442,383 | 32,423,016 |
| NET OPERATING INCOME (LOSS) | 864,139 | 1,987,262 | 2,115,612 | 5,839,030 |
| FINANCE COST | -3,604,103 | -6,842,849 | -3,998,929 | -7,471,913 |
| OTHER INCOME | 3,128,796 | 5,395,424 | 2,359,558 | 3,714,070 |
| NET INCOME (LOSS) | 388,832 | 539,837 | 476,242 | 2,081,188 |
| LESS: INCOME TAX | -252,622 | -441,068 | -119,061 | -770,281 |
| DEFERRED INCOME TAX | | - | - | - |
| NET INCOME (LOSS) AFTER PROVISION | 136,210 | 98,769 | 357,181 | 1,310,907 |
| RETAINED EARNINGS, BEGINNING | -351,065,753 | -351,028,312 | -360,694,570 | -361,648,294 |
| NET INCOME (LOSS) | 136,210 | 98,769 | 357,182 | 1,310,907 |
| RETAINED EARNINGS, END | -350,929,543 | -350,929,543 | -360,337,389 | -360,337,387 |
| EARNINGS (LOSS) PER SHARE * | | 0 | 0 | 0 |
| <i>* Based on Weighted Average number of common shares outstanding</i> | | | 1,877,102,962.50 | |

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

| | | | | |
|---|----------------------|--|---------------------|----------------------|
| | | | | |
| | | | | |
| | | | | |
| | CAPITAL STOCK | Remeasurement gain on retirement benefits | DEFICIT | TOTAL |
| | | | | |
| Subscribed at December 31, 2020 | 1,445,549,830 | 2,042,257 | -361,648,295 | 1,085,943,792 |
| Net Income (Loss) as of June 30, 2021 | | | 1,310,907 | 1,310,907 |
| Balance at June 30, 2021 | 1,445,549,830 | 2,042,257 | -360,337,388 | 1,087,254,699 |
| | | | | |
| | | | | |
| Subscribed at December 31, 2021 | 2,891,099,660 | 4,322,581 | -351,028,313 | 2,544,393,928 |
| Less: Subscription receivables | 1,013,996,697 | | | 1,013,996,697 |
| Add Net Income (Loss) as of June 30, 2022 | | | 98,769 | 98,769 |
| Balance at June 30, 2022 | 1,877,102,963 | 4,322,581 | -350,929,545 | 1,530,496,000 |

| PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY | | | | | | | |
|---|---|--|--|--|--|---------------|--------------|
| STATEMENT OF CASH FLOW | | | | | | | |
| | | | | | | | |
| | | | | | | June 2022 | June 2021 |
| CASH FLOW FROM OPERATING ACTIVITIES: | | | | | | | |
| | Net Income (Loss) | | | | | 98,769 | 1,310,907 |
| | Adjustment to reconcile net income (loss) to net | | | | | | |
| | Cash provided by operating activities: | | | | | | |
| | | Depreciation and Amortization | | | | 1,538,832 | 1,623,024 |
| | | Amortization of deferred charges | | | | | - |
| | | Income from insurance claims | | | | | - |
| | | Gain on sale of property and equipment | | | | | |
| | | Provision for doubtful accounts | | | | | - |
| | | Decrease (increase) in assets: | | | | | |
| | | Trade and other receivables (net) | | | | 16,389,300 | (21,321,459) |
| | | Due from Affiliates | | | | | - |
| | | Real estates Inventories | | | | (34,158,166) | 6,197,797 |
| | | Intangible Assets | | | | | |
| | | Prepayments and other current assets | | | | (65,274,554) | (188,387) |
| | | Other Assets | | | | (1,160,323) | |
| | | Increase (decrease) in liabilities: | | | | | |
| | | Accounts payable and other liabilities | | | | 2,103,298 | 11,668,008 |
| | | Accrued expenses | | | | 468,998 | 431,390 |
| | | Deferred Income | | | | (16,175,525) | 52,603 |
| | Net cash provided by (used in) operating activities | | | | | (96,169,370) | (226,117) |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | | | | | |
| | Additions to raw land inventory | | | | | (340,905,903) | (6,436,579) |
| | Additions to equipment | | | | | (332,747) | (90,536) |
| | Deductions to real estate held for sale | | | | | | 423,277 |
| | Additions to project development costs | | | | | | |
| | Investment in Stock to Waterfront Manila Premier Development Inc. | | | | | | 0 |
| | Proceeds from insurance claims | | | | | | 0 |
| | Proceeds from sale of property & equipment | | | | | - | - |
| | Net cash provided by (used in) investing activities | | | | | (341,238,650) | (6,103,838) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | | | | | |
| | Additional deposits on subscription | | | | | | 0 |
| | Net decrease in due to/from affiliates | | | | | (3,081,115) | 827,004 |
| | Proceeds from SRO | | | | | 58,000,000 | - |
| | Payment of long-term debts | | | | | | - |
| | Payment for short-term borrowings | | | | | 8,883,263 | (42,715,939) |
| | Proceeds of short term borrowings | | | | | | 47,694,149 |
| | Net cash provided by (used in) financing activities | | | | | 63,802,148 | 5,805,214 |
| NET INCREASE (DECREASE) IN CASH | | | | | | (373,605,872) | (524,740) |
| ADJUSTMENT OF PRIOR PERIODS | | | | | | - | - |
| CASH AT BEGINNING | | | | | | 385,033,386 | 16,836,562 |
| CASH, ENDING BALANCE | | | | | | 11,427,515 | 16,311,822 |

