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S.E.C. Registration Number

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(Company's Full Name)

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

Jose Ma. C. Ordenes / Earl Christian L. Lerio

Contact Person

(02) 8 899-4401

Company Telephone Number

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Month

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Day

Fiscal Year

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FORM TYPE

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ANNUAL MEETING

Secondary License Type, if Applicable

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Amended Articles Number/Section

359 (as of Sept. 30, 2021)

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

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STAMPS

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 September 30, 2021
 2. Commission identification number 168063
 3. BIR Tax Identification No. 000-065-142-000
 4. PRYCE CORPORATION (formerly Pryce Properties Corporation)
 5. Metro Manila, Philippines
 6. Industry Classification Code:
 7. 17th Floor Pryce Center, 1179 Chino Roces Avenue cor. Bagtikan St. Makati City 1203
 8. (0632) 8899-44-01 (Trunkline)
 9. N. A.
-
- Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA as at September 30, 2021.
- | <u>Title of Each Class</u> | <u>No. of Outstanding shares</u> |
|----------------------------|----------------------------------|
| Common Shares | 1,922,076,069 |
| Treasury | 102,423,931 |
11. Are any or all of the securities listed on a Stock Exchange?
 Yes { / } No { }
 Philippine Stock Exchange Common Stock
 12. Indicate by check mark whether the registrant:
 - (a) has filed reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, 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 1 - FINANCIAL INFORMATION

Item 1. Financial Statements.

Please see attached.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

The consolidated net income of Pryce Corporation rose by 19% to Php 1.454 Billion in the period January to September 2021 from Php 1.222 Billion during the same period last year. Likewise, the company's gross revenue increased by 24% to Php 11.179 Billion from Php 8.994 Billion corresponding to the same comparable periods mentioned. Sales of LPG and its related products (LPG revenues) accounted for 92% of gross revenue, while sales of industrial gas products contributed 7%. Real estate sales and pharmaceutical sales covered the balance.

LPG products (LPG cooking gas, cylinders, gensets, stoves & accessories) and industrial gases are the product lines of PPC's subsidiary, Pryce Gases, Inc. (PGI) under the PryceGas brand. Real estate sales are the responsibility of the parent company, Pryce Corporation. Vitamins and some over-the-counter pharmaceutical products are handled by Pryce Pharmaceuticals, Inc., another subsidiary of PPC. Oro Oxygen Corporation (OOC), a wholly-owned subsidiary of PGI, handles the same products as PGI's, but operates only in Luzon.

Revenues and Volume Growth

The consolidated revenue of Php 11.179 billion for the 9-month period ended September 30, 2021 represents an increase of 24% over the previous year's figure of Php 8.994 billion.

The growth in gross revenue was largely due to the 20% growth in LPG revenues from Php 8.527 Billion to Php 10.261 Billion. This revenue growth was driven by a combination of the rise in international LPG contract price ("CP") and the increase in sales volume of LPG cooking gas. The average CP rose by 47%, from US\$394.28 per metric ton in 2020 to US\$579.89 per MT in 2021. Despite this, sales volume of LPG cooking gas increased by 16% from 178,052 metric tons to 206,618 metric tons. It is noteworthy to mention that the above-said 7% contribution of the industrial gas business to consolidated revenues was higher than the usual 4%. This is because of the escalation in demand for medical oxygen due to the pandemic, the sales of which accounted for 71% of total industrial gas revenue.

The real estate segment contributed Php 151.37 million to the group's revenues with a 50.97% growth. Sales revenue of pharmaceutical segment, however, shrank by 10.61% to Php 37.96 million.

Price Movement and Market Demand

The price of LPG in the world market, or CP as mentioned above, is influenced by the price of oil. The CP directly impacts the country's local LPG prices. For the 9-month period under review, the average CP increased to US\$ 579.89 per MT in 2021, which is 47% higher than US\$ 394.28 per metric ton in 2020. The whole-year average CP price in 2021 is expected to remain higher than that in 2020.

Latest data from the Department of Energy (DOE) showed that the country's LPG demand for the first half of 2021 was 896 thousand metric tons, 6% higher than 2020's 845 thousand metric tons.

Competition and Market Share

During the first half of 2021, PGI had a 13.3% nationwide market share based on the same DOE report indicated above. This is higher than last year's 12.5%. The same report will indicate that in the combined Visayas-Mindanao market, PGI remains the 2nd largest LPG player with a market share of 26%.

Profitability

Gross margin during the first 3 quarters of 2021 improved to Php 3.039 billion, 26.35% higher than the previous year's Php 2.405 billion of the same period, attributable to the increase in sales of LPG and industrial gases.

Operating expenses rose 39% to Php 1.317 billion from Php 949.567 million due mainly to the company's continuing expansion of its LPG refilling plants and sales centers. As has been mentioned in previous disclosures, this expansion program is meant to widen the availability of the PryceGas brand and to penetrate the LPG retail market more deeply. Even with the increase in operating expenses, the company's net income nonetheless increased by 19% to Php 1.454 billion as mentioned above.

Liquidity

Total liquid assets of the company as of September 30, 2021 amounted to Php 3.30 billion, which is 12.80% higher than the Php 2.93 billion as at yearend 2020 based on audited accounts. The said liquid assets consisted of Cash of Php 2.47 billion and Financial Assets at fair value of Php 831.09 million.

Current ratio as of the end of the third quarter of 2021 was at 1.54:1 while total debt-to-equity ratio stood at 0.47.

Balance Sheet Changes

Compared to the December 31, 2020 audited financial statements, the significant movements in balance sheet accounts are as shown below.

Account Name	% Increase or (Decrease)	Reason for Change
Cash	59.23%	Due to net income & availment of loans
Financial assets at fair value	(39.57%)	Decline in market value & sale of marketable securities
Trade and other receivables	16.37%	Increase in credit sales
Inventories	24.62%	Increase in sales volume & increase in LPG importation
Prepayments and other current assets	(39.53%)	Application of creditable withholding tax & input VAT
Property plant & equipment	10.92%	Additional CAPEX
Right-of-use asset	(7.59%)	Amortization of right-of-use asset on leasehold
Trade and other payables	25.21%	Increase in purchases and various accruals

Dividends payable	(89.92%)	Payment of dividends
Income tax payable	19.67%	Increase in net income
Customers' Deposits	8.90%	Additional deposits on real estate products
Lease liabilities	(21.47%)	Payment of lease
Short Term Debts	20.65%	Availment of short term loan
Retirement benefit obligations	27.25%	Additional recognition of retirement benefit
Retained earnings	19.87%	Due to net income in 2021
Treasury stock	25.45%	Buy back of parent company's shares
Non-controlling interest	13.59%	Increase in net income

Numerical Performance Indicators

The measures of revenue growth are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2021 (Sept. 30, 2021)	2020 (Sept. 30, 2020)	Percent Growth/ (Decline)
REVENUE	Php 11,178,817,141	Php 8,993,585,528	24.30%

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas (LPG) in metric tons			
	2021 (Sept. 30, 2021)	2020 (Sept. 30, 2020)	Percent Growth/ (Decline)
Sales Volume	206,618	178,052	16.04%

Measurements on profitability are shown below.

	2021 (Sept. 30, 2021)	2020 (Sept. 30, 2020)
Return on Assets (%)	11.29%	11.17%
Return on Equity (%)	16.61%	15.73%
Net profit margin (%)	15.87%	16.78%

The measurements on liquidity are shown below.

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2021 (Sept. 30, 2021)	2020 (Sept. 30, 2020)
Current ratio	1.54	1.69
Debt to equity ratio	0.47	0.38

PART II – OTHER INFORMATION


For the period under review, the reports filed with the SEC by way of SEC 17-C are: Notice/s of the Annual stockholders' meeting; Postponement/s of the annual stockholders' meeting; SEC 17-Q (Quarterly Report for 2nd Qtr 2021), Information Statement (20-IS), and various share-buy-back transactions of the parent company.

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRYCE CORPORATION

By:


JOSE MA. C. ORDENES
Treasurer, SVP


SALVADOR P. ESCAÑO
Chairman & CEO

November 8, 2021

PRYCE CORPORATION
and Subsidiaries

Financial Statements
For the periods ended September 30, 2021 and 2020,
and December 31, 2020

PRYCE CORPORATION and SUBSIDIARIES
Consolidated Statements of Financial Position
As at September 30, 2021 (Unaudited) and December 31, 2020 (Audited)

	2021	Audited 2020
ASSETS		
Current assets		
Cash - note 4	2,470,442,924	1,551,493,483
Financial assets at fair value through profit or loss (FVPL) - note 5	831,089,293	1,375,368,595
Trade and other receivables (net) - note 6	407,411,274	350,094,053
Inventories - note 7	2,218,126,521	1,779,961,126
Real estate projects - note 8	829,516,844	852,041,231
Prepayments and other current assets - note 9	64,536,655	106,730,776
	6,821,123,511	6,015,689,264
Noncurrent assets		
Property, plant and equipment (net) - notes 10 and 11	9,009,793,828	8,123,136,330
Right-of-use asset (net) - note 31	106,028,417	114,731,466
Investment properties - note 12	389,328,616	389,328,616
Deferred tax and other assets	68,001,780	68,001,780
Goodwill - note 13	70,668,305	70,668,305
Other noncurrent assets - note 14	85,273,518	81,971,926
	9,729,094,464	8,847,838,423
TOTAL ASSETS	16,550,217,975	14,863,527,687
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables - note 15	2,376,290,820	1,897,833,608
Income tax payable	162,097,722	135,451,889
Customers' deposits - note 16	161,522,562	148,326,138
Lease liabilities (current) - note 31	18,977,539	24,165,594
Short-term debts - note 17	1,685,269,867	1,396,793,723
Dividends payable - note 20	25,539,830	253,396,393
	4,429,698,340	3,855,967,345
Noncurrent liabilities		
Retirement benefit obligation - note 28	131,917,770	103,664,475
Lease liabilities (net of current portion) - note 31	91,927,303	96,473,049
Deferred tax liabilities	657,645,227	684,329,685
	881,490,300	884,467,209
TOTAL LIABILITIES	5,311,188,640	4,740,434,554
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock - note 18	2,024,500,000	2,024,500,000
Additional paid-in capital	369,834,820	369,834,820
Retained earnings - note 20	7,229,171,420	6,031,009,241
Other comprehensive income - note 27	1,419,149,233	1,483,928,847
Treasury stock - note 19	(491,585,551)	(391,853,806)
	10,551,069,921	9,517,419,102
Non-controlling interest	687,959,413	605,674,031
TOTAL EQUITY	11,239,029,335	10,123,093,133
TOTAL LIABILITIES AND EQUITY	16,550,217,975	14,863,527,687

(The accompanying notes are an integral part of these consolidated financial statements)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Period Ended September 30, 2021 and 2020

	2021	2020
REVENUES - note 22		
Liquefied petroleum and industrial gases	10,989,491,130	8,850,855,622
Real estate	151,366,476	100,263,580
Pharmaceutical products	37,959,535	42,466,326
	11,178,817,141	8,993,585,528
COST OF SALES - note 23		
Liquefied petroleum and industrial gases	8,074,736,411	6,543,774,795
Real estate	39,308,878	16,591,975
Pharmaceutical products	25,812,484	28,027,775
	8,139,857,773	6,588,394,545
GROSS INCOME	3,038,959,368	2,405,190,983
OPERATING EXPENSES - note 24	1,316,916,036	949,567,369
INCOME FROM OPERATIONS	1,722,043,332	1,455,623,614
OTHER INCOME (CHARGES) - Net		
Finance costs - note 25	(46,562,365)	(43,365,040)
Fair value gain (loss) on financial assets at FVPL	(111,185,602)	(9,576,401)
Other income (net) - note 26	209,565,096	106,887,670
	51,817,129	53,946,229
NET INCOME BEFORE TAX	1,773,860,462	1,509,569,843
Provision for Income Tax	(319,614,864)	(287,275,389)
NET INCOME	1,454,245,598	1,222,294,454
Total comprehensive income attributable to:		
Equity holders of the Parent Company	1,338,058,204	1,115,652,576
Non-controlling interests	116,187,394	106,641,878
	1,454,245,598	1,222,294,454
EARNINGS PER SHARE - note 29	0.6962	0.5732

(The accompanying notes are an integral part of these consolidated financial statements)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	Period July 1 to September 30	
	2021	2020
REVENUES		
Liquefied petroleum and industrial gases	3,977,185,952	3,041,516,857
Real estate	68,395,293	38,820,713
Pharmaceutical products	14,589,712	13,553,420
	4,060,170,957	3,093,890,990
COST OF SALES		
Liquefied petroleum and industrial gases	2,613,588,812	2,261,070,936
Real estate	16,524,217	6,343,673
Pharmaceutical products	10,622,099	8,945,257
	2,640,735,128	2,276,359,866
GROSS PROFIT	1,419,435,830	817,531,124
OPERATING EXPENSES	455,349,352	316,508,186
INCOME FROM OPERATIONS	964,086,478	501,022,938
OTHER INCOME (CHARGES)	(102,771,105)	81,291,752
NET INCOME BEFORE TAX	861,315,372	582,314,690
Provision for Income Tax	(152,987,617)	(119,274,658)
NET INCOME	708,327,755	463,040,032
Total comprehensive income attributable to:		
Equity holders of the Parent Company	646,284,763	423,005,577
Non-controlling interests	62,042,992	40,034,456
	708,327,755	463,040,032
EARNINGS PER SHARE	0.3362	0.2173

(The accompanying notes are an integral part of these consolidated financial statements)

PRYCE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Period Ended September 30, 2021 and 2020 and December 31, 2020

	September 30 2021	September 30 2020	December 31 2020 Audited
CAPITAL STOCK	2,024,500,000	2,024,500,000	2,024,500,000
ADDITIONAL PAID-IN CAPITAL	369,834,820	369,834,820	369,834,820
OTHER COMPREHENSIVE INCOME	1,419,149,233	1,496,918,693	1,483,928,847
RETAINED EARNINGS (DEFICIT)			
At beginning of period	6,031,009,241	4,904,623,195	4,904,623,195
Net income for the period	1,338,058,204	1,115,652,576	1,480,711,834
Transfer of revaluation reserve deducted from operations through additional depreciation charges	91,464,080	85,734,679	114,174,425
Effect of adoption of PFRS 16	-	-	-
Declaration of cash dividends	(231,360,104)	(235,616,072)	(468,500,213)
At end of period	7,229,171,420	5,870,394,378	6,031,009,241
TREASURY STOCK	(491,585,551)	(368,023,807)	(391,853,806)
	10,551,069,921	9,393,624,084	9,517,419,102
NON-CONTROLLING INTEREST			
At beginning of period	605,674,031	528,971,009	528,971,009
Net income for the period	116,187,394	106,641,878	134,820,733
Declaration of cash dividends	(33,902,012)	(29,058,843)	(58,117,711)
At end of period	687,959,413	606,554,043	605,674,031
TOTAL EQUITY	11,239,029,335	10,000,178,128	10,123,093,133

