

## COVER SHEET

1 5 9 9 5 0

S.E.C. Registration Number

C R O W N A S I A C H E M I C A L S

C O R P O R A T I O N .

(Company's Full Name)

K M 3 3 M C A R T H U R H I G H W A Y

B O T U K T U K A N G U I G U I N T O B U L A C A N

NICASIO T. PEREZ

Contact Person

8 2 8 3 8 7 1 9

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

SEC FORM 17-Q JUNE 30, 2025

FORM TYPE

0 5 0 8

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

6 6

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

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, 2025**
2. SEC Identification number **159950**
3. BIR Tax Identification No. **000-240-902-000**
4. Exact name of issuer as specified in its charter **CROWN ASIA CHEMICALS  
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 **Km 33 Mc Arthur Highway Tuktukan  
Guiguinto, Bulacan**
- Postal Code **3015**
8. Issuer's telephone number, including area code **(632) 3412-0639 to 41**
9. Former name, former address and former fiscal  
year, if changed since last report **Not Applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the  
RSA

Title of each Class

Number of shares of common  
stock outstanding

**Common stock**

**610,639,000**

Amount of debt outstanding  
**P332,178,127**

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

Yes ☐ No ☐

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

**The Philippine Stock Exchange Inc.**

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [ / ]    No [   ]

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ / ]    No [   ]

## **PART I--FINANCIAL INFORMATION**

### **Item 1. Financial Statements.**

The Interim Financial Statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference.

Exhibit 1 – Statements of Financial Position as of June 30, 2025 and December 31, 2024

Exhibit 2 – Statements of Comprehensive Income for the periods ended June 30, 2025 and June 30, 2024

Exhibit 3 – Statements of Changes in Equity as of June 30, 2025 and June 30, 2024

Exhibit 4 – Statements of Cash Flow as of June 30, 2025 and June 30, 2024

Exhibit 5 – Notes to Interim Financial Information

### **Item 2. Management's Discussion and Analysis of Results of Operations and Financial Position**

Please refer to Exhibit 6 hereof.

### **Item 3. Aging of Accounts Receivable**

Please refer to Exhibit 7 hereof.

### **Item 4. Key Performance Indicators**

Please refer to Exhibit 8 hereof.



CROWN ASIA CHEMICALS CORPORATION  
*(Formerly Crown Asia Compounders Corporation)*  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2025 AND DECEMBER 31, 2024  
*(Amounts in Philippine Pesos)*

	UNAUDITED JUNE 30, 2025	AUDITED DECEMBER 31, 2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	408,272,984	367,740,741
Trade and other receivables	297,697,842	302,571,018
Inventories	673,014,364	708,984,906
Prepayments and other current assets - net	217,907,744	167,563,289
Total Current Assets	1,596,892,935	1,546,859,954
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment - net	829,792,240	848,658,170
Investment properties	43,362,720	43,362,720
Right of Use Assets - net	11,588,665	12,385,480
Post-employment defined benefit asset	7,749,365	9,051,716
Other non-current assets - net	11,112,024	15,424,864
Total Non-Current Assets	903,605,014	928,882,950
<b>TOTAL ASSETS</b>	<b>2,500,497,948</b>	<b>2,475,742,904</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	181,841,070	182,546,769
Lease Liability-Current	2,028,025	4,310,078
Income tax payable	10,886,398	912,457
Total Current Liabilities	194,755,493	187,769,304
<b>NON-CURRENT LIABILITIES</b>		
Mortgage Payable	-	-
Lease Liability-Non Current	12,667,381	11,156,658
Deferred tax liabilities - net	92,895,253	92,895,253
Other Payables	31,860,000	31,860,000
Total Non-current Liabilities	137,422,634	135,911,911
Total Liabilities	332,178,127	323,681,215
<b>EQUITY</b>		
Capital stock	630,800,000	630,800,000
Additional Paid In capital	52,309,224	52,309,224
Revaluation reserves	302,321,762	302,321,762
Retained earnings	1,223,984,866	1,207,726,734
Treasury Stock	(41,096,031)	(41,096,031)
Total Equity	2,168,319,821	2,152,061,689
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,500,497,948</b>	<b>2,475,742,904</b>

*See Notes to Financial Statements.*

CROWN ASIA CHEMICALS CORPORATION  
*(Formerly Crown Asia Compounders Corporation)*  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX (6) MONTHS ENDED JUNE 30, 2025 AND 2024**  
*(Amounts in Philippine Pesos)*

