PRYCE CORPORATION
website: www.pryce.com.ph

CERTIFICATION

I, Jose Ma. C. Ordenes, Corporate Information & Compliance Officer, is a duly authorized representative of Pryce Corporation with SEC registration number 168063 and with principal office at 17th Floor Pryce Center, 1179 Chino Roces Ave., Makati City, do hereby certify and state that:

1. On behalf of Pryce Corporation, I have caused the preparation of the company's Preliminary Information Statement (**SEC Form 20-IS**).
2. I have read and understood its content which are true and correct, of my own personal knowledge and/or based on true records;
3. Pryce Corporation hereby complies with the requirements and guidelines set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports, and/or documents through electronic mail;
4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fees shall be considered complete and officially received only upon payment of a filing fee, if applicable.

IN WITNESS WHEREOF, I have hereunto set my hands this AUG 11 2021 day of ________________, 2021.

Jose Ma. C. Ordenes
Corporate Information & Compliance Officer

SUBSCRIBED AND SWORN to before me, a notary public, in the City of MAKATI CITY, this ____ day of AUG 11 2021, ______. Affiant personally came and appeared with Government Issued LTO ID No N26-08-001284, known to me as the same person who personally signed the foregoing instrument before me.

ATTY. GIENAH M. SORIANO
Notary Public / Makati City / Until December 31, 2021
Appointment No. M-395
PTR No. 8533006 / Jan. 04, 2021 / Makati City
IBP No 150673 / Jan. 12, 2021 / PPLM
Roll of Attorney's No. 74409
MCLE Exempt
(Admitted to the Bar on July 10, 2020)
17th Floor, Pryce Center
1179 Chino Roces Avenue, Makati City
8899-9407 / 8899-4401

Doc. No. 150;
Page No. 30;
Book No. IV;
Series of 2021.

August 11, 2021

NOTICE OF ANNUAL STOCK HOLDERS' MEETING

To Our Shareholders:

Please be notified that the venue of Annual Stockholders' Meeting ("ASM") of PRYCE CORPORATION shall be the **Rigodon Ballroom, The Peninsula Manila, corner of Ayala and Makati Avenues.** The meeting shall be held in person, and not via remote communication, on Friday, **September 17, 2021**, at 4:00 p.m. to take up the agenda, to wit:

AGENDA

1. Call to Order and Determination of Quorum
2. Approval of Minutes of Previous Meeting
3. President's Report
4. Approval of Annual Report and Audited Financial Statements
5. Ratification of Acts of the Board of Directors and Management
6. Election of Board of Directors
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

Only shareholders of record as of August 31, 2021 shall be entitled to attend, participate, and vote in this meeting.

The Corporation is NOT SOLICITING ANY PROXIES. However, those who cannot physically attend and wish to send a representative/proxy, please send proxy letter to the Corporate Secretary on or before **September 7, 2021** at the above-indicated address for recording and verification.

The requirements and procedure for the nomination and election of the Board of Directors are stated in the Information Statement.[1]

Shareholders are put on notice that electronic copies of the Information Statement, Management Report, SEC Form 17A, Audited Financial Statements and other pertinent documents are available at the Company's Website (www.pryce.com.ph) and PSE's Edge Portal (https://edge.pse.com.ph).

VALENTINA S. PALMA
Asst. Corporate Secretary
valentina.palma@prycegases.com
(02) 8 899-4401

[1] In the election of Directors, voting shall be cumulative. Thus, a stockholder, in person or by proxy, may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by a stockholder shall not exceed the total number of shares owned by him multiplied by the whole number of directors to be elected. The top seven (7) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected, all the votes shall be cast in favor of the nominees.

Shares are traditionally voted by verbal motion and duly seconded during the meeting, unless otherwise required by law. A matter is approved when there is no objection or any such objections are otherwise overcome by the required affirmative vote. The Corporate Secretary is normally designated to count the votes to be cast.

REPUBLIC OF THE PHILIPPINES)
City of Makati) SS.

SECRETARY'S CERTIFICATE

I, **VALENTINA S. PALMA**, of legal age, Filipino and Asst. Corporate Secretary of **PRYCE CORPORATION** (the "Corporation"), a corporation duly organized and existing under and by virtue of Philippine laws with principal office address at 17TH Floor, Pryce Center, 1179 Chino Roces Avenue corner Bagtikan Street, Makati City, do hereby certify that:

At the Special Meeting of the Board of Directors held on August 10, 2021, the following resolutions, among others, were unanimously adopted and approved, and shall remain in full force and effect, to wit:

> "RESOLVED, as it is hereby resolved, that the regular Annual Stockholders' Meeting of the Corporation shall be held in person, and not via remote communication, on September 17, 2021 at 4PM at the Rigodon Ballroom, The Peninsula Manila, corner of Ayala and Makati Avenues."

> "RESOLVED FURTHER, that the agenda for the aforesaid meeting are as follows:
>
> 1. Call to Order and Determination of Quorum
> 2. Approval of Minutes of Previous Meeting
> 3. President's Report
> 4. Approval of Annual Report and Audited Financial Statements
> 5. Ratification of Acts of the Board of Directors and Management
> 6. Election of Board of Directors
> 7. Appointment of External Auditor
> 8. Other Matters
> 9. Adjournment"

"RESOLVED FURTHER, that the stockholders of record as of August 31, 2021, who are physically present, are entitled to attend, participate and vote at such meeting."

The above resolutions and appointment or authorization are in full force and effect unless subsequently modified or rescinded in writing.

IN WITNESS WHEREOF, I have hereunto affixed my signature this AUG 1 1 2021 at Makati City.