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Period Ended September 30, 2021 and 2020 and December 31, 2020

	September 30 2021	September 30 2020	December 31 2020 Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	1,773,860,462	1,509,569,843	2,048,302,895
Adjustments for :			
Depreciation - notes 10, 11 and 31	442,184,458	357,126,535	547,697,853
Retirement benefit expense	28,253,295	25,341,020	40,488,528
Finance costs - note 25	46,562,365	43,365,040	62,792,160
Unrealized loss (gain) on financial assets at FVPL - note 5	111,185,602	9,576,401	(139,419,322)
Loss (gain) on sale of financial assets at FVPL - note 26	4,697,025	5,012,597	(16,913,946)
Cash dividend income - note 26	(31,714,087)	(35,634,081)	(48,950,372)
Interest income - note 26	(1,106,998)	(1,429,619)	(1,876,957)
Unrealized foreign exchange gain	-	-	(50,721,289)
Gain on sale of property, plant and equipment	(1,485,365)	(575,469)	(936,142)
Provision for doubtful accounts	-	-	5,259,134
Operating income before working capital changes	2,372,436,756	1,912,352,267	2,445,722,542
Decrease (increase) in assets:			
Trade and other receivables	(57,317,221)	(63,046,137)	(5,825,380)
Inventories	(438,165,395)	(66,101,403)	(548,597,388)
Prepayments and other current assets	42,194,121	47,659,826	22,926,297
Real estate projects	22,524,387	(42,592,044)	(9,474,940)
Increase (decrease) in liabilities:			
Trade and other payables	478,457,220	225,524,150	684,923,863
Customers' deposits	13,196,424	1,948,711	43,452,785
Net cash from operations	2,433,326,292	2,015,745,370	2,633,127,779
Additions to financial assets at FVPL - note 5	(179,857,801)	(374,825,806)	(512,059,097)
Proceeds from sale of financial assets at FVPL	608,254,476	296,295,035	335,585,727
Cash dividends received - note 26	31,714,087	35,634,081	48,950,372
Interest received	1,106,998	1,429,619	1,876,957
Income taxes paid	(292,969,031)	(361,010,198)	(478,149,648)
Contributions and retirement benefits paid	-	(60,498,117)	(41,242,000)
Net cash from operating activities	2,601,575,022	1,552,769,983	1,988,090,090
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment - notes 10 and 11	(1,321,752,875)	(692,194,038)	(932,422,322)
Proceeds from sale of property, plant and equipment	3,099,332	1,422,959	6,299,673
Collection of advances to related parties	-	-	50,343,485
Grant of advances to related parties	-	(2,707,902)	-
Decrease (increase) in deferred tax and other assets	-	(93,329)	-
Decrease (increase) in other noncurrent assets	(3,301,592)	2,125,255	(6,277,053)
Net cash used in investing activities	(1,321,955,135)	(691,447,054)	(882,056,217)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of short-term debts	5,306,469,718	2,848,248,159	5,309,186,813
Finance costs paid	(43,694,849)	(40,285,446)	(54,718,221)
Payment of short-term debts	(5,017,993,574)	(2,847,541,667)	(5,227,265,507)
Payment of dividends	(493,118,679)	(498,284,603)	(524,708,346)
Acquisition of treasury stocks	(99,731,745)	(176,401,110)	(200,231,109)
Payment of lease liabilities	(12,601,316)	(7,902,131)	(16,349,283)
Net cash from (used in) financing activities	(360,670,445)	(722,166,798)	(714,085,653)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	-	44,981,637
NET INCREASE (DECREASE) IN CASH	918,949,441	139,156,131	436,929,857
CASH - note 4			
AT BEGINNING OF PERIOD	1,551,493,483	1,114,563,626	1,114,563,626
AT END OF PERIOD	2,470,442,924	1,253,719,757	1,551,493,483

(The accompanying notes are an integral part of these consolidated financial statements.)

PRYCE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

As at and for the periods ended September 30, 2021 and December 31, 2020

(Expressed in Philippine Peso)

1. CORPORATE INFORMATION

Pryce Corporation (the “Parent Company”) and its Subsidiaries (collectively referred to as the “Group”) were incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on various dates as follows:

Name of company	Date of incorporation
Pryce Corporation (Parent Company)	September 7, 1989
Pryce Gases, Inc. (PGI)	October 8, 1987
Oro Oxygen Corporation (OOC)	April 4, 2006
Pryce Pharmaceuticals, Inc. (PPhI)	March 10, 2000

The Parent Company is primarily engaged in acquiring, purchasing, leasing, holding, selling or otherwise dealing in land and or real estate or any interest or right therein as well as real or personal property of every kind and description including but not limited to shares of stock in industrial, commercial, manufacturing and any other similar corporations.

The Parent Company is a publicly-listed company which is 50.24% owned by Guild Securities, Inc., and 49.76% owned by PCD Nominee Corporation and other entities and individuals. The Parent Company’s stock price amounted to ₱5.40 and ₱5.01 per share as at September 30, 2021 and December 31, 2020, respectively.

The Parent Company’s registered office address is 17th Floor Pryce Center, 1179 Don Chino Roces Avenue cor. Bagtikan Street, Makati City.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries it controls:

PGI

PGI is primarily engaged in the manufacture, production, purchase, sale and trade of all kinds of liquids and gases and other chemicals, other allied or related products, lease, operate, manage and construct and/or install for or on account of others, plants, equipment and machineries for the manufacture or production or distribution of the desired liquids and gases and other allied products. As at September 30, 2021 and December 31, 2020, PGI has eight (8) liquefied petroleum gas (LPG) marine-fed terminals and twenty-eight (28) refilling plants of varying storage capacities.

Certain operations of PGI is registered with the Board of Investments (BOI) and entitled to Income Tax Holiday (ITH) provided under Republic Act No. 8479, otherwise known as the Downstream Oil Deregulation Act of 1998 (see Note 30).

PGI’s registered office address is 17th Floor Pryce Center, 1179 Don Chino Roces Avenue cor. Bagtikan Street, Makati City.

On February 19, 2018, the Parent Company acquired 8,500,000 shares of PGI from Marubeni Corporation for ₱15.98 million resulting to an increase in percentage (%) of ownership from 91.04% to 91.35%.

OOO

OOO is primarily engaged in the purchase, importation, sale and distribution and manufacture and/or production of all kinds of gases including LPG, industrial gases such as, oxygen, acetylene, hydrogen, nitrogen, argon, carbon dioxide, nitrous oxide, compressed air and helium and other allied or related products, including its containers, equipment and other receptacles. As at December 31, 2020, OOO has forty (40) LPG refilling plants of varying storage capacities. As at September 30, 2021, OOO's number of refilling plants increased to 42.

OOO's registered office address is 1st Lower Level Pryce Plaza Hotel, Carmen Hill, Cagayan de Oro City.

PGI owns 99.62% of the shares issued by OOO. The increase in stock ownership of the Parent Company to PGI for the year ended December 31, 2018 resulted to an increase in % of ownership of the Parent Company to OOO from 90.69% to 91.00%.

PPhI

PPhI is primarily engaged in the trading of pharmaceutical products on wholesale and retail basis. PPhI's registered office address is LGF Skyland Plaza, corner Gil Puyat Avenue and Tindalo Street, Makati City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized in this note. The policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The consolidated financial statements of the Group have been prepared in conformity with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for certain property, plant and equipment, which have been measured using the revaluation model, and financial assets at fair value through profit or loss (FVPL), which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date,

regardless of whether that price is directly observable or estimated using another valuation technique.

The consolidated financial statements are presented in Philippine peso (₱), the Group's functional and presentation currency. All amounts are rounded to the nearest peso except when otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls (see Note 1). Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control.

When the Parent Company has less than a majority of the voting or similar rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not it has power over an investee, including:

- the contractual agreement with the other vote holders of the investee;
- rights, arising from contractual agreements; and
- the Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to equity holders of the Parent of the Group and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting year, using accounting policies that are consistent with those of the Parent Company. Intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

Non-controlling interest represents the portion of profits or losses and net assets of consolidated subsidiaries not held by the equity holders of the Parent Company, and is presented separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and within the equity section of the consolidated statements of financial position, separately from equity attributable to the equity holders of the Parent Company.

Changes in the ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

The percentage (%) of ownership of the Parent Company as at September 30, 2021 and December 31, 2020 are as follows:

Name of subsidiary	Ownership and voting interest	
	2021	2020
PGI	91.35%	91.35%
OOO	91.00%	91.00%
PPhI*	88.66%	88.66%

* Includes indirect equity ownership of 13.66% in 2021 and 2020.

The summarized financial information in respect of the subsidiaries that have material non-controlling interest is set below:

The summarized statements of financial position as at September 30, 2021 and December 31, 2020 are as follows:

	2021			2020		
	PGI	OOO	PPhI	PGI	OOO	PPhI
Total current assets	₱4,202,245,301	₱938,968,776	₱22,815,692	₱3,153,858,963	₱944,186,183	₱23,482,803
Total noncurrent assets	9,375,948,606	1,462,401,742	502,772	8,503,219,003	1,400,131,684	1,113,901
Total assets	13,578,193,907	2,401,370,518	23,318,464	11,657,077,966	2,344,317,867	24,596,704
Current liabilities	3,835,982,982	180,086,895	9,626,925	3,034,993,601	175,699,741	11,624,061
Noncurrent liabilities	712,271,794	1,620,343,031	-	555,160,353	1,579,419,615	-
Total liabilities	4,548,254,776	1,800,429,926	9,626,925	3,590,153,954	1,755,119,356	11,624,061
Equity	₱9,029,939,131	₱600,940,592	₱13,691,539	₱8,066,924,012	₱589,198,511	₱12,972,643

The summarized statements of comprehensive income for the periods ended September 30, 2021 and 2020 are as follows:

	2021			2020		
	PGI	OOO	PPhI	PGI	OOO	PPhI
Revenues	₱10,503,316,098	₱4,075,857,121	₱37,959,567	₱8,262,199,345	₱3,507,092,939	₱42,466,326
Expenses	(8,872,538,335)	(4,060,283,620)	(37,060,955)	(6,793,454,858)	(3,464,979,901)	(41,114,498)
Income tax expense	(300,730,812)	(3,831,420)	(179,716)	(267,637,372)	(12,793,323)	(405,548)
Net income	1,330,046,951	11,742,081	718,896	1,201,107,115	29,319,715	946,280
Other comprehensive income	-	-	-	-	-	-
	₱1,330,046,951	₱11,742,081	₱718,896	₱1,201,107,115	₱29,319,715	₱946,280
Net income attributable to:						
Equity holders of the						
Parent Company	1,214,997,890	10,685,294	637,350	1,097,211,350	26,680,941	838,942
Non-controlling interest	115,049,061	1,056,787	81,546	103,895,765	2,638,774	107,338
	₱1,330,046,951	₱11,742,081	₱718,896	₱1,201,107,115	₱29,319,715	₱946,280

Changes in accounting policies and disclosures

Interest Rate Benchmark Reform (Amendments to PFRS 9 and PFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest

rate benchmark reforms. The amendments also introduce new disclosure requirements to PFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to PFRS 9. The amendments have no impact on the Group's financial statements.

Definition of a Business (Amendments to PFRS 3). The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

COVID-19-Related Rent Concessions (Amendments to PFRS 16). In May 2020, the International Accounting Standards Board ("IASB") issued COVID-19-Related Rent Concessions (Amendments to PFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and
- c. There is no substantive change to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020. The amendments have no impact on the Group's financial statements.

Revised Conceptual Framework for Financial Reporting. The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and

- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2020. The amendments have no impact on the Group's financial statements.

Definition of Material (Amendments to PAS 1 and PAS 8). The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments will not have a significant impact on the disclosures and amounts recognized on the financial statements.

New Accounting standards, Interpretations and Amendments to existing Standards effective subsequent to January 1, 2020

Standards issued but not yet effective up to the date of the Group's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

Property, Plant and Equipment before Intended Use (Amendments to PAS 16). The amendments to PAS 16, Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendments are effective for annual periods beginning on or after January 1, 2022.

Reference to the Conceptual Framework (Amendments to PFRS 3). Minor amendments were made to PFRS 3, Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets and Philippine Interpretation IFRIC 21, Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The amendments are effective for annual periods beginning on or after January 1, 2022.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to PAS 37). The amendment to PAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The amendments are effective for annual periods beginning on or after January 1, 2022.

Annual Improvements to PFRS Standards 2018–2020

- *PFRS 9, Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- *PFRS 16, Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The annual improvements are effective for annual periods beginning on or after January 1, 2022.

The Group intends to adopt these standards when they become effective.

Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1). The narrow-scope amendments to PAS 1, Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the ‘settlement’ of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management’s intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2). The narrow-scope amendments PAS 1, Presentation of Financial Statements require entities to disclose material accounting policy information instead of significant accounting policies. The amendments also clarify the following: (1) accounting policy information may be material because of its nature, even if the related amounts are immaterial; (2) accounting policy is material if users of an entity’s financial statements would need it to understand other material information in the statements; and (3) if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. Further, the amendments provides several paragraphs to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of ‘four-step materiality process’ to accounting policy information in order to support the amendments to PAS 1. The amendments are applied prospectively. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. Once the entity applies the amendments to PAS 1, it is also permitted to apply the amendments to PFRS Practice Statement 2.

Definition of Accounting Estimates (Amendments to PAS 8). The amendments to PAS 8, *Accounting Policies, Changes* focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a

measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Deferred effectivity

PFRS 10, Consolidated Financial Statements and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments). The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the FRSC deferred the original effective date of April 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group has not early adopted the previously mentioned new, amended and improved accounting standards and interpretations. The Group continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to January 1, 2020 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

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

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

The Group determines the policies and procedures for both recurring fair value measurement, such as financial assets at FVPL, and for non-recurring measurement, such as investment property.

External valuers are involved for valuation of significant assets. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

Fair value measurement disclosures of financial and nonfinancial assets are presented in Note 34 to the consolidated financial statements.

“Day 1” Difference

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference amount.

Financial instruments

Initial recognition, measurement and classification

The Group recognizes financial assets and financial liabilities in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

With the exception of trade receivables that do not contain a significant financing component, financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred. Trade receivables that do not contain a significant financing component are recognized initially at their transaction price.

The Group classifies its financial assets as subsequently measured at amortized cost and FVPL. The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing the financial assets. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group classifies its financial liabilities as subsequently measured at amortized cost using the effective interest (EIR) method.