	<i>FOR THE PERIOD</i> <i>UNAUDITED</i>		<i>FOR THE QUARTER</i> <i>UNAUDITED</i>	
	JUNE 30, 2025	JUNE 30, 2024	JUNE 30, 2025	JUNE 30, 2024
REVENUE	565,676,505	821,768,976	265,058,986	395,208,859
COST OF GOODS SOLD	363,964,407	542,429,675	175,152,735	260,839,716
GROSS PROFIT	201,712,098	279,339,301	89,906,251	134,369,143
OTHER OPERATING EXPENSES	101,180,334	124,005,377	48,376,776	68,637,419
OTHER INCOME (CHARGES)				
Finance costs	(567,008)	(594,617)	(285,428)	(288,212)
Foreign currency gains (losses) - net	(2,426,689)	4,617,569	(1,357,890)	3,496,452
Finance income	5,289,991	7,198,928	2,849,841	4,156,975
Other income	1,659,049	323,305	809,596	(21,695)
	3,955,343	11,545,185	2,016,119	7,343,520
PROFIT BEFORE TAX	104,487,107	166,879,109	43,545,594	73,075,244
TAX EXPENSE				
Current income tax	(27,165,075)	(42,156,479)	(11,448,080)	(18,346,964)
Deferred income tax	-	-	-	-
NET PROFIT	77,322,032	124,722,630	32,097,514	54,728,280
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Revaluation increment on land				
Remeasurements of post-employment defined benefit plan				
Tax income (expense)				
TOTAL COMPREHENSIVE INCOME	77,322,032	124,722,630	32,097,514	54,728,280
BASIC AND DILUTED EARNINGS PER SHARE	0.13	0.20	0.05	0.09

*See Notes to Financial Statements.*

## EXHIBIT 3

CROWN ASIA CHEMICALS CORPORATION  
*(Formerly Crown Asia Compounders Corporation)*  
 STATEMENTS OF CHANGES IN EQUITY  
 FOR THE SIX (6) MONTHS ENDED JUNE 30, 2025 AND 2024  
*(Amounts in Philippine Pesos)*

	UNAUDITED JUNE 30, 2025	AUDITED JUNE 30, 2024
<b>CAPITAL STOCK</b>		
Balance at beginning of year	630,800,000	630,800,000
Issuance of shares during the year	-	-
Balance at end of year	630,800,000	630,800,000
<b>ADDITIONAL PAID IN CAPITAL</b>		
Balance at beginning of year	52,309,224	52,309,224
Balance at end of year	52,309,224	52,309,224
<b>REVALUATION RESERVES</b>		
Balance at beginning of year		
As previously reported	302,321,762	295,801,165
Effect of revaluation of land - net of tax	-	-
As restated	302,321,762	295,801,165
Revaluation of land during the year	-	-
Tax effect of revaluation of land	-	-
Remeasurement of post-employment defined benefit - net of tax	-	-
Balance at end of year	302,321,762	295,801,165
<b>RETAINED EARNINGS</b>		
Appropriated		
Balance at beginning of year	340,000,000	220,000,000
Reversal of appropriation	-	-
Appropriation during the year	200,000,000	120,000,000
Balance at end of year	540,000,000	340,000,000
Unappropriated		
Balance at beginning of year	867,726,734	856,453,851
Net profit for the year	77,322,032	124,722,630
Reversal of appropriation	-	-
Appropriation during the year	(200,000,000)	(120,000,000)
	745,048,766	861,176,481
Cash dividend	(61,063,900)	(61,063,900)
Balance at end of year	683,984,866	800,112,581
Balance at end of year	2,209,415,852	2,119,022,970
Treasury stock ( 20,161,000 shares)	(41,096,031)	(41,096,031)
<b>TOTAL EQUITY</b>	<b>P 2,168,319,821</b>	<b>P 2,077,926,939</b>

*See Notes to Financial Statements.*

CROWN ASIA CHEMICALS CORPORATION  
*(Formerly Crown Asia Compounders Corporation)*  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX (6) MONTHS ENDED JUNE 30, 2025 AND 2024**  
*(Amounts in Philippine Pesos)*