PROPERTY AND EQUIPMENT (net)


Property and equipment as of June 30, 2022 is as follows:

| PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY | | | | | |
|---|--------------------|--------------------------|-------------------|------------------------|--------------------|
| PROPERTY, PLANT AND EQUIPMENT | | | | | |
| | | | | | |
| | | | | Building & Machineries | |
| | Right-of-use Asset | Transportation Equipment | Computer Software | Furniture & Fixtures | TOTAL |
| | | | | Office Equipment | |
| | | | | | |
| Cost | | | | | |
| At January 1, 2022 | 4,383,276 | 7,385,021 | 350,000 | 99,464,101 | 111,582,398 |
| Additions | 0 | 6,429 | 0 | 326,319 | 332,747 |
| Disposals | - | - | - | - | 0 |
| June 30, 2022 | 4,383,276 | 7,391,449 | 350,000 | 99,790,420 | 111,915,145 |
| | | | | | - |
| Accumulated Depreciation | | | | | |
| At January 1, 2022 | -2,219,981 | -6,372,455 | -145,833 | -65,333,004 | -74,071,273 |
| Additions | 0 | -259,362 | -29,167 | -1,250,304 | -1,538,832 |
| Disposals | - | - | - | - | - |
| June 30, 2022 | -2,219,981 | -6,631,817 | -175,000 | -66,583,307 | -75,610,106 |
| | | | | | - |
| Net Book Value | | | | | |
| At January 1, 2022 | 2,163,295 | 1,012,565 | 204,167 | 34,131,097 | 37,511,125 |
| June 30, 2022 | 2,163,295 | 759,632 | 175,000 | 33,207,112 | 36,305,039 |

BUSINESS SEGMENT INFORMATION

The business segment report of the company as of June 30, 2022 is as follows:

| PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY | | | | | | | |
|---|----------------------|-------------------|------------------|--------------------|--------------------|------------------|----------------------|
| SEGMENT REPORT | | | | | | | |
| June 30, 2022 | | | | | | | |
| | HEAD OFFICE | MALOLOS | DAVAO | CEBU | ILOILO | VALENZUELA | CONSOLIDATED |
| Sales | 0 | 44,600,065 | 0 | 2,692,000 | 9,397,647 | 0 | 56,689,712 |
| Realized Gross Profit | 0 | 16,487,679 | 0 | 12,271,477 | 9,540,236 | 0 | 38,299,392 |
| Other Income | 50,056 | 66,630 | 193,328 | 1,174,875 | 1,449,903 | 2,460,631 | 5,395,423 |
| Finance Cost | 6,493,146 | 0 | 0 | 0 | 349,703 | 0 | 6,842,849 |
| Depreciation | 1,340,903 | 13,432 | 0 | 14,993 | 169,505 | 0 | 1,538,832 |
| Other Operating Expenses | 20,000,780 | 3,567,896 | 88,499 | 4,409,336 | 6,587,175 | 119,611 | 34,773,297 |
| SEGMENT ASSETS | 1,098,487,306 | 94,611,455 | 1,477,102 | 391,921,466 | 511,661,596 | 7,151,051 | 2,105,309,976 |
| SEGMENT LIABILITIES | 253,568,602 | 66,272,122 | 507,124 | 129,884,620 | 123,728,716 | 852,794 | 574,813,977 |