Financial assets at amortized cost

Financial assets are measured at amortized when both of the following conditions are met:

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

After initial measurement, financial assets at amortized cost are subsequently measured using the EIR method less allowance for impairment. Gains and losses are recognized in the profit or loss when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within twelve (12) months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

As at September 30, 2021 and December 31, 2020, included under financial assets at amortized cost are the Group's cash, trade and other receivables, and advances to related parties (see Notes 4, 6 and 21).

Cash includes cash on hand and demand deposits.

Trade and other receivables represent the Group's right to an amount of consideration that is unconditional.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the profit or loss. Dividends on investments are recognized as Other income (net) in the statements of comprehensive income when the right of payment has been established.

As at September 30, 2021 and December 31, 2020, included under financial assets at FVPL are the Group's listed equity investments held for trading which the Group has not irrevocably elected to classify at FVOCI (see Note 5).

Financial liabilities at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the EIR.

The EIR is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at September 30, 2021 and December 31, 2020, included in financial liabilities at amortized cost are the Group's trade and other payables (excluding deposit for park internment services and due to government agencies), short-term debts, dividends payable, and lease liabilities (see Notes 15, 17, 20 and 31).

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables include non-trade payables and accrued expenses. Trade and other payables are classified as current liabilities if payment is due within one (1) year or less or in the normal operating cycle of the business if longer while non-trade payables are classified as current liabilities if payment is due within twelve (12) months or less. If not, these are presented as noncurrent liabilities.

Short-term debts represent cash payable to bank which are due within twelve (12) months.

Dividends payable represent dividends declared which remain unclaimed by stockholders as at the end of the reporting period.

Amortized cost and EIR method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the EIR for debt instruments measured subsequently at amortized cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the EIR to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the EIR to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the EIR to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted EIR to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

For financial assets other than purchased or originated credit-impaired financial assets, the EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted EIR is calculated by discounting the estimated future cash flows, including ECL, to the amortized cost of the debt instrument on initial recognition.

Interest income is recognized under Other income in the consolidated statements of comprehensive income.

Offsetting of financial assets and liabilities

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

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability was discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Impairment of financial assets

The Group recognizes an allowance for ECL for all debt instruments that are measured at amortized cost. ECL are a probability-weighted estimate of credit losses over twelve (12) months or over the expected life of the financial asset depending on the degree of risk of default.

Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Parent Company under the contract and the cash flows that the Parent Company expects to receive arising from the weighting of the multiple future economic scenarios, discounted at the asset’s effective interest rate. The Company measures ECL of a financial instrument in a way that reflects: a) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; b) the time value of money; and c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECLs. For credit exposures for which there has not been a

significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECLs. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve (12) months after the reporting period.

The Group has applied the standard's simplified approach on its trade and other receivables and has calculated ECL based on lifetime expected credit losses. The Group does not track changes in credit risk, but instead recognize loss allowance based on lifetime ECL at each reporting date. The loss allowance shall only be adjusted if there is a decline in the fair value of real property which may be repossessed in case of default and such decline will render the fair value of the real property lower than the outstanding balance of the financial assets. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

When the credit risk on financial instruments for which lifetime ECL have been recognized subsequently improves, and the requirement for recognizing lifetime ECL is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Group recognizes impairment loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Significant increase in credit risk

Significant increase in credit risk is only assessed for receivables other than those arising from trade.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are

- expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and for
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on receivables other than those arising from trade has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than thirty (30) days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- decrease in the net realizable value of the real estate property which can be recovered from the debtor of sale of real estate if it defaults.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables arising from sale of real estate, when the real estate property which can be recovered if the debtor defaults is no longer saleable.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Inventories

Inventories are composed of four (4) product lines namely: (1) LPG, cylinders, stoves and accessories, (2) industrial gases (3) real estate projects and (4) pharmaceutical products.

LPG, cylinders, stoves and accessories, and industrial gases are classified as follows:

- *Raw materials* – pertain to calcium carbide and liquid oxygen used in the production of acetylene under industrial gases line.
- *Finished goods* – composed of two (2) product lines which are (1) LPG, cylinders, stoves and accessories, and (2) industrial gases. LPG, cylinders, stoves and accessories includes LPG bulk, content, and LPG already filled in the cylinders. LPG accessories pertain to burners and regulators. On the other hand, industrial gases pertain to oxygen, acetylene and other related gases which are produced and sold in the market.
- *General supplies* – include cylinder maintenance, electric and oxygen supplies used for production.

Real estate projects include memorial park lots, subdivision lots, office units and land held for future development.

Pharmaceutical products represent medicines and other related products held for retail.

Inventories are initially measured at cost and subsequently measured at the lower of cost and net realizable value (NRV).

Cost consists of purchase price, conversion costs and other costs incurred in bringing the inventories to its present location and condition. Cost of LPG, cylinders, stoves and accessories,

industrial gases, and pharmaceutical products includes excise tax, overhead, freight and handling cost, refilling cost and exclude borrowing costs. On the other hand, cost of real estate projects includes expenditures for the development and improvement of subdivision lots and memorial lots, and construction of the office units.

Cost of LPG, cylinders, stoves and accessories, and industrial gases is determined using moving average method. Cost of real estate projects is determined using specific identification and cost allocation for non-specific cost. And, cost of pharmaceutical products is determined primarily on the basis of first-in, first-out (FIFO) method.

NRV for real estate projects is the estimated selling price less cost to complete and sell. On the other hand, NRV for finished goods is the estimated selling price in the ordinary course of business less the estimated cost of marketing and distribution. NRV for raw materials and materials and supplies is the current replacement cost. In case of supplies, NRV is the estimated realizable value of the supplies when disposed of at their condition at the end of reporting period.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. Any increase in NRV in excess of the expense previously recognized is not recognized.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Prepayments and other current assets

Prepayments are expenses paid in cash and recorded as asset before they are used or consumed, as the service or benefit will be received in the future. Prepayments expired are recognized as expense either with the passage of time or through use or consumption.

This account is mainly composed of prepaid rent, taxes and licenses, insurance, maintenance, input valued-added tax (VAT), deferred charges and other prepaid items. Prepaid rent, insurance, maintenance and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in the consolidated statements of comprehensive income when incurred.

Input VAT is the indirect tax paid by the Group on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted against output VAT in arriving at the VAT due and payable.

Creditable withholding tax represents taxes withheld on income payments and is creditable against income tax due.

Advances to contractors and suppliers represent payments made for goods acquired but not yet received as at year-end.

Insurance premiums and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in the statements of comprehensive income when incurred.

Prepayments which are expected to be realized for not more than twelve (12) months after the end of the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Property, plant and equipment

Property, plant and equipment are initially measured at cost. The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location of its intended use, and the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred. Expenditures for additions, major improvements and renewals are capitalized.

Subsequent to initial recognition, its property, plant and equipment are measured using cost model and revaluation model.

(a) Revaluation model

The Group's land and land improvements, buildings and structures, machinery and equipment, oxygen and acetylene cylinders, and machinery and office equipment are subsequently measured using revaluation model. These are carried at revalued amount, being the fair value at the date of revaluation as determined by an independent appraiser, less subsequent depreciation and impairment, provided that the fair value can be measured reliably. Additions subsequent to the date of appraisal are stated at revalued amount.

Revaluation is carried out regularly, so that the carrying amounts do not differ materially from its fair value as at the reporting date. If a revaluation results in an increase in value, it is credited to Revaluation reserves unless it represents the reversal of a revaluation decrease previously recognized as an expense, in which case it is recognized in profit or loss. A decrease arising as a result of a revaluation is recognized as an expense to the extent that it exceeds any amount previously credited to Revaluation reserves.

Depreciation of property, plant and equipment at revalued amount commences once the property, plant and equipment are available for use and computed using the straight-line basis over the estimated useful lives of property, plant and equipment as follows:

	In Years
Land and land improvements	40
Buildings and structures	20-40
LPG plant, machinery and equipment	10-20
Oxygen and acetylene cylinders	15
Office equipment	9

The useful lives and depreciation method are reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

When these are disposed of, any Revaluation reserves are transferred directly to retained earnings. The transfer to retained earnings should not be made through profit or loss.

(b) Cost model

The Group's LPG cylinders, transportation equipment, leasehold improvements, furniture, fixtures and equipment, and construction in-progress are subsequently measured using cost model. These are stated at cost less accumulated depreciation and any impairment in value.

Depreciation of property, plant and equipment at cost commences once the property, plant and equipment are available for use and computed using the straight-line basis over the estimated useful lives of property, plant and equipment as follows:

	In Years
LPG cylinders	20
Leasehold improvements	5-15
Transportation equipment	5-6
Furniture, fixtures and equipment	5

Construction in progress (CIP) is stated at cost. This includes cost of construction, plant and equipment and any other direct cost. CIP is not depreciated. Upon completion, these are reclassified to the specific Property, plant and equipment (net) accounts.

Leasehold improvements are depreciated over its useful life, which is shorter than the lease term.

The useful lives and depreciation method are reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

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

Fully depreciated property, plant and equipment are retained in the accounts until they are no longer in used. No further depreciation is charged against current operations.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Cost includes purchase price and any other cost directly attributable to bringing the assets to its working condition and location for its

intended use. Subsequent to initial recognition, investment properties are measured at cost less impairment loss, if any.

Subsequent expenditures relating to an item of investment properties that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of comprehensive income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statements of comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for that asset in prior years.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statements of comprehensive income in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

As at September 30, 2021 and December 31, 2020, included in investment properties are the Group's parcels of land, which are held for lease and memorial lots, which are held for capital appreciation.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business acquisition over the fair values of the identifiable net assets and liabilities acquired. Subsequent to initial recognition, it is measured at cost less any accumulated impairment losses.

Should the fair values of the identifiable net assets and liabilities acquired exceeds the cost of business acquisition, the resulting gain is recognized as a bargain purchase in the consolidated statements of comprehensive income. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of the CGU and part of the operation within that unit is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and portion of the CGU retained.

When a subsidiary is sold, the difference between the selling price and the net assets plus the carrying amount of goodwill is recognized in the consolidated statements of comprehensive income.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the amount of the CGU to which the goodwill has been allocated (or to the aggregate carrying amount of a group of CGU to which the goodwill relates but cannot be allocated), an impairment loss is recognized immediately in the consolidated statements of comprehensive income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at the end of each reporting period.

Impairment of non-financial assets except inventories and goodwill

At the end of each reporting period, the Group assesses whether there is any indication that any of its assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses recognized in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Customers' deposits

Customers' deposits pertain to amount paid in advance by customers in exchange of memorial lots or residential units which have not yet met the Group's revenue recognition criteria.

Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

None of the Group's short-term debts are used to finance acquisition, construction or production of qualifying assets. Hence, all of the Group's borrowing costs are recognized as expenses in the consolidated statements of comprehensive income in the period incurred.

Leases (Effective January 1, 2019)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one (1) of the following applies, (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specific asset; or (d) there is a substantial change to the asset.

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

The Group leases commercial spaces and lots for its sales centers and refilling plants. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value items. For leases with a term of more than twelve (12) months, the Group recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, unless the underlying asset is of low value.

Right-of-use asset

At the commencement date of the lease (which is when the underlying asset is available for use), the Group recognizes the right-of-use assets. The right-of-use asset is initially measured at cost which consists of the amount of the lease liability plus any initial direct costs incurred and payments made at or prior to commencement date less lease incentives received and estimated costs to be incurred by the lessee for restoration or dismantling of the underlying asset to be suitable to the condition required by the terms and conditions of the lease. Subsequent to commencement date, the right-of-use asset shall be measured at cost less accumulated amortization and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The right-of-use asset is amortized using the straight-line method over the shorter of its estimated useful life and the lease term as follows:

	<u>In Years</u>
Land	5 – 25
Commercial space	3 – 5
LPG storage tank	20

Lease liabilities

At the commencement date of the lease, (which is when the underlying asset is available for use), the Group recognizes lease liabilities measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group shall use an incremental borrowing rate.

Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers payment occurs, unless the costs are included in the carrying amount of another asset under another Standard.

Lease liabilities are subsequently measured to reflect changes in the lease term, exercising of a purchase option (using a revised discount rate), amounts expected to be paid under residual value guarantees (using unchanged discount rate), or future lease payments resulting from a change or a rate used to determine those payments (using an unchanged discount rate). Such remeasurements are treated as adjustments to the right-of-use asset.

Short-term leases and leases of low-value assets

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

Leases with variable lease payments

The Group recognizes payments for short-term and long-term leases with variable lease payments depending on the future revenue as expenses when incurred over the lease term.

Income taxes

The tax expense comprises current and deferred tax. Tax is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, carry-forward benefits of unused tax credits from excess of MCIT over RCIT and unused NOLCO can be utilized.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting date, the Group reassesses the need to recognize previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and

liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

Short-term employee benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve (12) months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement benefits obligation

The Parent Company provides for estimated retirement benefits cost required to be paid under R.A. 7641 to qualified employees. The Parent Company has an unfunded, noncontributory retirement plan. On the other hand, PGI provides retirement benefits to employees through a defined benefit plan. A defined benefits plan is a pension plan that determines the amount of pension benefit an employee would receive upon retirement, usually dependent on several factors such as age, salary and length of service.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan asset, if any.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The defined benefit cost comprises of the service cost, net interest on the defined benefit liability or asset and the remeasurement of net defined benefit liability or asset.

Retirement benefits expense comprises the following:

- Service cost
- Net interest on the defined benefit liability or asset
- Remeasurement of net defined benefit liability or asset

Service cost, which includes current service cost and gains and losses on settlement are recognized as expense in the consolidated statements of comprehensive income.

Past service cost is recognized as an expense at the earlier of the date when a plan amendment or curtailment occurs and the date when an entity recognizes any termination benefits, or related restructuring costs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statements of comprehensive income.

Remeasurements comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified in the consolidated statements of comprehensive income in subsequent periods. All remeasurements are recognized in Remeasurement gains (loss) on retirement benefits obligation account under other comprehensive income, and is presented in the consolidated statements of financial position, are not reclassified to another equity account in subsequent periods.

Termination benefits

A termination benefit liability is recognized at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits, which occurs when employee accept offer of benefits on termination, and as a result of the Group's decision to terminate an employee's employment, or
- when the Group recognizes costs for restructuring which involves the payment of termination benefits.

Termination benefits are measured in accordance with the nature of employee benefit, whether short-term employee benefit, post-employment benefit or other long-term employee benefits.

Related party relationships and transactions

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the Group or of a parent of the Group; and (b) when any of the following conditions apply: (i) an entity and the Group are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the Group; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the Group or to the parent of the Group; (viii) a person identified in (a) above has significant influence over the Group or is a member of the key management personnel of the Group or of a parent of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Capital stock represents the par value of the shares issued and outstanding as at reporting date.