	<i>UNAUDITED</i>	
	JUNE 30, 2025	JUNE 30, 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	103,443,809	165,505,849
Adjustments for:		
Depreciation and amortization	24,418,207	26,722,288
Unrealized Foreign currency (gains) loss - net	255,446	(3,746,233)
Interest expense	567,008	594,616
Finance income	(5,289,991)	(7,198,929)
Other Income (Loss)	(243,539)	26,695
Gain on sale of property and equipment	(1,415,500)	(350,000)
Operating profit before working capital changes	121,735,440	181,554,286
(Increase) decrease in trade and other receivables	4,873,176	(50,030,745)
(Increase) decrease in inventories	35,970,542	9,505,404
(Increase) decrease in prepayments and other current assets	(50,344,455)	(5,452,562)
(Increase) decrease in post-employment defined benefit asset	1,302,351	955,835
(Increase) decrease in other non-current assets	4,312,840	20,447,286
Increase (decrease) in trade and other payables	(705,699)	(6,566,755)
Increase (decrease) in post-employment defined benefit obligation	-	-
Increase (decrease) in lease liability	-	-
Cash generated from (used in) operations	117,144,195	150,412,749
Cash paid for Income taxes	(16,147,835)	(31,992,728)
Net Cash From (Used In) Operating Activities	100,996,360	118,420,021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(4,755,462)	(38,237,059)
Disposal of property, plant and equipment	1,415,500	-
Other Income	243,539	323,305
Interest received	5,289,991	7,198,929
Net Cash Used in Investing Activities	2,193,568	(30,714,825)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends Paid	(61,063,900)	(61,063,900)
Interest paid for lease liabilities	(567,008)	-
Payments for principal portion of lease liabilities	-	(333,679)
Interest paid on loans and mortgages	-	(594,616)
Payment of short term loans and borrowings	(771,330)	(1,460,872)
Proceeds from short term loans	-	-
Net Cash From (Used in) Financing Activities	(62,402,238)	(63,453,067)
Effect of Exchange Rate Changes on Cash	(255,446)	3,746,233
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	40,532,244	27,998,362
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	367,740,741	374,244,448
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>P 408,272,985</b>	<b>P 402,242,810</b>

*See Notes to Financial Statements.*

**CROWN ASIA CHEMICALS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 31, 2025 AND 2024 (UNAUDITED)**  
**(With Comparative Figures for December 31, 2024)**  
*(Amounts in Philippine Pesos)*

**1. CORPORATE INFORMATION**

Crown Asia Chemicals Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 10, 1989 primarily to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale and retail such goods as plastic and/or synthetic resins and compounds and other allied or related products of similar nature.

The Company's Board of Directors (BOD) approved the change in name of the Company from Crown Asia Compounders Corporation to Crown Asia Chemicals Corporation on March 4, 2014. The SEC approved the change in name of the Company and the corresponding amendment in the Company's Articles of Incorporation on September 29, 2014. The change in name of the Company was registered with the Bureau of Internal Revenue (BIR) on October 24, 2014.

The Company's shares were listed in the Philippine Stock Exchange (PSE) on April 27, 2015.

On December 5, 2018, the Company's BOD approved the adoption of Share Buyback Program whereby the Company is authorized to reacquire its capital stock from the public for an aggregate acquisition price of P100.0 million.

The Company's registered office, which is also its principal place of business, is located at Km. 33, McArthur Highway, Bo. Tuktukan, Guiguinto, Bulacan. The Company's administrative office is located at Units 506 and 508 President's Tower, No. 81 Timog Ave., South Triangle, Quezon City. The Company also operates a manufacturing plant in Valenzuela City and sales depot in Cebu City and Davao City.

**2. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of Preparation of Financial Statements**

**(a) Statement of Compliance with Philippine Financial Reporting Standards**

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

#### **(b) Presentation of Financial Statements**

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents the statement of comprehensive income separate from the statement of profit or loss.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

#### **(c) Functional and Presentation Currency**

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

### **2.2 Adoption of New and Amended PFRS**

#### **(a) Effective in 2024 that are Relevant to the Company**

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Current and Non-current With Covenants
--------------------	---

PAS 7 and PFRS  
(Amendments)

: Statement of Cash Flow, Financial Instruments:  
Disclosures – Supplier Finance  
Arrangements

Discussed below and in the succeeding page are the relevant information about these pronouncements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specify that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Company's financial statements.
- (iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.

**(b) Effective in 2024 that is not Relevant to the Company**

Among the amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024, amendments to PFRS 16, *Leases – Lease Liability in a Sale and Leaseback*, are not relevant to the Company's financial statements.

### (c) Effective Subsequent to 2024 but not Adopted Early

There are pronouncements effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)
- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

## 2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's strategic steering committee, its chief operating decision-maker. The strategic steering committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Company's products, which represent the main products provided by the Company.

Each of these operating segments is managed separately as each of these product lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements. However, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to any segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.



## **2.4 Financial Instruments**

### **(a) Financial Assets**

The relevant financial asset classification applicable to the Company is only financial assets at amortized cost.

The expected credit losses (ECL) on trade and other receivables are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

### **(b) Financial Liabilities**

Financial liabilities include Trade and Other Payables (except Advances from customers and tax-related payables), Mortgage and Loan Payables and Lease Liabilities.

## **2.5 Inventories**

The cost of inventories is determined using weighted average method.

Finished goods include the cost of raw materials, direct labor and a proportion of manufacturing overhead based on actual units produced. The cost of raw materials includes all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

## **2.6 Property, Plant and Equipment**

Following initial recognition at cost, land is carried at revalued amount which is the fair value at the date of the revaluation as determined by independent appraisers. All other property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Revalued amount is the fair market value determined based on appraisal by external professional valuer once every two years or more frequently if market factors indicate a material change in fair value.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	3-25 years
Transportation equipment	3-15 years
Land improvements	2-15 years

Machineries, factory, and other equipment	2-15 years
Furniture, fixtures and office equipment	2-15 years

Leasehold improvements, presented as part of Building and improvements, are amortized over the asset's estimated useful lives ranging from three to five years or applicable lease terms, whichever is shorter.