| | | | | | | | | | |
|---|---------|-----------------------|----------------|--------------|--------------|--------------|--------------|---------------|---------------|
| <div><div></div><div>QUALITY. OUR DISTINCTION. OUR COMMITMENT.</div></div> | | | | | | | | | |
| AGEING OF RECEIVABLES | | | | | | | | | |
| AS OF JUNE 2022 | | | | | | | | | |
| PROJECT | PROJECT | RECEIVABLE BALANCE | CURRENT | PAST DUE | | | | | |
| | | | | 1-30 | 31-60 | 61-90 | 91-120 | 121-180 | TOTAL |
| PACIFIC GRAND VILLAS PHASE 1B | | 18,035,810.81 | 16,489,546.15 | 49,266.00 | 49,266.00 | 49,266.00 | 49,266.00 | 1,349,200.66 | 1,546,264.66 |
| LOT | PGV1B | 222,780.67 | 222,780.67 | | | | | | - |
| H&L | PGV1B | 17,813,030.14 | 16,266,765.48 | 49,266.00 | 49,266.00 | 49,266.00 | 49,266.00 | 1,349,200.66 | 1,546,264.66 |
| PACIFIC GRAND VILLAS PHASE 1C | | 16,807,147.97 | 16,053,385.95 | 51,500.00 | 51,500.00 | 51,500.00 | 51,500.00 | 547,762.02 | 753,762.02 |
| LOT | PGV1C | 477,205.05 | 477,205.05 | | | | | | - |
| H&L | PGV1C | 16,329,942.92 | 15,576,180.90 | 51,500.00 | 51,500.00 | 51,500.00 | 51,500.00 | 547,762.02 | 753,762.02 |
| PACIFIC GRAND VILLAS PHASE 4A | | 51,713,003.75 | 49,041,789.56 | 126,301.45 | 126,301.45 | 126,301.45 | 126,301.45 | 2,166,008.39 | 2,671,214.19 |
| LOT | PGV4A | 16,312,062.28 | 15,516,755.42 | 29,785.45 | 29,785.45 | 29,785.45 | 29,785.45 | 676,165.06 | 795,306.86 |
| H&L | PGV4A | 35,400,941.47 | 33,525,034.14 | 96,516.00 | 96,516.00 | 96,516.00 | 96,516.00 | 1,489,843.33 | 1,875,907.33 |
| PACIFIC GRAND VILLAS PHASE 4B | | 12,030,285.58 | 11,311,332.75 | 31,258.80 | 31,258.80 | 31,258.80 | 31,258.80 | 593,917.63 | 718,952.83 |
| LOT | PGV4B | 53,376.93 | 53,376.93 | - | - | - | - | - | - |
| H&L | PGV4B | 11,976,908.65 | 11,257,955.82 | 31,258.80 | 31,258.80 | 31,258.80 | 31,258.80 | 593,917.63 | 718,952.83 |
| PACIFIC GRAND TOWNHOMES | | 38,745,547.60 | 36,632,197.16 | 136,276.38 | 136,276.38 | 136,276.38 | 136,276.38 | 1,568,244.92 | 2,113,350.44 |
| H&L | PGT | 38,745,547.60 | 36,632,197.16 | 136,276.38 | 136,276.38 | 136,276.38 | 136,276.38 | 1,568,244.92 | 2,113,350.44 |
| WELLFORD RESIDENCES MADISON BLVD | | 56,963,696.87 | 51,699,726.03 | 382,795.11 | 382,795.11 | 382,795.11 | 382,795.11 | 3,732,790.40 | 5,263,970.84 |
| H&L | WRM | 55,986,169.34 | 50,722,198.50 | 382,795.11 | 382,795.11 | 382,795.11 | 382,795.11 | 3,732,790.40 | 5,263,970.84 |
| LOT | WRM | 977,527.53 | 977,527.53 | - | - | - | - | - | - |