Additional paid-in capital (APIC) includes any premiums received on the issuance of capital stock. Incremental costs directly attributable to the issue of new shares are deducted from APIC, net of tax. If APIC is not sufficient, the excess is charged against retained earnings. When the Group issues more than one (1) class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings and losses of the Group, and any other adjustments to it as required by other standards, less dividends declared.

Treasury stocks represent own equity instruments reacquired, the amount of the consideration paid, including directly attributable cost, net of any tax effects, is recognized as a reduction from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as APIC. Voting rights related to treasury stocks are nullified for the Group and no dividends are allocated to them.

When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to APIC to the extent of the specific or average APIC when the shares were issued and to retained earnings for the remaining balance.

Dividend distribution

Cash dividends on common shares are recognized as a liability and deducted from equity when approved by the Parent Company's BOD. Stock dividends are treated as transfers from retained earnings to capital stock. Dividends for the year that are approved after the end of the reporting period are dealt with as a non-adjusting event after the end of reporting period.

Other comprehensive income (OCI)

OCI consists of items of income and expenses that are not recognized in profit or loss as required or permitted by other PFRS. The Group's OCI pertains to actuarial gains and losses from retirement benefits and revaluation increment, which is recognized in full in the period when it occurred, on certain items of property and equipment accounted using the revaluation model.

Revenue recognition

Revenue is recognized when or as control over distinct goods or services are transferred to customer such as when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits from the goods or services, given that a contract with enforceable rights and obligations exists and, among others, the collectability of consideration is probable taking into account the customer's creditworthiness.

Revenue recognized is the transaction price that reflects the consideration which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

To determine whether to recognize revenue, the Group follows a five-step process:

- (1) identifying the contract with a customer;
- (2) identifying the performance obligation;
- (3) determining the transaction price;
- (4) allocating the transaction price to the performance obligation; and
- (5) recognizing revenue when or as performance obligations are satisfied.

The Group recognizes revenues from the following sources:

(a) Sale of LPG, cylinders, stoves and accessories, and industrial gases

The Group sells LPG, cylinders, stove and accessories, and industrial gases (a) to the wholesale market, and (b) directly to customers through refilling and terminal plant, and retail outlets.

Revenue from sale to wholesale market is recognized when or as the Group transfers control of the assets at a point in time to the wholesale customers. Invoices for goods transferred are due upon receipt of goods at the wholesaler's specific location. Following delivery, the wholesaler has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. Trade receivable is recognized by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from sale to individual customers is recognized when control of the goods has been transferred, which is at the point the customer purchases the goods at refilling, terminal plant and retail outlet. Payment of the transaction price is due immediately when the customer purchases the goods.

(b) Sale of real estate

Revenues from sale of real estate arise from (a) sale of memorial lots, and (b) sale of subdivision lots and office units.

Revenues from sale of memorial lots are recognized at a point in time when control of the asset is transferred to the customer, generally when lots are allowed to be used for burial which is upon 100% payment for purchase of lawn lot and upon 50% payment for purchase of family estate.

Revenues from sale of subdivision lots and office units are recognized at a point in time when control is transferred to the customer which normally happens upon turnover of subdivision lots and office units to the buyer.

Real estate sales are recognized only when certain collection threshold was met over which the Group determines that collection of total contract price is reasonably assured. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold.

If the transaction does not qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue

on real estate sales, consideration received from customers are recognized as Customers' Deposits in the statements of financial position. Customers' deposit is recognized at the amounts received from customers and will be subsequently applied against the receivables when the related real estate sale is recognized.

Subsequent cancellations of prior years' real estate sales are recognized in profit loss in the current year as they occur. The original cost of memorial lots sold is reverted back to inventory while the outstanding receivables at the time of cancellation are reversed. The resulting difference is recognized as part of Other income in the statement of comprehensive income.

(c) Sale of pharmaceutical products

Revenues from sale of pharmaceutical products are recognized at a point in time when control of the asset is transferred to the customer which is upon sale of pharmaceutical products to customer.

(d) Rendering of ancillary services

Rendering of ancillary services such as interment and other services is recognized as income when the related services are performed, net of related cost, and presented as part of other income in the statements of comprehensive income.

(e) Interest income

Interest is recognized on a time proportion basis using the effective interest method.

(f) Dividend income

Dividend income is recognized when the Group's right to receive payment is established. The right to receive payment is usually established when the dividend is declared by BOD.

(g) Other comprehensive income

Other comprehensive income comprises items of income and expenses, including items previously presented under the consolidated statements of changes in equity, that are not recognized in profit or loss for the year in accordance with PFRS.

(h) Other income

Other income is recognized when earned.

Expense recognition

Cost and expenses are recognized in the consolidated statements of comprehensive income when decrease in the future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably.

Cost of of LPG, cylinders, stoves and accessories, industrial gases and pharmaceutical products sold is recognized as expense when the related goods are sold.

Cost of real estate projects sold before completion of the development and construction is determined based on the actual development costs incurred to date plus estimated cost to complete the project as determined by the Group's technical staff and contractors. These estimates are reviewed periodically to take into consideration the changes in cost estimates.

Selling expenses are costs incurred to sell or distribute inventories. General and administrative expenses constitute costs of administering the business which are expensed as incurred.

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for sale of memorial lots and subdivision lots. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions since the amortization period of the asset that the Group otherwise would have used is one (1) year or less. For contracts with payment terms of more than one (1) year, the amount of commission expensed out and paid to sales agent is amortized over the period of the contract.

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (functional currency). The consolidated financial statements are presented in Philippine peso (₱) the Group's functional and presentation currency.

Provisions and contingencies

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and the amount can be estimated reliably. The expense relating to any provision is presented in the consolidated statements of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A

geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Group's operating business segment are organized and managed separately according to business activities. The Group's management monitors the operating result of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group's financing which includes finance cost, impairment of assets and income taxes are managed on a group basis and are not allocated to operating segments.

The Group has no geographical segment for segment reporting format as the Group's risks and rates of return are in the same economic and political environment as the Group is incorporated and operating in the Philippines.

The Group has three (3) operating business segments representing the Group's (1) real estate, (2) LPG and industrial gases, and (3) pharmaceutical products.

Earnings per share

Earnings per share is computed by dividing net income by the number of common shares issued, subscribed and outstanding as of the end of the reporting period with retroactive adjustments for stock dividends declared.

Events after the reporting date

Post period-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post period-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such estimates.

Estimates and judgments 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.

Significant accounting judgments in applying the Group's accounting policies

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the business model and solely for payments of principal and interest test. The Group determines the

business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group 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 property but also to the other assets used in the production or supply process. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

(c) Determining the timing of satisfaction of sale of memorial lots, subdivision lots and office units

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- a) any asset created or enhanced as the Group performs;
- b) the ability of the customer to control such asset as it is being created or enhanced;
- c) the timing of receipt and consumption of benefits by the customer; and,
- d) the Group's enforceable right for payment for performance completed to date.

The Group concluded that revenues from sales of memorial lots, subdivision lots and office units are recognized at a point in time when control of the asset is transferred to the customer. For sale of memorial lots, control is generally transferred when lots are allowed to be used for burial which is upon 100% payment of purchase of lawn lot and upon 50% payment of family estate. For sale of subdivision lots and office units, control is transferred upon turnover to the buyer.

(d) Lease commitments

The Group has entered into various lease agreements for the lease of its sales center offices and LPG tanks as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. In 2018, the Group determined that significant risk and rewards of ownership of the properties were retained by the lessor and accounts for its lease as operating lease.

Starting January 1, 2019, all the existing leases of the Group, except for the leases with lease term of less than twelve (12) months and small value leases, qualified as leases under PFRS 16 which requires recognition of right-of-use asset and lease liability.

The leases are renewable upon mutual agreement by both parties to be covered by a separate and new lease agreement. Accordingly, the renewal option was not considered in the lease term for purposes of the adoption of PFRS 16.

(e) Contingencies

The Parent Company has possible claims from or obligation to other parties from past events and whose existence may only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within its control. Management has determined that the present obligations with respect to contingent liabilities and claims with respect to contingent assets do not meet the recognition criteria, and therefore has not recorded such any amounts.

Significant accounting estimates and assumptions

(a) Impairment of trade and other receivables and advances to related parties

The Group makes use of simplified approach in determining the ECL for trade and other receivables and general approach for advances to related parties.

Simplified approach is used for trade receivables since these are generally short term in nature and are protected by credit enhancement, where real property may be repossessed in case of default of debtor in the case of sale of real estate. Credit risk generally arises when there is a decline in the fair value of the real property and such decline will make the fair value of the real property lower than the carrying amount of the receivables. Fair value of real properties is not expected to change abruptly. Hence, simplified approach is used for determining allowance for ECL for these receivables.

Simplified approach is also used for computing ECL based on lifetime ECL for receivables other than those arising from trade since these are generally short term in nature.

General approach is used for advances to related parties. ECL for these receivables is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. The Group uses judgment in making these assumptions

and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. The Parent Company does not track changes in credit risk for receivables arising from sale of real estate.

Management believes that there are no indications that its trade and other receivables are impaired as at September 30, 2021 and December 31, 2020 as these receivables are highly performing based on the historical credit experience with the debtors, the future economic conditions, and laws governing real estate sales. Likewise, there is no indication that its advances to related parties is impaired as at September 30, 2021 and December 31, 2020 since the counterparty has good financial standing and is creditworthy.

The carrying amount of the Group's trade and other receivables as at September 30, 2021 and December 31, 2020 amounted to ₱407.41 million and ₱350.09 million, respectively (see Note 6). Advances to related parties amounted to nil as at September 30, 2021 and December 31, 2020, respectively (see Note 21).

(b) Determining the NRV of inventories

In determining the NRV of inventories, the management takes into account the most reliable evidence available at the time the estimates are made. Prices are affected by both internal and external factors that may cause inventory obsolescence. These factors may cause significant adjustment to the Group's inventories within the next reporting period.

The carrying amount of the Group's inventories which are carried at cost as at September 30, 2021 and December 31, 2020 amounted to ₱2.22 billion and ₱1.78 billion, respectively (see Note 7). The carrying amount of the Group's real estate projects which are also carried at cost as at September 30, 2021 and December 31, 2020 amounted to ₱829.52 million and ₱852.04 million, respectively (see Note 8).

(c) Estimating the useful lives of property, plant and equipment and right-of-use assets

The Group estimates the useful lives of its property, plant and equipment, and right-of-use assets, except land, based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed and updated, if expectations differ from previous estimates due to physical wear and tear. In addition, the estimates are based on a collective assessment of industry practice and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

As at September 30, 2021 and December 31, 2020, the carrying amounts of property, plant and equipment, net of accumulated depreciation of ₱5.59 billion and ₱5.16 billion, amounted to ₱9.01 billion and ₱8.12 billion, respectively (see Notes 10 and 11).

As at September 30, 2021 and December 31, 2020, the carrying amount of right-of-use assets, net of accumulated depreciation of ₱58.56 million and ₱49.86 million, amounted to ₱106.03 million and ₱114.73 million, respectively (see Note 31).

(d) Estimating incremental borrowing rate for lease under PFRS 16

The Group cannot readily determine the interest rate implicit in the lease, hence it uses the incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The incremental borrowing rate used by the Group ranges from 6.98% to 7.53%.

(e) Retirement benefits obligation

The present value of the retirement benefits obligation depends on a number of factors that are determined on an actuarial basis using the number of assumptions. The assumptions used in determining the retirement benefit expense include the discount rate and salary increase rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligation. In determining the appropriate discount rate, the Group considers the interest rates of government bonds and has terms of maturity approximating the terms of the related retirements benefit obligation.

Other key assumptions for retirement benefits obligation are based in part on current market conditions.

The carrying amount of the Group's retirement benefits obligation amounted to ₱131.92 million and ₱103.66 million as at September 30, 2021 and December 31, 2020, respectively (see Note 28).

(f) Recognition and realizability of deferred tax assets

Deferred tax assets are recognized for all unused tax losses and future tax credits. At end of the reporting period, the Group reviews its deferred tax assets 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 assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on industry trends and projected performance in assessing the sufficiency of taxable income.

As at September 30, 2021 and December 31, 2020, the Group recognized deferred tax assets amounting to ₱68 million.

(g) Impairment of goodwill

Determining whether goodwill is impaired requires estimation of the value of CGU to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Management assessed that goodwill amounting to ₱70.67 million is not impaired as at September 30, 2021 and December 31, 2020.

(h) Impairment of non-financial assets other than inventories

Management is required to perform test of impairment when impairment indicators are present. Property, plant and equipment and investment properties are periodically reviewed to determine any indications of impairment. Management is required to make estimates to determine future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the value in use. Though the management believes that the estimates and assumptions used in the determination of recoverable amounts are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

Management believes that there are no indications that its inventories, real estate projects, property, plant and equipment and investment properties are impaired.

4. CASH

This account as at September 30, 2021 and December 31, 2020 consists of:

	2021	2020
Cash on hand	₱13,203,899	₱133,365,463
Cash in banks	2,457,239,025	1,418,128,020
	₱2,470,442,924	₱1,551,493,483

Cash in banks earn interest at the respective bank deposit rates. Interest income earned from bank deposits is disclosed as part of the Other income account in the consolidated statements of comprehensive income in the amount of ₱1.11 million and ₱1.43 million for the periods ended September 30, 2021 and 2020, respectively (see Note 26).

There are no legal restrictions on the Group's cash as at September 30, 2021 and December 31, 2020.

5. FINANCIAL ASSETS AT FVPL

The movements of the account as at September 30, 2021 and December 31, 2020 are as follows:

	2021	2020
Cost		
Balance at beginning of period	₱1,129,271,860	₱935,884,544
Additions	179,857,801	512,059,097
Disposals	(612,951,501)	(318,671,781)
	696,178,160	1,129,271,860
Fair value gain	134,911,133	246,096,735
Balance at end of period	831,089,293	₱1,375,368,595

The movements of the fair value gain as at September 30, 2021 and December 31, 2020 are as follows:

	2021	2020
Balance at beginning of period	₱246,096,735	₱106,677,413
Fair value gain (loss) during the period	(111,185,602)	139,419,322
Balance at end of period	₱134,911,133	₱246,096,735

This consists of equity securities from various listed companies in the Philippines. The fair values of these securities have been determined directly by reference to published prices quoted in the active market at the end of the reporting period.

Proceeds from the sale of the Group's financial assets at FVPL for the periods ended September 30, 2021 and 2020 amounted to ₱608.25 million and ₱296.30 million, which resulted to loss on sale of ₱4.70 million and ₱5.01 million, respectively, and is presented under Other income in the consolidated statements of comprehensive income (see Note 26).

Cash dividend income earned from financial assets at FVPL is presented under Other income in the consolidated statements of comprehensive income amounting to ₱31.71 million and ₱35.63 million for the periods ended September 30, 2021 and 2020, respectively (see Note 26).