## 2.7 Investment Properties

Investment properties are accounted for under the fair value model. These are revalued every two years and are reported in the statement of financial position at fair value. Fair value is supported by market evidence and is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment property.

## 2.8 Intangible Assets

Intangible assets include registered trademarks which are accounted for under the cost model. Capitalized costs are amortized on a straight-line basis over the estimated useful life of 10 years as the lives of these intangible assets are considered finite. The carrying amounts of the intangible assets are presented as Trademarks under Other Non-current Assets account in the statement of financial.

## 2.9 Revenue and Expense Recognition

Revenue comprises sale of goods measured by reference to the fair value of consideration received or receivable by the Company for goods sold, excluding value-added tax (VAT).

The Company uses the practical expedient in PFRS 15, *Revenue from Contracts with Customers*, with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Company's contracts with customers have original expected duration of one year or less.

Specifically, revenue from sale of goods is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. Invoices for goods transferred are due upon receipt by the customer.

The Company also assesses its revenue agreements in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. In all revenue agreements, Company is acting as a principal. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists.

As applicable, if the Company is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period. Also, if applicable, the Company recognizes a right of return asset on the goods to be recovered from the customers with a corresponding adjustment to Cost of Goods Sold account. However, there were no contracts that contained significant right of return arrangements that remain outstanding during the reporting periods.

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and recognizes as outright expenses such costs as incurred.

## **2.10 Leases – Company as Lessee**

Subsequent to initial recognition, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from two to 10 years.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

## **2.11 Impairment of Non-financial Assets**

The Company's property, plant and equipment, right-of-use assets, intangible assets (presented under the Other Non-current Assets account) and other non-financial assets are subject to impairment testing.

## **2.12 Employee Benefits**

The Company provides short-term and post-employment benefits to employees through defined benefit and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is fully funded, tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity such as Social Security System.

## **2.13 Related Party Transactions and Relationships**

Based on the requirements of SEC Memorandum Circular No. 10, Series of 2019, *Rules on Material Related Party Transactions for Publicly-Listed Companies*, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited financial statements, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

## **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

### **3.1 Critical Management Judgment in Applying Accounting Policies**

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

#### *(a) Determination of Lease Term of Contracts with Renewal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

The factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company did not include the renewal period as part of the lease term for leases of some of its office space and warehouse due to the provision in its contracts that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) *Determination of Timing of Satisfaction of Performance Obligations*

The Company determines that its revenue from sale of goods shall be recognized at a point in time when the control of the goods have passed to the customer, i.e., generally when the customer has acknowledged delivery of the goods.

(c) *Determination of Transaction Price*

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties (e.g., VAT).

The transaction price is considered receivable to the extent of products sold with consideration on the right of return, if applicable (see Note 2.9). Also, the Company uses the practical expedient in PFRS 15, with respect to non-adjustment of the promised amount of consideration for the effects of any financing component as the Company expects, at contract inception, that the period between when the Company transfers promised goods or services to the customer and payment due date is one year or less.

(d) *Determination of ECL on Trade and Other Receivables*

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments to the extent applicable that have similar loss patterns (i.e., by geography, product type, or customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

(e) *Determination of Cost of Inventories*

In inventory costing, management uses estimates and judgment in properly allocating the labor and overhead between the cost of inventories on hand and cost of goods sold. Currently, the Company allocates manufacturing overhead on the basis of actual units produced. However, the amount of costs charged to finished goods inventories would differ if the Company utilized a different allocation base. Changes in allocated cost would affect the carrying cost of inventories and could potentially affect the valuation based on lower of cost and net realizable value.

(f) *Distinction Between Investment Properties and Owner-Managed Properties*

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

(g) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish between provisions and contingencies.

### **3.2 Key Sources of Estimation Uncertainty**

Presented in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

*(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

*(b) Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses).

*(c) Determination of Net Realizable Value of Inventories*

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. Even though the Company's core business is not continuously subject to rapid technological changes which may cause inventory obsolescence, future realization of the carrying amounts of inventories as presented in Note 7 is still affected by price changes. Such aspect is considered a key source of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next financial reporting period.

There was no inventory write-down to recognize the inventories at their net realizable value as of June 30, 2025, and in years 2024 and 2023 based on management's assessment.

*(d) Estimation of Useful Lives of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets*

The Company estimates the useful lives of property, plant and equipment, right-of-use assets and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use assets and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Based on management's assessment as at June 30, 2025 and December 31, 2024 there is no change in estimated useful lives of property, plant and equipment, right-of-use assets and intangible assets during those years. Actual results, however, may



vary due to changes in estimates brought about by changes in the factors mentioned above.