| CEBU TOTAL | | 194,295,492.58 | 181,227,977.60 | 777,397.74 | 777,397.74 | 777,397.74 | 777,397.74 | 9,957,924.02 | 13,067,514.98 |
| * Past Due Ratio | | 100.0% | 93.3% | | | | | | 6.7% |
| CHATEAUX GENEVA | | 1,149,348.03 | 1,072,320.38 | - | - | - | - | 77,027.65 | 77,027.65 |
| LOT | CG | 1,101,720.38 | 1,072,320.38 | | | | | 29,400.00 | 29,400.00 |
| H&L | CG | 47,627.65 | - | - | - | - | - | 47,627.65 | 47,627.65 |
| COSTA SMERALDA | | 125,104,091.49 | 123,370,858.67 | 177,078.53 | 177,078.53 | 125,853.00 | 125,853.00 | 1,127,369.76 | 1,733,232.82 |
| LOT | CS | 38,277,182.61 | 37,906,376.77 | 22,530.79 | 22,530.79 | 22,530.79 | 22,530.79 | 280,682.68 | 370,805.84 |
| H&L | CS | 86,826,908.88 | 85,464,481.90 | 154,547.74 | 154,547.74 | 103,322.21 | 103,322.21 | 846,687.08 | 1,362,426.98 |
| WELLFORD HOMES | | 51,005,457.65 | 47,643,547.15 | 227,503.85 | 227,503.93 | 198,447.27 | 184,087.16 | 2,524,368.29 | 3,361,910.50 |
| H&L | WFH | 51,005,457.65 | 47,643,547.15 | 227,503.85 | 227,503.93 | 198,447.27 | 184,087.16 | 2,524,368.29 | 3,361,910.50 |
| ILOILO TOTAL | | 177,258,897.17 | 172,086,726.20 | 404,582.38 | 404,582.46 | 324,300.27 | 309,940.16 | 3,728,765.70 | 5,172,170.97 |
| * Past Due Ratio | | 100.0% | 97.1% | | | | | | 2.9% |
| PLASTIC CITY INDUSTRIAL PARK | | 4,560,709.63 | | | | | | 4,560,709.63 | 4,560,709.63 |
| EMBASSY POINTE | | 9,049,365.41 | | | | | | 9,049,365.41 | 9,049,365.41 |
| METRO MANILA | | 13,610,075.04 | | - | - | - | - | 13,610,075.04 | 13,610,075.04 |
| * Past Due Ratio | | 100% | | | | | | | 100% |
| WELLFORD HOMES - MALOLOS | | 193,052,054.59 | 192,112,280.57 | 68,895.90 | 68,895.90 | 68,895.90 | 66,494.78 | 666,591.54 | 939,774.02 |
| LOT | WFM | 37,540,810.73 | 36,791,096.71 | 49,889.90 | 49,889.90 | 49,889.90 | 47,488.78 | 552,555.54 | 749,714.02 |
| H&L | WFM | 155,511,243.86 | 155,321,183.86 | 19,006.00 | 19,006.00 | 19,006.00 | 19,006.00 | 114,036.00 | 190,060.00 |
| * Past Due Ratio | | 100.0% | 100.0% | | | | | | 0.5% |
| GRAND TOTAL | | 578,216,519.38 | 545,426,984.37 | 1,250,876.02 | 1,250,876.10 | 1,170,593.91 | 1,153,832.68 | 27,963,356.30 | 32,789,535.01 |
| * Past Due Ratio | | 100% | 94.3% | 0.2% | 0.2% | 0.2% | 0.2% | 4.8% | 5.7% |

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

Issuer

: **ELVIRA A. TING**

Title

: **PRESIDENT & CEO**

Signature

:

Date

: 10 August 2022

Principal Financial Accounting Officer Controller

: **JOCELYN A. VALLE**

Title

: **FINANCE HEAD**

Signature

:

Date

: 10 August 2022