6. TRADE AND OTHER RECEIVABLES

This account as at September 30, 2021 and December 31, 2020 consists of:

	2021	2020
Trade	₱178,164,965	₱214,526,165
Advances to officers and employees	60,713,803	75,207,750
Receivables from memorial lot owners	11,043,255	11,043,255
Others	162,748,385	54,576,017
	412,670,408	355,353,187
Allowance for doubtful accounts	(5,259,134)	(5,259,134)
	₱407,411,274	₱350,094,053

Trade receivables arising from sale of LPG and industrial gases are usually due within thirty (30) to one hundred twenty (120) days and do not bear any interest. Trade receivables arising from sale of memorial lots, subdivision lots and office units are paid on a monthly basis with various terms ranging from one (1) to five (5) years.

Advances to officers and employees are, in general, non-interest bearing cash advance that are and collectible through salary deductions and advances related to operations for official business trip of the Group's officers and employees that are subject to liquidation.

Receivable from memorial lot owners are receivables pertaining to the maintenance adjustment charge billed by the Group for the expenses paid on behalf of the customers for the maintenance and upkeep of the sold memorial lots.

Others mainly consist of dividend receivable, advances to brokers, overpayment to suppliers, vehicle insurance claims and receivables from SSS.

The details and movements in the allowance for doubtful accounts are as follows:

	2021	2020
Balance at beginning of period	₱5,259,134	₱-
Provision for doubtful accounts	-	5,259,134
Balance at end of period	₱5,259,134	₱5,259,134

The Group recognized provision of doubtful accounts for its advances to resigned employees amounting to nil and ₱5,259,134 for the periods ended September 30, 2021 and December 31, 2020.

Reclassification

In 2020, the refundable deposits and advances to contractors, previously included under Trade and other receivables, were reclassified to Other non-current asset because these are generally not collectible in cash and are expected to be realized more than twelve (12) months from end of the reporting period (see Note 14). Comparative figures for 2021 were also reclassified for consistency and comparability.

7. INVENTORIES

This account as at September 30, 2021 and December 31, 2020 consists of:

	2021	2020
Finished goods		
LPG, cylinders, stoves and accessories	₱2,049,874,966	₱1,590,803,632
Industrial gases	23,564,245	20,386,997
Pharmaceutical products	3,213,733	7,830,103
	2,076,652,944	1,619,020,732
Material and supplies	122,463,162	119,636,150
In-transit LPG	-	24,662,970
Raw materials	19,010,415	16,641,274
	₱2,218,126,521	₱1,779,961,126

Inventories are stated at cost. In-transit LPG pertains to LPG inventories that are under the cost, insurance and freight (CIF) shipping term. The title and risk of loss shall pass to the Group on delivery of the goods to the carrier. As at December 31, 2020, in transit LPG inventories are on board the carrier heading towards the Philippines marine fed terminal for customs clearance.

The Group's inventories are carried at cost, which is lower than the net realizable value.

There are no inventories pledged as security for liabilities as at September 30, 2021 and December 31, 2020.

Inventories charged to cost of sales for the periods ended September 30, 2021 and 2020 are as follows (see Note 23):

	2021	2020
LPG, cylinders, stoves and accessories	₱7,781,124,478	₱6,378,411,922
Industrial gases	293,611,933	165,362,873
Pharmaceutical products	25,812,484	28,027,775
	₱8,100,548,895	₱6,571,802,570

8. REAL ESTATE PROJECTS

Real estate projects as at September 30, 2021 and December 31, 2020 consist of:

	2021	2020
Memorial park lots	₱441,506,863	₱450,458,343
Land held for future development	303,179,941	301,756,248
Office units	13,155,030	13,155,030
Subdivision lots	71,675,010	86,671,610
	₱829,516,844	₱852,041,231

The real estate projects are stated at cost which is lower than NRV.

As at September 30, 2021 and December 31, 2020, there is no material real estate project pledged as security for liabilities and no restriction on title had been imposed. No contractual commitments have been entered into by the Group for acquisition of any properties related to real estate projects.

The cost of real estate projects recognized as cost of sales in the Group's consolidated statements of comprehensive income amounted to ₱39.31 million and ₱16.59 million for the periods ended September 30, 2021 and 2020, respectively (see Note 23).

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account as at September 30, 2021 and December 31, 2020 consists of:

	2021	2020
Prepayments		
Rent	₱24,029,414	₱20,099,055
Taxes and licenses	10,570,955	19,266,293
Insurance	6,612,638	9,903,477
Maintenance	-	1,165,607
Input VAT	1,906,617	43,540,909
Creditable withholding tax	-	4,287,730
Others	21,417,031	8,467,705
	₱64,536,655	₱106,730,776

Prepaid rent pertains to advance payment for short-term lease agreements (see Note 31).

Prepaid taxes and licenses represent advance payment of business taxes for the succeeding period.

Prepaid insurance pertains to the portion of the insurance premium that has been paid in advance and has not been expired.

Prepaid maintenance pertains to maintenance costs paid in advance for the requalification procedures on LPG bulk tanks and other machinery.

Input VAT represents the taxes paid on purchases of goods and services which can be recovered as tax credit against future output VAT liability of the Company.

Creditable withholding tax represents taxes withheld on income payments and is creditable against income tax due.

Others include advances to suppliers, terminal refilling and other plant repairs that are amortized within one (1) year.

10. PROPERTY, PLANT AND EQUIPMENT AT REVALUED AMOUNTS (NET)

Reconciliation of the carrying amounts as at September 30, 2021 and December 31, 2020 and the gross carrying amounts and the accumulated depreciation of revalued property, plant and equipment are as follows:

September 30, 2021

	Net carrying amounts, January 1, 2021	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, Sept. 30, 2021
Land and land improvements	₱1,662,274,886	₱50,349,536	(₱910,209)	₱-	₱-	₱1,711,714,213
Buildings and structures	1,064,754,671	45,754,351	(48,246,755)	(323,748,947)	-	738,513,320
LPG plant, machinery and equipment	3,583,841,434	290,946,850	(169,772,084)	(568,709,535)	-	3,136,306,665
Oxygen and acetylene cylinders	303,568,308	29,255,867	(19,750,207)	(6,150,406)	(162,558)	306,761,005
Office equipment	3,318,839	-	(1,227,750)	-	-	2,091,089
	₱6,617,758,138	₱416,306,604	(₱239,907,005)	(₱898,608,888)	(₱162,558)	₱5,895,386,291

	Revalued cost	Accumulated depreciation	Net carrying amounts, Sept. 30, 2021
Land and land improvements	₱1,734,160,998	(₱22,446,785)	₱1,711,714,213
Buildings and structures	1,830,343,992	(1,091,830,672)	738,513,320
LPG plant, machinery and equipment	5,511,645,621	(2,375,338,957)	3,136,306,665
Oxygen and acetylene cylinders	1,087,791,378	(781,030,374)	306,761,005
Office equipment	73,278,237	(71,187,148)	2,091,089
	₱10,237,220,227	(₱4,341,833,936)	₱5,895,386,291

December 31, 2020

	Net carrying amounts, January 1, 2020	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2020
Land and land improvements	₱1,568,855,730	₱94,632,768	(₱1,213,612)	₱-	₱-	₱1,662,274,886
Buildings and structures	1,114,332,274	8,329,491	(68,423,085)	10,515,991	-	1,064,754,671
LPG plant, machinery and equipment	3,409,622,734	50,748,201	(286,030,169)	409,500,668	-	3,583,841,434
Oxygen and acetylene cylinders	251,616,112	86,487,960	(33,868,411)	103,446	(770,799)	303,568,308
Office equipment	4,955,839	-	(1,637,000)	-	-	3,318,839
	₱6,349,382,689	₱240,198,420	(₱391,172,277)	₱420,120,105	(₱770,799)	₱6,617,758,138

	Revalued cost	Accumulated depreciation	Net carrying amounts, December 31, 2020
Land and land improvements	₱1,683,811,462	(₱21,536,576)	₱1,662,274,886
Buildings and structures	1,981,854,090	(917,099,419)	1,064,754,671
LPG plant, machinery and equipment	6,116,049,008	(2,532,207,574)	3,583,841,434
Oxygen and acetylene cylinders	1,065,493,500	(761,925,192)	303,568,308
Office equipment	73,278,237	(69,959,398)	3,318,839
	₱10,920,486,297	(₱4,259,655,007)	₱6,617,758,138

Depreciation charged to operations was allocated as follows:

	Sept. 30, 2021	Sept. 30, 2020
Cost of sales	₱127,097,259	₱129,491,910
Operating expenses	112,809,746	114,935,205
	₱239,907,005	₱244,427,115

The above depreciation includes depreciation on appraisal increase amounting to ₱91.46 million and ₱85.73 million for the periods ended September 30, 2021 and 2020, which also represents transfer of realized portion of revaluation reserve to retained earnings.

The property, plant and equipment were appraised on various dates from June to September 2016 by an independent firm of appraiser based on the market value using the market data approach. The value of property, plant and equipment are based on sales, listings and market transactions between market participants at the measurement date.

As at September 30, 2021 and December 31, 2020, the revaluation reserve on the property, plant and equipment carried at revalued amount is ₱1.39 billion and ₱1.46 billion, respectively, which is presented under Other Comprehensive Income (see Note 27).

No contractual commitments have been entered into by the Group for acquisition of any property, plant and equipment.

11. PROPERTY, PLANT AND EQUIPMENT AT COST (NET)

Details of property, plant and equipment are as follows:

September 30, 2021

	Net carrying amounts, January 1, 2021	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, Sept. 30, 2021
LPG cylinders	₱176,979,556	₱10,400,396	(₱38,631,930)	₱915,354,934	(₱1,451,409)	₱1,062,651,548
Transportation equipment	387,206,848	295,680,533	(125,238,029)	-	-	557,649,352
Leasehold improvement	2,451,311	18,303	(86,538)	-	-	2,383,077
Furniture, fixtures and equipment	65,504,898	35,584,801	(29,617,908)	-	-	71,471,790
CIP	873,235,579	563,762,237	-	(16,746,045)	-	1,420,251,771
	₱1,505,378,192	₱905,446,270	(₱193,574,405)	₱898,608,888	(₱1,451,409)	₱3,114,407,537

	Cost	Accumulated depreciation	Net carrying amounts, Sept. 30, 2021
LPG cylinders	₱1,481,392,660	(₱418,741,112)	₱1,062,651,548
Transportation equipment	1,176,980,175	(619,330,823)	557,649,352
Leasehold improvement	19,788,738	(17,405,662)	2,383,077
Furniture, fixtures and equipment	263,416,830	(191,945,040)	71,471,790
CIP	1,420,251,771	-	1,420,251,771
	₱4,361,830,175	(₱1,247,422,637)	₱3,114,407,537

December 31, 2020

	Net carrying amounts, January 1, 2020	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2020
LPG cylinders	₱182,458,876	₱ 18,779,578	(₱20,321,166)	₱-	(₱3,937,732)	₱176,979,556
Transportation equipment	343,893,025	134,326,811	(90,357,988)	-	(655,000)	387,206,848
Leasehold improvement	2,014,873	467,408	(30,970)	-	-	2,451,311
Furniture, fixtures and equipment	55,027,276	39,221,137	(28,743,515)	-	-	65,504,898
CIP	793,926,716	499,428,968	-	(420,120,105)	-	873,235,579
	₱1,377,320,766	₱692,223,902	(₱139,453,639)	(₱420,120,105)	(₱4,592,732)	₱1,505,378,192

	Cost	Accumulated depreciation	Net carrying amounts, December 31, 2020
LPG cylinders	₱357,227,592	(₱180,248,036)	₱176,979,556
Transportation equipment	881,299,641	(494,092,793)	387,206,848
Leasehold improvement	17,254,319	(14,803,008)	2,451,311
Furniture, fixtures and equipment	230,348,146	(164,843,248)	65,504,898
CIP	873,235,579	-	873,235,579
	₱2,359,365,277	(₱493,491,013)	₱1,505,378,192

Depreciation charged to operations was allocated as follows:

	Sept. 30, 2021	Sept. 30, 2020
Cost of sales	₱113,463,371	₱78,144,400
Operating expenses	80,111,034	28,155,017
	₱193,574,405	₱106,299,417

CIP pertains mainly to construction contracts for the site construction and installation of various mounded cylindrical LPG tank storage.

For the periods ended September 30, 2021 and 2020, certain property, plant and equipment was disposed of for a total consideration of ₱3.10 million and ₱1.42 million resulting into a gain of ₱1.49 million and ₱575 thousand, respectively. The gain on disposal was under Other income (net) in the consolidated statements of comprehensive income (see Note 26).

As at September 30, 2021 and December 31, 2020, there are no property, plant and equipment (at cost) pledged as security for liabilities and no restrictions on title had been imposed. No

contractual commitments have been entered into by the Group for acquisition of any property, plant and equipment.

12. INVESTMENT PROPERTIES

This account consists of:

	2021	2020
Memorial lots	₱352,301,475	₱352,301,475
Land	37,027,141	37,027,141
	₱389,328,616	₱389,328,616

There are no movements for the Group's investment properties for the periods ended September 30, 2021 and December 31, 2020.

The memorial lots are located in various memorial parks owned and operated by the Parent Company in Mindanao. With the termination of the rehabilitation plan and PGI's intention to hold these assets for capital appreciation, the memorial lots have been reclassified to investment properties from previously classified as assets held for dacion en pago.

The land pertains to three (3) parcels of land located in Luzon, which were acquired in 2014. These parcels of land are held for lease by one of its subsidiaries.

As at September 30, 2021 and December 31, 2020, there are no investment properties pledged as security for liabilities and no restrictions on title had been imposed. No contractual commitments have been entered into by the Group for acquisition of any investment properties.

The fair value of the land is the same as its cost since the management believes that the fair value of the investment properties does not significantly change from the time of acquisition. The Group considers the carrying amount of the memorial lots to be a reasonable approximation of their fair values. The approximation is assessed by management based on the selling price of memorial lots by the Parent Company.

13. GOODWILL

Goodwill as at September 30, 2021 and December 31, 2020 mainly comprises the excess of the cost of acquiring the controlling shares of the subsidiaries over the fair value of the identifiable assets and liabilities acquired by the Parent Company.

	2021	2020
Attributable to:		
Investment in subsidiaries by Parent Company		
PGI	₱68,897,066	₱68,897,066
PPhI	1,771,239	1,771,239
	₱70,668,305	₱70,668,305

Acquisition of PGI

The recoverable amount of PGI's CGU was based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections of 8.0%. Cash flows beyond the five-year period are extrapolated using the steady growth rate of 1.0%. The carrying value of goodwill amounted to ₱68.90 million as at September 30, 2021 and December 31, 2020. No impairment loss was recognized for goodwill arising from the acquisition of PGI.