*(e) Fair Value Measurement of Land and Investment Properties*

The Company's land and investment properties are carried at revalued amount and fair value, respectively, at the end of the reporting period. In determining its fair value, the Company engages the services of professional and independent appraisers applying the relevant valuation methodology.

When the appraisal is conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

*(f) Determination of Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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 asset to be utilized. Management assessed that the deferred tax assets recognized as at June 30, 2025 and December 31, 2024 will be fully utilized in the coming years.

*(g) Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that no impairment loss is required to be recognized on non-financial assets as of June 30, 2025 and in the years 2024 and 2023.

*(h) Valuation of Post-employment Defined Benefit Obligation*

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase.

A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment defined benefit obligation in the next reporting period.



## **4. SEGMENT REPORTING**

### **4.1 Business Segments**

The Company is organized into business units based on its products for purposes of management assessment of each unit. For management purposes, the Company is organized into four major business segments, namely: compounds, pipes, Polypropylene Random (PPR)/High-density Polyethylene (HDPE) and roofing. These are also the basis of the Company in reporting to its chief operating decision-maker for its strategic decision-making activities.

The products under the compounds segment are the following:

- Polyvinyl Chloride (PVC) compounds for wires and cable; and,
- PVC for bottles, integrated circuit tubes packaging, films and footwear.

The products under the pipes segment are only the PVC pipes and fittings.

The products under the PPR/HDPE segment are the following:

- PPR Copolymer Type 3 pipes and fittings; and,
- HDPE pipes and fittings.

The product under the roofing segment is only the unplasticized PVC roofing material, which started sales to the public in 2018.

The Company's products are located in Guiguinto, Bulacan; Davao branch; Cebu branch; and Valenzuela branch.

### **4.2 Segment Assets and Liabilities**

Segment assets are allocated based on their use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of property, plant and equipment, trade and other receivables and inventories, net of allowances and provisions. Segment assets do not include deferred taxes.

### **4.3 Intersegment Transactions**

Segment revenues, expenses and performance do not include sales and purchases between business segments.

### **4.4 Disaggregation of Revenues**

When the Company prepares its investor presentations and when the Company's Executive Committee evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment. The Company determines that the categories used in the investor presentations and financial reports used by the Company's Executive

Committee can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

## **5. POST-EMPLOYMENT DEFINED BENEFIT PLAN**

### **5.1 Characteristics of Post-employment Defined Benefit Plan**

The Company maintains a tax-qualified, fully funded and non-contributory post-employment defined benefit plan covering all regular full-time employees. The Company conforms with the minimum regulatory benefit of Republic Act No. 7641, The Retirement Pay Law, which is of a defined benefit type and provides for a lump sum retirement benefit equal to 22.5-day pay for every year of credited service. The normal retirement age is 60 with a minimum of five years of credited service.

### **5.2 Risks Associated with the Retirement Plan**

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

#### *(i) Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and other assets and if the return on plan assets falls below this rate, it will create a deficit in the plan.

#### *(ii) Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

### **5.3 Other Information**

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the post-employment defined benefit plan are described below and in the succeeding page.

#### *(i) Sensitivity Analysis*

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

*(ii) Asset-liability Matching Strategies*

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

A large portion of the plan assets as of June 30, 2025 and December 31, 2024 consists of debt securities although the Company also has UITF for liquidity purposes.

There has been no change in the Company's strategies/practices to manage its risks from previous periods.

*(iii) Funding Arrangements and Expected Contributions*

The Company is not required to pre-fund the future defined benefits payable under the plan assets before they become due. For this reason, the amount and timing of contributions to the plan assets are at the Company's discretion. However, in the event a benefit claim arises and the plan assets are insufficient to pay the claim, the shortfall will be due, demandable and payable from the Company to the plan assets.

## **6. RELATED PARTY TRANSACTIONS**

The Company's related parties include entities under common ownership, stockholders and key management personnel as described below and in the succeeding pages.

### **6.1 Sale of Goods**

The Company sells finished goods to related parties under common ownership. Goods are sold on the basis of the price lists in force and terms that would be available to non-related parties. The outstanding receivables from sale of goods, which are generally noninterest-bearing, unsecured and settled through cash within three to six months, are presented as part of Trade receivables under Trade and Other Receivables in the statements of financial position.

## **6.2 Purchase of Goods and Services**

Goods and services are purchased on the basis of the price lists in force with non-related parties. The related outstanding payables for goods and services purchased in as of June 30, 2025 and December 31, 2024 are presented as part of Trade payables under Trade and Other Payables in the statements of financial position. The outstanding payables from purchase of goods and services are generally noninterest-bearing, unsecured and settled through cash within three months.

The Company acquires the services of a related party under common ownership for the conversion of its pipe fittings. The Company provides its own raw materials to such related party for processing into finished goods. Once the processing is completed, the Company records the amount incurred for the services of the related party as part of the finished goods based on the billings received. The basis of the price charged to the Company is in line with related party's prevailing market rates. The related outstanding payables for these services from the related party as of June 30, 2025 and December 31, 2024 are presented as part of Trade payables under Trade and Other Payables in the statements of financial position. The outstanding payables from purchase of services are generally noninterest-bearing, unsecured and settled through cash within three months.

## **6.3 Acquisition of Land**

In 2023, the Company purchased a parcel of land from a related party under common ownership with a total contract price of P113.8 million (VAT exclusive), which is payable in four equal annual installments starting July 2023 until July 2026. The title and ownership of the property shall remain with the related party under common ownership until the full payment of the balance of the contract price. The Company is prohibited from selling, transferring, conveying, and otherwise encumbering the subject property without the written consent of the related party under common ownership.

The first two installments were accordingly paid in 2024 and 2023. The outstanding liability due on July 1, 2025 is presented as Payable for acquisition of land under Trade and Other Payables account while the remaining portion due on July 1, 2026 is presented as Other Payables account under non-current liabilities section of the 2024 statement of financial position.

## **6.4 Lease of Properties**

The Company entered lease contracts with a related party under common ownership covering its office spaces and warehouse with lease terms ranging from two to five years.

The related deposit, which is refundable at the termination of the lease term, is presented as part of Security deposits under Other Non-current Assets in the statements of financial position.

## **7. COMMITMENTS AND CONTINGENCIES**

The following are the significant commitments and contingencies involving the Company:

### **7.1 Unused Credit Lines**

The Company had P420.0 million of unused credit lines of the approved Omnibus Line of Credit from local banks granted as of June 30, 2025 and December 31, 2024.

### **7.2 Others**

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the financial statements. As of June 30, 2025 and December 31, 2024, management and its legal counsel are of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

## **8. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by its BOD, and focuses on actively securing the Company's closely short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

### **8.1 Market Risk**

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

#### *(a) Foreign Currency Risk*

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in United States (U.S.) dollars. The Company also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency denominated transactions.

*(b) Interest Rate Risk*

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. When applicable, long-term borrowings are therefore usually made at fixed rates. At June 30, 2025 and December 31, 2024, the Company is exposed to changes in market interest rates through its cash and cash equivalents, which are subject to variable interest rates. All other financial assets and liabilities have fixed rates.

## **8.2 Credit Risk**

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

None of the financial assets are secured by collateral or other credit enhancements except for cash and cash equivalents, other short-term placements and certain trade receivables with entrusted and on hand post-dated checks issued by the customers.

*(a) Cash and Cash Equivalents and Other Short-term Placements*

The credit risk for cash and cash equivalents and other short-term placements are considered negligible, since bank deposits are only maintained with reputable financial institutions, as a matter of Company's policy. Included in cash and cash equivalents and other short-term placements are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

*(b) Trade and Other Receivables*

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 36 months before June 30, 2025 and December 31, 2024, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the inflation rate and/or government spending were the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Company identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables within the normal credit terms of 30 to 90 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

*(c) Security deposits*

With respect to refundable security deposits, management assessed that these financial assets have low probability of default since the Company has utility contract and operating lease contracts as lessee with the counterparties. The Company can apply such deposits to future payments in case it defaults.

### **8.3 Liquidity Risk**

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments, if any, for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

### **8.4 Offsetting Financial Assets and Financial Liabilities**

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis; however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.



By default, the Company does not elect to settle financial assets and financial liabilities with counterparties through offsetting. Gross settlement is generally practiced.

## 9. FAIR VALUE MEASUREMENTS AND DISCLOSURES

### 9.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

The Company has no financial assets or financial liabilities measured at fair values.



## **9.2 Fair Value Measurement for Non-financial Assets**

The fair value of the Company's land amounting to P642.8 million as of June 30, 2025 and December 31, 2024 is classified under Level 3 in the fair value hierarchy. The Level 3 fair value of land was derived using market comparable approach that reflects recent transaction prices for similar properties in nearby locations, adjusted for key attributes such as property size, age, condition and accessibility of the land. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value.

There has been no change to the valuation techniques used by the Company during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy as of June 30, 2025 and December 31, 2024.

## **10. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to stockholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

There were no internally and externally imposed capital requirements to be complied with as of June 30, 2025 and December 31, 2024.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

**Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition****Results of Operation**

**(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)**

**Review of June 30, 2025 versus June 30, 2024**

The Company generated total sales revenues of Php 565.85 million during the first six months of 2025, reflecting a 31.16% decrease or Php 256.09 million lower compared to the same period last year. This decline was primarily driven by production issues experienced in late 2024, which significantly impacted the revenue potential of the Compounds Division, resulting in a 59% drop in sales. Additionally, the Pipes Division and the PPR/HDPE Division recorded decreases of 15% and 7% in sales, respectively.