The calculations of value in use for the PGI's CGU are most sensitive to the following assumptions:

- Budgeted gross margin – The management determined budgeted gross margin based on past performance and its expectations for the market development.
- Growth rate – The projected growth rate is based on a conservative steady growth rate that does not exceed the compounded annual growth rate of the global LPG industry.
- Pre-tax discount rate – Discount rates reflect management's best estimate of the risks associated with the specific CGU. This is the benchmark rate used by management to measure operating performance.

On the assessment of the value in use of PGI, management believes that no reasonably possible change in any of the aforementioned assumptions would cause the carrying value of the CGU to exceed their recoverable amount.

Acquisition of PPhI

On July 2, 2015, the Parent Company and its subsidiary, PGI, subscribed to 7.5 million and 1.495 million common shares of PPhI, respectively, at a subscription price of ₱1 per share for a total consideration of ₱7.50 million and ₱1.50 million, respectively. As a result of the subscription, the Parent Company owns 75% direct equity interest and 13.66% indirect equity interest (through PGI) in PPhI.

The following table summarizes the consideration transferred for the fair value of the net assets acquired assumed at the acquisition date.

Net assets	₱7,638,348
Share of non-controlling shareholders	(1,909,587)
	5,728,761
Total consideration transferred	(7,500,000)
Goodwill	₱1,771,239

14. OTHER NONCURRENT ASSETS

This account consists of:

	2021	2020
Advances to contractors and suppliers	₱52,900,631	₱62,863,208
Refundable deposits	32,306,909	19,108,718
Others	65,978	-
	₱85,273,518	₱81,971,926

Advances to contractors and suppliers pertain to deposits made to contractors and suppliers for the acquisition of property and equipment. The acquisition of property and equipment will be subsequently reclassified to property and equipment once the title has been transferred to the Group.

Refundable deposits mainly represent security deposits for leases that will be refunded at the end of the lease term.

15. TRADE AND OTHER PAYABLES

This account as at September 30, 2021 and December 31, 2020 consists of:

	2021	2020
Accounts payable:		
Trade	₱1,431,890,418	₱1,478,413,947
Nontrade	323,929,042	5,422,700
Deposits for park interment services	149,589,114	132,713,324
Accrued expenses	88,128,772	76,730,931
Cylinder deposits	315,030,674	76,371,852
Due to government agencies	5,431,067	56,953,173
Due to park maintenance fund	25,606,668	49,306,274
Reserve fund liability	8,334,382	6,228,660
Deferred income	-	3,466,695
Others	28,350,683	12,226,052
	₱2,376,290,820	₱1,897,833,608

Trade payables pertain to amount due to supplier payable within 30 days from date of sale and do not bear interest. Nontrade payables to third parties pertain to payables other than to suppliers of raw materials.

Deposits for park interment services represent accumulated collections from memorial lot owners exclusively intended for future interment services. This amount is recognized in other income net of related cost of interment when the interment services are performed during burial.

Other accrued expenses include accrued rent and professional fees.

Cylinder deposits pertain to deposits made by customers for its industrial gases and 50kg. LPG cylinders lent out by the Group.

Due to government agencies include SSS, HDMF and PHIC payable, withholding taxes and other taxes payable.

Due to park maintenance fund represent contributions made by memorial lot owners for the upkeep and maintenance of the memorial cemetery.

Reserve fund liability is a pool of funds contributed by the Group's officers to cover for future losses due to wrong management decisions.

Deferred income pertains to interest related to the car plans offered by the Company to certain officers and employees that were collected but not yet earned.

16. CUSTOMERS' DEPOSITS

This account represents accumulated collections on memorial lots sold to customers but have not yet met the Group's specific revenue recognition criteria. Such deposits will be recognized as revenues when the revenue recognition criteria of the Group has been met.

The customers' deposits amounted to ₱161.52 million and ₱148.33 million as at September 30, 2021 and December 31, 2020, respectively.

17. SHORT-TERM DEBTS

Short-term debts consist of:

(a) PGI

In the first nine months of 2021, PGI obtained credit facilities amounting to ₱5.26 billion from various commercial banks at interest rates ranging from 3.50% to 4.25% with tenures of 60 to 90 days.

In the year 2020, PGI obtained credit facilities amounting to ₱2.40 billion from various commercial banks at interest rates ranging from 4.15% to 4.50% with tenures of 118 to 120 days.

(b) OOC

In the year 2020, OOC obtained credit facilities amounting to ₱110 million from various commercial banks at interest rates ranging from 4.0% to 5.0% with tenures of 90 to 180 days.

As at September 30, 2021 and December 31, 2020, the outstanding balance of short-term debts amounted to ₱1.69 billion and ₱1.40 billion, respectively. Total interest incurred charged to operations amounted to ₱40.30 million and ₱39.06 million for the periods ended September 30, 2021 and 2020, respectively (see Note 25).

18. CAPITAL STOCK

Details of this account are as follows:

	2021	2020
Common stock: ₱1 par value		
Authorized: 2,098,000,000 common shares	₱2,098,000,000	₱2,098,000,000
Subscribed, issued and fully paid:		
2,024,500,000 shares	₱2,024,500,000	₱2,024,500,000

The Parent Company was incorporated on September 7, 1989 with an authorized capital stock of ₱1,000,000,000 divided into 600,000,000 shares of Class A common stock with the par value of ₱1.00 per share and 400,000,000 shares of Class B common stock with the par value of ₱1.00 per share. On March 30, 1990, it obtained the SEC's approval of the registration of its capital stock

for sale to the public and on October 29, 1991, 150,000,000 of its Class 'A' shares were listed at the Makati Stock Exchange at the issue/offer price of ₱1.00 per share and 50,000,000 of its Class 'B' shares were likewise so listed at the same issue/offer price of ₱1.00 per share.

On March 21, 1994, the SEC approved the amendment of its Articles of Incorporation to consolidated Class B common stock with Class A common stock as the Parent Company's authorized capital stock. Thus, the Parent Company's capital stock stood at ₱1 billion divided into 1,000,000,000 common shares with the par value of ₱1.00 per share.

On July 31, 1996, the SEC approved the increase of the capital stock of the Parent Company from ₱1 billion divided into 1,000,000,000 shares with the par value of ₱1.00 per share to ₱2 billion divided into 2,000,000,000 shares with the par value of ₱1.00 per share.

On December 13, 2017, the SEC approved the increase of the authorized capital stock of the Parent Company from ₱2 billion divided into 2,000,000,000 shares with the par value of ₱1 per share to ₱2.098 billion divided into 2,098,000,000 shares with the par value of ₱1.00 per share.

The Parent Company's shares are listed in the PSE. As at September 30, 2021 and December 31, 2020, the Parent Company's stock price amounted to ₱5.40 and ₱5.01 per share, respectively.

As at September 30, 2021 and December 31, 2020, the Parent Company has three hundred sixty (360) and three hundred fifty-nine (359) equity holders, respectively.

19. TREASURY STOCKS

On November 19, 2020, the Group's buy-back program, which was approved by the BOD on November 16, 2018, had expired. As at November 19, 2020, the total number of shares repurchased was 83,572,731, which is equivalent to ₱390.39 million or 78% of the total fund ₱500 million earmarked for the buy-back program. Thus, there is an unspent balance of ₱109.61 million.

In view of the foregoing, the BOD, in a meeting on November 27, 2020, approved the two (2) resolutions in relation to the Group's buy-back program under the following terms and conditions:

1. The BOD approved the extension of the aforesaid buyback program from November 19, 2020 up to such time when the appropriated ₱500-million fund has been totally spent for the purpose; and
2. The BOD approved that after the aforesaid ₱500-million fund has been totally consumed, another buy-back program (Second Buy-back Program) will follow for which a similar fund of ₱500 million will be set aside and will last for one year.

The buyback programs shall be executed in the open market through the trading facility of the Philippine Stock Exchange. Repurchased shares shall be booked as treasury shares.

The buyback programs shall be implemented in an orderly manner and should not adversely affect the Group's prospective and existing projects.

The capital structure of the Group in terms of its number of shares as at November 19, 2020 is as follows:

Authorized capital stock	2,098,000,000
Issued capital stock	2,024,500,000
Less: treasury stock	83,572,731
Outstanding capital stock	1,940,927,269

As at September 30, 2021 and December 31, 2020, the Group has treasury stocks amounting to 102,423,931 shares with cost of ₱491.59 million and 83,862,631 shares with cost of ₱391.85 million, respectively.

20. RETAINED EARNINGS

Dividend declaration

Parent Company's dividend declaration

In a special meeting held on May 21, 2021, the Parent Company's BOD declared cash dividends amounting to ₱231.36 million which is equivalent to ₱0.12 per share to stockholders of record as of June 15, 2021 payable on July 6, 2021 out of its unrestricted retained earnings as of December 31, 2020.

In a special meeting held on November 27, 2020, the Parent Company's BOD declared cash dividends amounting to ₱232.88 million which is equivalent to ₱0.12 per share to stockholders of record as of December 23, 2020 payable on January 25, 2021 out of its unrestricted retained earnings as of December 31, 2019.

Likewise, in a special meeting held on May 18, 2020, the Parent Company's BOD declared cash dividends amounting to ₱235.62 million which is equivalent to ₱0.12 per share to stockholders of record as of June 15, 2020 payable on July 6, 2020 out of its unrestricted retained earnings as of December 31, 2019.

Cash dividends declared in 2021 and 2020 are summarized below:

Date declared	Date paid	Dividend per share	2021	2020
May 21, 2021	July 6, 2021	0.12	₱231,360,104	₱-
November 27, 2020	January 25, 2021	0.12	-	232,884,140
May 18, 2020	July 6, 2020	0.12	-	235,616,072
			₱231,360,104	₱468,500,212

PGI's dividend declaration

At the special meeting of the BOD held on May 21, 2021, the Board approved distribution of a cash dividend to stockholders of record as of May 28, 2021 amounting to ₱392 million.

At the special meeting of the BOD held on November 3, 2020, the Board approved distribution of a cash dividend to stockholders of record as of November 13, 2020 amounting to ₱336 million.

Likewise, at the special meeting of the BOD held on March 31, 2020, the Board approved distribution of a cash dividend to stockholders of record as of April 3, 2020 amounting to ₱336 million.

Cash dividends declared in 2021 and 2020 are summarized below:

Declared	Date paid	Dividend per share	2021	2020
May 21, 2021	June 4, 2021	0.14	₱392,000,000	₱-
November 3, 2020	November 23, 2020	0.12	-	336,000,000
March 31, 2020	April 10, 2020	0.12	-	335,999,976
			₱392,000,000	₱671,999,976

As at September 30, 2021 and December 31, 2020, dividends payable amounted to ₱25.54 million and ₱253.40 million, respectively.

21. RELATED PARTY TRANSACTIONS

Material Related Party Transactions (RPT)

The Group adopted the materiality threshold of ten percent (10%) of its total consolidated assets based on its latest consolidated audited financial statements. All material RPTs shall be approved by at least two-thirds (2/3) vote of the BOD with at least a majority of the independent directors voting to approve the material RPT. The threshold shall apply to material RPTs entered between the Group, its subsidiary or affiliate or any related party.

22. REVENUES

The details of this account are as follows:

a) LPG and industrial gases

	2021	2020
LPG, cylinders, stoves and accessories	₱10,260,658,632	₱8,526,890,029
Industrial gases	728,832,498	323,965,593
	₱10,989,491,130	₱8,850,855,622

b) Real estate

Revenue from sale of real estate amounted to ₱151.37 million and ₱100.26 million for the periods ended September 30, 2021 and 2020, respectively.

c) Pharmaceutical products

Revenue from sale of pharmaceutical products amounted to ₱37.96 million and ₱42.47 million for the periods ended September 30, 2021 and 2020, respectively.

23. COST OF SALES

a) Cost of sales on LPG and industrial gases for the periods ended September 30 are as follows:

	2021	2020
LPG, cylinders, stoves and accessories	₱7,781,124,478	₱6,378,411,922
Industrial gases	293,611,933	165,362,873
	₱8,074,736,411	₱6,543,774,795

b) Cost of real estate amounted to ₱39.31 million and ₱16.59 million for the periods ended September 30, 2021 and 2020, respectively. The cost of real estate recognized in the consolidated statements of income on disposal is determined with reference to the specific costs incurred on the property sold.

c) Cost of sales on pharmaceutical products for the periods ended September 30 are as follows:

	2021	2020
Beginning inventory – note 7	₱7,830,103	₱5,228,166
Add: Purchases	21,196,114	34,062,137
Total good available for sale	29,026,217	39,290,303
Less: Ending inventory – note 7	3,213,733	11,262,528
	₱25,812,484	₱28,027,775

24. OPERATING EXPENSES

Operating expenses for the periods ended September 30 are as follows:

	2021	2020
Selling expenses	₱696,730,916	₱462,553,234
General and administrative expenses	620,185,120	487,014,135
	₱1,316,916,036	₱949,567,369

25. FINANCE COSTS

Finance costs for the periods ended September 30 are as follows:

	2021	2020
Short-term – note 17	₱40,299,951	₱39,059,504
Lease liabilities	2,867,515	3,079,594
Others	3,394,899	1,225,942
	₱46,562,365	₱43,365,040

26. OTHER INCOME

Other income for the periods ended September 30 are as follows:

	2021	2020
Cash dividend income - note 5	₱31,714,087	₱35,634,081
Accrued property dividend income	212,933,202	-
Gain (Loss) on sale of financial assets at FVPL – note 5	(4,697,025)	(5,012,597)
Sale of scrap and junked materials	23,072,619	9,103,017
Gain on sale of property, plant and equipment – note 11	1,485,365	575,469
Interest income from banks – note 4	1,106,998	1,429,619
Others	(56,050,150)	65,158,081
	₱209,565,096	₱106,887,670

27. OTHER COMPREHENSIVE INCOME

This account as at September 30, 2021 and December 31, 2020 consists of:

	2021	2020
Remeasurement gain on retirement benefits obligation		
At beginning of period	₱28,195,857	₱20,848,377
Remeasurement gain during the period	-	7,347,480
Effect of deferred income tax	-	-
At end of period	28,195,857	28,195,857
Revaluation reserves		
At beginning of period	1,455,732,990	1,535,655,087
Transfer of revaluation reserves deducted from operations through additional depreciation charges – note 10	(91,464,080)	(114,174,425)
Deferred income tax effect on revaluation reserves charged to operations through additional depreciation	26,684,466	34,252,328
At end of period	1,390,953,376	1,455,732,990
Total other comprehensive income	₱1,419,149,233	₱1,483,928,847

28. RETIREMENT BENEFITS OBLIGATION

PGI maintains a retirement benefits plan covering employees on regular employment status. The plan is a funded noncontributory defined benefit plan that provides retirement benefits equal to the following: (a) 150% of monthly final salary for every year of service rendered for the first 20 years; (b) 175% of monthly final salary for every year of service rendered in excess of 20 years but not more than 25 years; and, (c) 200% of monthly final salary for every year of service rendered in excess of 25 years. The plans use the projected unit credit method of actuarial valuation in its retirement benefit cost computation.