Cost of sales declined by 32.90%, or Php 178.47 million, during the first half of 2025. This decrease is primarily attributed to the lower sales volume for the period.

Total Operating Expenses for the period ended June 30, 2025, amounted to Php 101.18 million. This reflects an improvement of 18.41%, or Php 22.83 million, compared to the same period last year. The reduction was a result of cost-saving measures implemented by the Company in response to the challenges in generating sales. In addition, lower sales-related expenses also contributed to the decrease, in line with the overall decline in sales.

Other income declined by 65.74%, or Php 7.59 million, from Php 11.55 million as of June 30, 2024, to Php 3.96 million as of June 30, 2025. The decrease was primarily due to foreign exchange losses on import transactions. Additionally, the decline in export sales further impacted the Company's foreign exchange position, as earnings from exports were insufficient to offset the losses incurred on imported purchases.

Income tax expense for the period amounted to Php 27.17 million, representing a 35.56% decrease, or Php 14.99 million lower, compared to the same period last year. This reduction is primarily attributable to the decline in sales revenues during the period.

**Financial Condition****Review of financial condition as of June 30, 2025 compared with financial condition as of December 31, 2024**

Cash and cash equivalents amounted to Php 408.27 million as of June 30, 2025, representing an increase of 11.02% or Php 40.53 million from Php 367.74 million as of December 31, 2024. The increase was primarily driven by customer collections, net of payments made to suppliers and the Php 61 million cash dividend paid in April 2025.

Inventories declined by 5.07% or Php 35.97 million, from Php 708.98 million as of December 31, 2024 to Php 673.01 million as of June 30, 2025. The decrease is attributed to the slowdown in sales, prompting the Company to scale back its purchases of raw materials and traded goods. Orders are now aligned with the current sales volume to avoid overstocking and manage inventory levels more efficiently.

Prepaid and other current assets increase by 30.05% or Php50.34 million, from Php 167.56 million as of December 31, 2024 to Php 217.91 as of June 30, 2025. The increase is driven by the additional short-term placement amounting to Php 70 million, partially offset by the utilization of input vat during the period.

Right-of-use asset decreased by Php 0.80 million or 6.43%, from Php 12.39 million as of December 31, 2024, to Php 11.59 million as of June 30, 2025. The decrease was attributable to the monthly depreciation of the right-of-use asset during the period.

Post-employment defined benefit asset decreased by 14.39% or Php1.30M, from Php9.05M as of December 31, 2025 to Php7.75M as of June 30, 2025. This is decrease was primarily due to the monthly accrual of retirement expense during the period.

Other non-current assets decreased by 27.96% or Php4.31M, from Php15.42M as of December 31, 2025 to Php11.11M as of June 30, 2025. The decline was due to the receipt of goods paid in advance to suppliers.

Current Lease Liability was reduced by 52.95% or Php2.08M, from Php4.31M as of December 31, 2025 to P2.03M as of June 30, 2025. This is mainly due to the monthly amortization of finance lease on the right of use asset.

As of June 30, 2025, Income Tax Payable increased by ₱9.97 million, from ₱0.91 million as of December 31, 2024 to ₱10.89 million as of June 30, 2025. This increase is primarily attributable to the higher taxable income generated in Q2 of 2025 compared to Q4 of 2024, which had lower taxable income due to increased costs and expenses incurred during that period.

### **Material Changes as of June 30, 2025 Financial Statements**

#### **Statement of Financial Position**

##### **(Increase/decrease of 5% or more versus December 31, 2024)**

11.02% increase in cash and cash equivalents

Due to payments from customers, net of payments made to suppliers and the Php 61 million cash dividend paid in April 2025

5.07% decrease in inventories

Due to the slowdown in sales, prompting the Company to scale back its purchases of raw materials and traded goods

30.05% increase in prepayment and other current asset

Due to the additional short-term placement made in February amounting to Php70 million, reduced by the utilization of input vat during the period.

6.43% decrease in right of use asset

Due to the monthly depreciation of right of use asset during the period

14.39% decrease post-employment defined benefit asset

Due to the monthly accrual of retirement expense during the period

27.96% decrease in other non-current assets

Due to the receipt of goods paid in advance to suppliers

52.95% decrease in current lease liability

Due to amortization of finance lease on the right of use asset

1,093.09% increase in income tax payable

Due to higher costs incurred in the Quarter 4 of 2024 which resulted to lower taxable income as compared to Quarter 2 of 2025

## **Statement of Income**

### **(Increase/decrease of 5% or more versus June 30, 2025)**

31.16% decrease in sales revenues

Due production issues experienced in late 2024, which significantly impacted the revenue potential of the Compounds Division. Additionally, Pipes and PPR/HDPE Divisions dropped its sales by 15% and 7%, respectively.

32.90% decrease in cost of goods sold

Due to the decrease in sales for the period

18.41% decrease in other operating expenses

Due to the decline in sales-related expenses, and cost-saving measures implemented by the Company.

65.74% decrease in other income (charges)

Due to foreign currency losses from importations.

35.56% decrease in income tax expense

Due to the decline in sales resulting to lower taxable income for the period.

There are no other significant changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition of the Company.

There are no known trends or demands, commitments, events or uncertainties that would result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company does not anticipate having any cash flow or liquidity problems. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

The Company has no unusual nature of transactions or events that affects assets, liabilities, equity, net income or cash flows.

The unaudited interim financial statements do not include all the information or disclosure required in the financial statements and should be read in conjunction with the Company's audited annual financial statements as of and for the year ended December 31, 2024.

The accounting policies and methods of computation adopted in preparation of the Company's unaudited interim financial statements are the same with the most recent audited annual financial statements for the year ended December 31, 2024.

There were no known material events subsequent to the end of the interim period that have not been reflected in the Company's Financial Statements for the first quarter of 2025.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statements, the same in the current year financial statements for the first quarter of 2025. There are no commitments, guarantees, and contingent liabilities that arise in the normal course of operations of the Company which are not reflected in the accompanying interim financial statements. The management of the Company is of the opinion that losses, if any, from these items will not have any material effect on its interim financial statements.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonable expected to have material impact on the continuing operations of the Company.

Item 3 - Aging of Accounts Receivable

EXHIBIT 7

**CROWN ASIA CHEMICALS CORPORATION**

(Formerly Crown Asia Compounders Corporation)

*Aging of Accounts Receivable*

*As of June 30, 2025*

*(Amounts in Philippine Pesos)*

**(UNAUDITED)**

Type of Receivable	Balance	Not yet due	1 - 30 Days	Over 30 Days	Over 60 days	Over 90 days	Over 120 days
a. Trade and Other Receivables-net	<u>297,697,842</u>	<u>200,188,009</u>	<u>44,617,110</u>	<u>10,558,067</u>	<u>6,904,813</u>	<u>2,685,827</u>	<u>32,744,016</u>

## Item 4 – Key Performance Indicators

## Key Performance Indicators

LIQUIDITY RATIOS		
Key Indicators	June 30, 2025	December 31, 2024
Current ratio	8.20 : 1.00	8.24 : 1.00
Acid test ratio	3.62 : 1.00	3.96 : 1.00
Book value per share	3.55	3.52
SOLVENCY RATIOS		
Key Indicators	June 30, 2025	December 31, 2024
Debt to equity ratio	0.15 : 1.00	0.15 : 1.00
Asset to equity ratio	1.15 : 1.00	1.15 : 1.00
PROFITABILITY RATIOS		
Key Indicators	June 30, 2025	June 30, 2024
Earnings per share	0.13	0.20
Return on assets	3.11%	4.95%
Return on equity	3.58%	6.10%
Gross profit ratio	35.66%	33.99%
Net profit ratio	13.67%	15.18%

## Notes:

1. Current Ratio (Current Assets/Current Liabilities)  
To test the Company's ability to pay its short-term debts
2. Acid Test Ratio (Quick Assets/Current Liabilities)  
Measures the Company's ability to pay its short-term debts from its most liquid assets without relying on inventory.
3. Book Value per Share (Equity/Shares Outstanding)  
Measures the amount of net assets available to stockholders of a given type of stock.
4. Debt to Equity Ratio (Total Liabilities/Total Equity)  
Measures the amount of total assets provided by stockholders
5. Asset to Equity Ratio (Total Assets/Total Equity)  
Shows the relationship of the total assets to the portion owned by the stockholders.  
Indicates the Company's leverage, the amount of debt used to finance the firm.
6. Earnings per Share (Net Profit/Shares Outstanding)  
Reflects the Company's earning capability.
7. Return on Assets (Net Profit/Average Total Assets)  
Indicates whether assets are being used efficiently and effectively
8. Return on Equity (Net Profit/Total Equity)  
Measures the company's efficiency in generating profits
9. Gross Profit Ratio (Gross Profit/Revenues)  
Measures the percentage of gross income to sales
10. Net Profit Ratio (Net Profit/Revenues)  
Measures the percentage of net income to sales

## **PART II--OTHER INFORMATION**

There is no information not previously reported in a report on SEC Form 17-C.

### **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 thereunto duly authorized

**CROWN ASIA CHEMICALS CORPORATION**

**Issuer**

By:

A handwritten signature in black ink, appearing to read 'N. Perez', with a horizontal line extending to the right.

**NICASIO T. PEREZ**

Chief Financial Officer - OIC