On the other hand, the Parent Company provides for estimated retirement benefits cost required to be paid under R.A. 7641 to qualified employees.

Contributions and costs are determined in accordance with actuarial valuation made for the plan. The Group's latest actuarial valuation is as at December 31, 2020.

The amounts recognized in the consolidated statements of financial position arising from the Group's consolidated obligation in respect of retirement benefits as at September 30, 2021 and December 31, 2020 are as follows:

	2021	2020
Present value of defined benefit obligation	₱364,892,700	₱336,639,405
Fair value of plan assets	(232,974,930)	(232,974,930)
Net retirement benefits obligation	₱131,917,770	₱103,664,475

For the determination of the retirement benefits obligation, the following actuarial assumptions were used:

	2021	2020
Discount rate	3.76%	3.76%
Expected salary increase rate	3.00%	3.00%

The discount rate, also called the zero yield curve, as at September 30, 2021 and December 31, 2020 was derived by applying the procedure of bootstrapping on the bonds included in the PHP BVAL rates and the PDST-R2 Index, projected as of the valuation date. Assumptions regarding mortality experience are based on 100% of the adjusted 1985 Unisex Annuity Table and 100% of the adjusted 1952 Disability Table reflecting experience improvement and Philippine experience.

29. EARNINGS PER SHARE

Earnings per share are computed based on the number of common shares outstanding as of the end of the period.

	2021	2020
Net income attributable to the owners of the Parent Company	₱1,338,058,204	₱1,115,652,576
Number of common shares outstanding as of end of period	1,922,076,069	1,946,461,269
	₱ 0.696	₱ 0.573

30. INCOME TAX HOLIDAY REGISTRATION WITH BOI

PGI is registered with the BOI and entitled to ITH exemptions provided under Republic Act of 8479, otherwise known as the Downstream Oil Deregulation Act of 1998.

Registered Activity	Bulk Marketing of Petroleum (LPG) Products (New Investment Through the Construction of additional 2,000 MT Storage Capacity of the Albuera, Leyte LPG Terminal)
Registered Capacity	2,000 MT
ITH entitlement Period	01 February 2017 to 31 January 2022 (5 years)

Registered Activity	Bulk Marketing of Petroleum (LPG) Products (New Investment Through the Construction of additional 1,200 MT Storage Capacity of Astorga, Davao del Sur LPG terminal)
Registered Capacity	1,200 MT
ITH entitlement Period	01 January 2018 to 31 December 2022 (5 years)

Registered Activity	Bulk Marketing of Petroleum (LPG) Products (Sogod, Cebu LPG Terminal with additional 1,200 MT LPG Storage Tank Capacity)
Registered Capacity	Additional 1,200 MT LPG Storage tank capacity
ITH entitlement Period	01 June 2018 to 31 May 2023 (5 years)

Registered Activity	Bulk Marketing of Petroleum (LPG) Products (Balingasag, Misamis Oriental LPG Terminal with additional 2,000 MT LPG Storage Tank Capacity)
Registered Capacity	Additional 2,000 MT LPG Storage tank capacity
ITH entitlement Period	01 June 2018 to 31 May 2023 (5 years)

Registered Activity	Bulk Marketing of Petroleum Products (Talisayan, Zamboanga City LPG Terminal with 2,000 MT Capacity of One (1) additional Storage Tank; Purok, Talisayan, Zamboanga City)
Registered Capacity	One (1) LPG Storage Tank with a Capacity of 2,000 MT
ITH entitlement Period	01 July 2019 to 30 June 2024 (5 years without extension)

Registered Activity	Bulk Marketing of Petroleum Products (Ajuy, Iloilo LPG Terminal with 2,000 MT Capacity of One (1) additional Storage Tank; Brgy. Barrido, Ajuy, Iloilo)
Registered Capacity	One (1) LPG Storage Tank with a Capacity of 2,000 MT
ITH entitlement Period	01 August 2019 to 31 July 2024 (5 years without extension)

Registered Activity	Bulk Marketing of Petroleum Products (Ayungon, Negros Oriental LPG Terminal with 2,000 MT Capacity of One (1) additional Storage Tank; Brgy. Iniban, Ayungon, Negros Oriental)
Registered Capacity	One (1) LPG Storage Tank with a Capacity of 2,000 MT
ITH entitlement Period	01 August 2019 to 31 July 2024 (5 years without extension)

As at December 31, 2020, there are seven (7) LPG terminals and refilling plant operations enjoying ITH. While income on other LPG terminal and refilling plant operations, upon which ITH has expired, is subject to MCIT of 2% based on gross profit when it is greater than the RCIT of 30% or when the Group has zero or negative taxable income. The excess of MCIT over RCIT shall be carried forward and credited against RCIT for the three immediately succeeding taxable years.

As at September 30, 2021 and December 31, 2020, the Group is in compliance with the terms and conditions set forth by BOI.

31. LEASES

The Group has entered into various lease agreements for its sales centers, terminals, refilling plants and office units as a lessee.

Long-term lease agreements

The Group has entered into various lease agreements with various local companies and individuals for its Visayas and Mindanao operations' sales center offices and lot for its refilling plants for a period ranging from three (3) to twenty (20) years. Monthly rent ranges from ₱8,000 to ₱134,000.

Provision on the renewal or extension of the lease agreements depends upon the mutual agreement of both lessor and lessee.

Right-of-use Assets

The reconciliation of right-of-use assets recognized from the aforementioned long-term lease agreements as at September 30, 2021 and December 31, 2020 is as follows:

September 30, 2021:

	Land	Commercial space/unit	Total
Cost			
Balance at beginning of period	₱69,202,893	₱95,387,432	₱164,590,325
Additions	-	-	-
Balance at end of period	69,202,893	95,387,432	164,590,325
Accumulated depreciation			
Balance at beginning of period	34,258,219	15,600,640	49,858,859
Depreciation	3,149,815	5,553,234	8,703,049
Balance at end of period	37,408,034	21,153,874	58,561,908
Carrying amount, Sept. 30, 2021	₱31,794,859	₱74,233,558	₱106,028,417

December 31, 2020:

	Land	Commercial space/unit	Total
Cost			
Balance at beginning of year	₱69,202,893	₱38,287,776	₱107,490,669
Additions	-	57,099,656	57,099,656
Balance at end of year	69,202,893	95,387,432	164,590,325
Accumulated depreciation			
Balance at beginning of year	29,668,751	3,118,171	32,786,922
Depreciation	4,589,468	12,482,469	17,071,937
Balance at end of year	34,258,219	15,600,640	49,858,859
Carrying amount, Dec. 31, 2020	₱34,944,674	₱79,786,792	₱114,731,466

Lease Liabilities

Lease liabilities, as shown in the statements of financial position as at September 30, 2021 and December 31, 2020 consist of:

	2021	2020
Current	₱18,977,539	₱24,165,594
Noncurrent	91,927,303	96,473,049
	₱110,904,842	₱120,638,643

Short-term lease agreements

The Group has entered into various operating lease agreements for its sales centers and office units with various local companies and individuals for a period of one (1) year renewable thereafter upon mutual agreement of both parties. Monthly rental payments range from ₱4,000 to ₱25,000.

Group as lessor

The Group entered into various operating leases on its machinery and equipment for a term of one to five years.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and financing activities. The Group's risk management is in the BOD, and focuses on actively securing the Group's short-term to medium-term cash flows by transacting only with reputable third parties. Long-term financial investments are managed to generate lasting returns.

The Group's principal financial instruments are composed of cash, trade and other receivables, financial assets at FVPL, trade and other payables (excluding deposit for interment services and due to government agencies), dividends payable, short-term debts and lease liabilities. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has other financial instruments such as advances to related parties.

The Group is exposed to market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include debt and equity investments.

The Group's activities expose it primarily to the financial risks of changes in equity price.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's financial instruments with a floating interest rate. Floating rate financial instruments are subject to cash flow interest rate risk. Re-pricing of floating rate financial instruments is done every quarter.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's short-term debts (see Note 17). The impact on the Group's equity is immaterial.

	Increase (Decrease) in Basis Points	Effect in Income Before Tax	Effect in Equity After Tax
2021	1.00	(P168,526,987)	(P117,968,891)
	0.50	(84,263,493)	(58,984,445)
	(1.00)	168,526,987	117,968,891
	(0.50)	84,263,493	58,984,445
2020	1.00	(P139,679,372)	(P97,775,561)
	0.50	(69,839,686)	(48,887,780)
	(1.00)	139,679,372	97,775,561
	(0.50)	69,839,686	48,887,780

The following table sets out the carrying amounts, by maturity, of the Group's financial instruments as at September 30, 2021 and December 31, 2020 that are exposed to interest rate risks:

	Interest rates	Within 1 Year
2021		
Variable rate		
Short-term debts	3.50% to 4.25%	P1,685,269,867
2020		
Variable rate		
Short-term debts	3.60% to 4.80%	P1,396,793,723

Equity price risk

Equity price risk is the risk that the fair value of equity investment decreases as the result of changes in the value of individual stocks. The Group's exposure to equity price risk arises from investments held by the Group and classified in the consolidated statements of financial position as at FVPL.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower, income before income tax for the periods ended September 30, 2021 and December 31, 2020 would increase/decrease by P41.55 million and P68.77 million, respectively, as a result of the changes in fair value of financial assets at FVPL. Equity as at September 30, 2021 and December 31, 2020 would increase/decrease by P29.09 million and P48.14 million, respectively.

Credit risk

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Group.

Credit risk management

In order to minimize credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade receivables on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

Credit risk exposure

In order to minimize credit risk, the Group has developed and maintained internal credit risk gradings to categorize exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The ECL arising from Group's receivables from sale of real estate is determined using the simplified approach and calculates ECL based on lifetime ECL. The Group does not track changes in credit risk, but instead recognizes loss allowance based on lifetime ECL at each reporting date.

For receivables other than those from sale of real estate, the Group's current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECL	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts.	12-month ECL	1
Doubtful	Amount is 120 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired	2
In default	Amount is 120 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	3
Write-off	There is evidence indicating that the debtor is in severe	Amount is written off	3

financial difficulty and the
Group has no realistic prospect
of recovery.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of financial assets as shown in the face of consolidated statements of financial position.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet operating capital requirements. The Group aims to maintain flexibility in funding through an efficient collection of its receivables and from the continuous financial assistance extended by its related parties in the form of loans and advances.

33. CAPITAL RISK OBJECTIVE AND MANAGEMENT

The primary objective of the Group's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The capital that the Group manages includes all components of its equity as shown in the consolidated statements of financial position.

The Group monitors its capital gearing by measuring the ratio of interest-bearing debt to total capital and net interest-bearing debt to total capital. Interest-bearing debt includes all short term and long term debt while net interest-bearing debt includes all short-term and long-term debt net of cash and financial assets at FVPL.

The equity ratios as at September 30, 2021 and December 31, 2020 are as follows:

	2021	2020
Total equity (a)	₱11,239,029,335	₱10,123,093,133
Total assets (b)	16,550,217,975	14,863,527,687
Equity ratio (a/b)	68%	68%

The Group is not subject to any externally imposed capital requirements.

34. FAIR VALUE INFORMATION

Assets measured at fair value

The following table gives information about how the fair values of the Group's assets, which are measured at fair value as at September 30, 2021 and December 31, 2020, are determined in particular, the valuation technique(s) and inputs used.

	2021	2020	Fair value hierarchy	Valuation technique
Financial assets at FVPL	₱831,089,293	₱1,375,368,595	Level 1	Quoted prices in an active market

Fair value of financial assets at FVPL is measured at quoted prices in an active market.

Assets and liabilities not measured at fair value

The following financial assets and liabilities are not measured at fair value on recurring basis but the fair value disclosure is required:

	2021		2020			
	Fair Value	Carrying value	Fair value	Carrying value	Fair value hierarchy	Valuation technique
Financial asset						
Advances to related parties	₱-	₱-	₱-	₱-	Level 3	(b)
Refundable deposits	30,004,128	32,306,909	16,886,852	19,108,719	Level 3	(c)
	₱30,004,128	₱32,306,909	₱16,886,852	₱19,108,719		
Non-financial asset						
Investment properties	₱868,403,880	₱389,328,616	₱868,403,880	₱389,328,616	Level 2	(a)
Financial liabilities						
Lease liabilities	₱91,927,303	₱91,927,303	₱96,473,049	₱96,473,049	Level 3	(d)

(a) The fair value is determined by applying the market comparison approach. The valuation model is based on the market price of comparable real estate properties in the area in which the Group's investment properties are located.

(b) Advances to related parties, refundable deposits and lease liabilities

Significant unobservable input	Relationship of unobservable inputs to fair value
Discounted cash flows of zero-rated liabilities from related parties determined by reference to prevailing market lending rate of 2.4955% in 2021 and 2.077% in 2020.	The higher the discount rate, the lower the fair value.

The carrying amounts of cash, trade and other receivables, trade and other payables and dividends payable approximate their fair values due to the short-term maturities of these financial instruments.

There has been no transfer from one fair value hierarchy level to another.

35. CONTINGENCIES

The Group is involved in litigations, claims and disputes arising in the ordinary course of business. Management believes that the ultimate liability, if any, with respect to such litigations,

claims and disputes will not materially affect the consolidated financial position and results of operations of the Group.

36. EVENTS AFTER THE REPORTING DATE

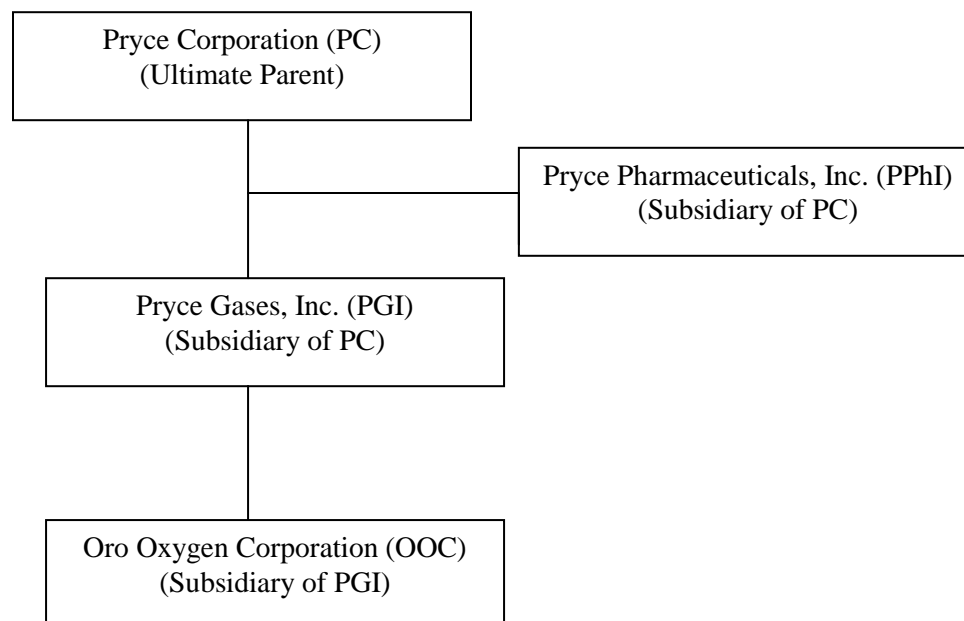
On October 22, 2021, PGI declared cash dividends equivalent to ₱0.14 per share and was paid on November 3, 2021 to stockholders of record as of October 28, 2021. The payment was made out of its unrestricted retained earnings as of December 31, 2020.

* * *

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX “A” - FINANCIAL SOUNDNESS

	Jan to Sept 2021	Jan to Sept 2020
Profitability ratios :		
Return on assets	11.29%	11.17%
Return on equity	16.61%	15.73%
Net profit margin	15.87%	16.78%
	Sept. 30 2021	Dec. 31 2020
Solvency and liquidity ratios:		
Current ratio	1.540	1.560
Debt to equity ratio	0.473	0.468
Financial leverage ratio:		
Asset to equity ratio	1.473	1.468
Debt to asset ratio	0.321	0.319
Interest rate coverage ratio	39.096	33.620

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX “B” – MAP OF CONGLOMERATE OR GROUP
OF COMPANIES WITHIN WHICH THE COMPANY BELONGS
SEPTEMBER 30, 2021



PRYCE CORPORATION AND SUBSIDIARIES
SEPTEMBER 30, 2021

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2021		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2021		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9 (2014)	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2021		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendments to PAS 12: Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2021		Adopted	Not Adopted	Not Applicable
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2021		Adopted	Not Adopted	Not Applicable
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases – Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Not Applicable – Standards and interpretations that are effective as at January 1, 2018 but will never be applicable to the Company due to the nature of its operations or not relevant to the Company because there are currently no related transactions.

Not Adopted – Standards and interpretations that are already issued but are not effective for the year ended December 31, 2018 and were not early adopted by the Company.

Please refer to Note 2 to the financial statements for related discussion on the assessed impact on the Company's financial statements on the adoption of new standards and interpretations effective in 2018 and onwards.

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
SEPTEMBER 30, 2021

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position		Valued based on market quotation at end of reporting period		Income received and accrued	
Atlas Mining	11,003,600	₱	66,021,600	₱	66,021,600	₱	-
Filinvest Land, Inc.	53,397,000		58,736,700		58,736,700		
First Philippine Holdings	3,434,365		256,031,911		256,031,911		
Global-Estate Resort, Inc,	141,728,000		144,562,560		144,562,560		
GMA 7 Network	100		1,480		1,480		
Metrobank & Trust Co.	40,000		1,748,000		1,748,000		
Philippine National Bank	13,572,400		274,162,480		274,162,480		
Pilipinas Shell	667,100		12,941,740		12,941,740		
San Miguel Sub Series 2-F Preference	212,630		16,882,822		16,882,822		
Total	224,055,195	₱	831,089,293	₱	831,089,293	₱	-

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE B - ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS AND EMPLOYEES
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

Name of Debtor	Debtor designation	Balance at begin- ning of the period	Additions	Amount Collected	Amount Written off	Current	Non current	Balance at end of the period
1 . Deguit, Ethelbert	Officer	1,225,416	12,000	127,934	-	1,009,269	100,212	1,109,481
2 . Villegas, Franz Jonas	Officer	224,035	1,217,495	449,035	-	(0)	992,495	992,495
3 . Simba, Francionni Frances	Staff	837,933	-	35,866	-	802,067	-	802,067
4 . Baco, Michael	Officer	989,068	550,731	770,263	-	140,956	628,580	769,536
5 . Sulatre, Alexis	Officer	893,245	-	174,765	-	-	718,480	718,480
6 . Gubalani, Concepcion	Officer	757,201	1,648,054	1,711,490	-	693,765	-	693,765
7 . Pongos, Zachary	Staff	639,703	249,012	196,516	-	249,530	442,670	692,200
8 . Soriano, Jose Ariel	Staff	145,155	733,709	199,120	-	679,744	-	679,744
9 . Isidro, Joy	Officer	558,391	808,923	703,604	-	370,996	292,714	663,710
10 . Competente, Roque	Officer	699,934	84,902	218,290	-	102,032	464,514	566,546
11 . Gomez, Roger	Officer	647,279	-	97,092	-	0	550,187	550,188
12 . Aguadera, Jonax	Officer	454,611	67,012	13,940	-	507,683	-	507,683
13 . Leung, Carmen	Officer	618,296	637,223	758,224	-	109,629	387,666	497,295
14 . Padernal, Kyle	Officer	593,339	-	97,092	-	0	496,247	496,247
15 . Ragas, Ma. Christa	Officer	553,122	-	85,829	-	-	467,292	467,292
16 . Arquillano, Mitchell	Staff	457,733	-	-	-	457,733	-	457,733
17 . Gojeling, Rhey	Officer	358,737	641,412	567,268	-	149,228	283,652	432,880
18 . Avila, Manuel	Officer	508,615	77,104	193,477	-	109,384	282,858	392,242
19 . Pingli, Allian	Staff	438,315	220,161	266,476	-	392,000	-	392,000
20 . Bermejo, Ricky	Staff	-	370,006	4,908	-	365,099	-	365,099
21 . Rafisura, Reynante	Staff	306,091	154,426	111,890	-	106,976	241,651	348,626
22 . Dy, Carlitos Nazar	Officer	-	377,092	29,611	-	347,481	-	347,481
23 . Seraña, Clefford	Staff	479,463	-	149,211	-	330,252	-	330,252
24 . Gabunas, Heide	Staff	366,792	-	50,344	-	-	316,448	316,448
25 . Namocot, Rey Anthony	Officer	-	306,098	-	-	306,098	-	306,098
26 . Querol, Stephanie	Staff	242,972	294,311	232,303	-	304,980	-	304,980
27 . Fernandez, Julie Ann	Officer	361,182	-	75,803	-	0	285,378	285,378
28 . Ascaño, Mark Alf	Officer	363,549	-	80,262	-	0	283,286	283,287
29 . Espino, Ethel	Officer	377,076	-	96,962	-	-	280,114	280,114
30 . Limba, Elmer	Staff	278,338	-	-	-	278,338	-	278,338
31 . Tabada, Bryan Jade J.	Staff	299,513	-	56,681	-	242,832	-	242,832
32 . Morales, Ellen	Staff	278,485	-	46,349	-	232,135	-	232,135
33 . Coopera, Roiza	Officer	293,606	-	73,402	-	-	220,205	220,205
34 . Campos, Rogelio	Staff	259,662	619,315	666,076	-	212,900	-	212,900
35 . Collamat, Jeffry	Staff	-	232,439	28,434	-	204,005	-	204,005
36 . Noval, Rechie	Staff	-	229,874	26,440	-	203,434	-	203,434
37 . Catingub, Nilo	Staff	-	330,157	127,800	-	202,357	-	202,357
38 . Eng, Alfio	Staff	-	244,286	51,090	-	193,196	-	193,196
39 . Apuya, John Anthony	Staff	-	190,000	-	-	190,000	-	190,000
40 . Paragas, Emelito	Staff	-	788,728	599,839	-	188,889	-	188,889

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE B - ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS AND EMPLOYEES
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

Name of Debtor	Debtor designation	Balance at beginning of the period	Additions	Amount Collected	Amount Written off	Current	Non current	Balance at end of the period
41 . Cuady IV, Julius	Staff	176,610	21,000	22,000	-	175,610	-	175,610
42 . Kwong, Frechy Rose	Staff	-	197,667	30,589	-	167,077		167,077
43 . Paasa, Christy Ann	Officer	276,172	-	116,510	-	(0)	159,662	159,662
44 . Lagunay, Jose Jr.	Staff	215,760	-	64,728	-	-	151,032	151,032
45 . Cariño, Bobby Michael	Staff	-	217,998	69,395	-	148,603		148,603
46 . Dalapo, Jonathan	Staff	-	178,426	33,477		144,949		144,949
47 . Yucot, Jimrey	Staff	175,107	-	30,262	-	144,845		144,845
48 . Grenio, Kieran	Staff	-	215,599	76,599	-	139,000		139,000
49 . Padayhag, George Nanojan	Staff	-	139,762	5,980		133,782		133,782
50 . Cañete, Criston Mar	Staff	-	132,004	3,880	-	128,124		128,124
51 . Sangalang, Alexander	Staff	355,145	728,833	956,871	-	127,106		127,106
52 . Eslit, Anthony	Staff	152,191	46,878	72,069	-	127,000		127,000
53 . Galabit, German	Staff	-	154,916	29,257		125,659		125,659
54 . Paradero, Jayson	Staff	-	685,365	562,588	-	122,777		122,777
55 . Morales, Marivic	Staff	-	842,292	720,452	-	121,840		121,840
56 . Caronia, Andrew	Staff	121,481	200	-	-	121,681		121,681
57 . Abellon, Ricardo	Staff	-	248,901	131,401	-	117,500		117,500
58 . Sierras, Rowell	Staff	137,781	-	21,795	-	115,986		115,986
59 . Padla, Augustus	Staff	-	462,455	351,491	-	110,964		110,964
60 . Lumahang, Enrique	Staff	133,748	8,410	32,521	-	109,637		109,637
61 . Amador, Roxly	Staff	108,050	-	-	-	108,050		108,050
62 . Valenzona, Jovanne	Staff	-	131,834	26,275		105,560		105,560
63 . Naig, Harold	Staff	-	100,000	-		100,000		100,000
64 . Eslais, Mavi Chiergie	Staff	-	565,083	495,548		69,534		69,534
65 . Del Rosario, Daisy	Officer	114,564	16,812	62,300	-	69,076		69,076
66 . Ocado, Moises	Staff	-	104,916	41,036		63,880		63,880
67 . Tudio, Cristopher	Officer	104,916	18,153	66,815	-	56,254		56,254
68 . Abad, Princesliane	Staff	123,063	94,873	180,324	-	37,612		37,612
69 . Solano, jeffrey	Staff	145,000	440,583	569,742	-	15,842		15,842
70 . Eco, Servillano Jr.	Officer	342,080	-	329,135	-	(0)	12,946	12,945
71 . Luzano, Jun Ray	Staff	345,935	6,128	345,935	-	6,128		6,128
72 . Cabiara, Claudy Boy	Staff	-	227,762	226,960	-	802		802
73 . Isog, Renante	Staff	898,586	19,135	917,721	-	0		0
74 . Defeles, Maricel	Staff	-	582,264	582,264	-	-		-
75 . Veloso, Rolando	Officer	237,625	-	237,625	-	(0)	-	(0)
76 . Various Employees	Staff	55,537,080	33,809,364	49,388,797	-	39,899,665	57,980	39,957,647
TOTAL		75,207,750	51,482,083	65,976,030	-	52,597,532	8,116,270	60,713,803

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Name and designation of creditor	Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-Current	Balance at end of period
Pryce Gases, Inc.	Oro Oxygen Corporation	₱1,553,500,682	₱3,584,710,496	₱3,543,052,187	-	-		₱1,595,158,991
Pryce Gases, Inc.	Pryce Corporation	69,014,746	-	3,731,195	-	-		65,283,551
Pryce Gases, Inc.	Pryce Corporation	24,304,676	390,889,960	223,266,571	-	-		191,928,065
Pryce Pharmaceuticals, Inc.	Pryce Gases, Inc.	510,907	1,376,640	1,887,547	-	-		-
		₱1,647,331,011	₱3,976,977,096	₱3,771,937,500	-	-	-	₱1,852,370,607

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE D – INTANGIBLE ASSETS - OTHER ASSETS
SEPTEMBER 30, 2021

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Ending balance
Goodwill	₱ 70,668,305	₱ –	₱ –	₱ –	₱ –	₱ 70,668,305

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE E – LONG TERM DEBT
SEPTEMBER 30, 2021

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption “Current portion of long term debt” in related statement of financial position	Amount shown under caption “Long-term debt” in the related statement of financial position
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-N I L-

Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE F – INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS
FROM RELATED COMPANIES)
SEPTEMBER 30, 2021

Name of related party	Balance at beginning of period	Balance at end of period
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-N I L-

Not Applicable

Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE G – GUARANTEES OF SECURITIES OF OTHER ISSUERS
SEPTEMBER 30, 2021

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
-N I L-		Not Applicable		

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK
SEPTEMBER 30, 2021

Title of issue	Number of shares authorized	Number of shares subscribed and outstanding	Number of shares reversed for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	2,024,500,000	1,922,076,069	–	460,173,464	60,457,365	1,401,445,240

PRYCE CORPORATION (Parent Company)
Aging of Accounts Receivable
As of September 30, 2021

Type of Accounts Receivable	Total	1-30 days	31-90 days	91-180 days	Over 180 days	1 year and above
a. Trade Receivables						
1. Subdivision/Condo	2,138,806	343,986	605,454	656,968	532,398	
2. Low-cost housing	1,667,146	225,152	282,278	346,336	377,600	435,780
3. Memorial Parks	78,167,301	6,075,627	7,408,126	8,332,816	12,089,432	44,261,300
4. Head Office	-					
Totals	81,973,253	6,644,765	8,295,858	9,336,120	12,999,430	44,697,080
Less: Allow. For Doubtful Acct.						
Sub Total	81,973,253	6,644,765	8,295,858	9,336,120	12,999,430	44,697,080
b. Non-trade Receivables						
Advances to Officers & Employees	7,477,360	2,204,818	1,773,762	1,654,352	1,844,428	
Advances to Suppliers & Contractors	74,757	20,230	23,879	30,648		
Others	139,634,989	139,634,989				
Totals	147,187,106	141,860,037	1,797,641	1,685,000	1,844,428	-
Less: Allow. For Doubtful Acct.						
Sub Total	147,187,106	141,860,037	1,797,641	1,685,000	1,844,428	-
Grand Total	229,160,359	148,504,802	10,093,499	11,021,120	14,843,858	44,697,080

Accounts Receivable Description

Type of Receivables	Nature/Description	Collection period
1. Installment Receivables	Subdivision Low cost housing Memorial parks Condominium Office Commercial lot Head Office	1-7 years 1-15 years 1-3 years 1-5 years 1-3 years 1-3 months