VALENTINA S. PALMA
Asst. Corporate Secretary

SUBSCRIBED AND SWORN to before me this AUG 1 1 2021 at Makati City, affiant having exhibited to me her UMID ID No. CNR-0003-5820992-2.

Doc. No. 149;
Page No. 30;
Book No. IV;
Series of 2021.

ATTY. GIENAH M. SORIANO
Notary Public / Makati City / Until December 31, 2021
Appointment No. M-396
PTR No. 8533006 / Jan. 04, 2021 / Makati City
IBP No 150673 / Jan. 12, 2021 / PPLM
Roll of Attorney's No. 74409
MCLE Exempt
(Admitted to the Bar on July 10, 2020)
17th Floor, Pryce Center
1179 Chino Roces Avenue, Makati City
8899-9407 / 8899-4401

COVER SHEET

1 6 8 0 6 3
S.E.C. Registration Number

P R Y C E

C O R P O R A T I O N

(Company's Full Name)

1 7 / F P R Y C E C E N T E R C H I N O

R O C E S A V E N U E M A K A T I C I T Y

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

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

(02) 8 899-4401
Company Telephone Number

1 2	3 1	2 0 - I S	0 9	1 7
Month	*Day*	FORM TYPE	*Month*	*Day*

Fiscal Year

ANNUAL MEETING

Secondary License Type, if Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

359 (as of July 30, 2021)
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
   [√] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter: **PRYCE CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **168063**

5. BIR Tax Identification Number: **000-065-142-000**

6. Address of principal office:
   17th Floor PRYCE CENTER
   1179 Chino Roces Avenue corner Bagtikan Street
   Makati City 1203

7. Registrant's telephone number, including area code: **(+632) 8899-4401**

8. Date, time and place of the meeting of security holders:
   Date: September 17, 2021
   Time: 4 o'clock in the afternoon
   Place: **Rigodon Ballroom, The Peninsula Manila,** Ayala Avenue corner Makati Avenue, Makati City

9. Approximate date on which the amended Information Statement is first to be sent or given to security holders: **August 26, 2021**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA as of July 31, 2021**:**

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	1,926,250,969
Treasury	98,249,031

11. Are any or all of registrant's securities listed in a Stock Exchange? Yes [√] No [ ]

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
    Philippine Stock Exchange – Common Shares

PRYCE CORPORATION
INFORMATION STATEMENT

This Information Statement is dated **August 11, 2021** and to be furnished to stockholders of record of Pryce Corporation as of August 31, 2021 in connection with the company's Annual Stockholders' Meeting on September 17, 2021.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

GENERAL INFORMATION

Date, time and place of meeting of security holders

The Annual Stockholders' Meeting of Pryce Corporation (the "Company") for the year 2020 will be held on **September 17, 2021** at 4 o' clock in the afternoon at the **Rigodon Ballroom, The Peninsula Manila,** Ayala Avenue corner Makati Avenue, Makati City.[1] The complete mailing address of the registrant is:

PRYCE CORPORATION
17th Floor Pryce Center
1179 Chino Roces Avenue corner Bagtikan Street
Makati City

This information statement will be sent to the security holders approximately on **August 26, 2021.**

Dissenters' Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair market value of his shares: (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (ii) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (iii) in case of merger or consolidation; and, (iv) in case of an investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized under Section 41 of the Revised Corporation Code.

There are no matters or proposed corporate actions that may give rise to a possible exercise by security holders of their appraisal rights. Should an action which may give rise to the right of appraisal be proposed at any time after this information statement is sent or at the meeting, any stockholder who *voted against* the proposed corporate action may exercise the right of appraisal by making a written demand within

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1 Per the Company's by-laws, stockholders' meetings shall be held in the principal office of the corporation or at any place designated by the Board in the city or municipality where the principal office of the Company is located. For purposes of Section 51 of the Corporation Code and Rule 20 of the Rules and Regulations implementing the Securities Regulation Code on the place of stockholders' meetings, Metro Manila is considered a city or municipality.

thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. Failure on the part of the stockholder to make the demand within such period shall be deemed a waiver of the appraisal right. Upon payment to the stockholder, the stockholder shall transfer his shares to the Corporation. No payment however shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment. Within ten (10) days after demanding payment for his shares, the dissenting stockholder shall submit his certificates of stock to the Corporation for notation that the shares represented are dissenting shares. All other matters respecting a stockholder's right of appraisal shall be governed by Title X of the Corporation Code.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

Other than election to office, no person who has been director or executive officer of the Company at any time since the beginning of the last fiscal year, or who is a nominee for election as director, or who is an associate of any of the foregoing, has a direct or indirect substantial interest, by security holdings or otherwise in any matter to be acted upon.

No Director has informed the Company of his intention to oppose any action to be acted upon.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

The Company has 1,940,637,369 subscribed and outstanding common shares as of December 31, 2020; and 1,926,250,969 as of July 31, 2021. Every stockholder shall be entitled to one vote for each share of stock held as of the record date.

All stockholders of record as of August 31, 2021 are entitled to notice of, and to vote at, the Company's Annual Stockholders' Meeting.

With respect to the election of directors, a stockholder, in person or by proxy, may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by a stockholder shall not exceed the total number of shares owned by him multiplied by the whole number of directors to be elected. There are no conditions precedent to the exercise of the cumulative voting rights. The Company is not soliciting discretionary authority to cumulate votes.

Security Ownership of Certain Record and Beneficial Owners

Based on the records of the Company's Stock Transfer Agent, BDO Unibank, Inc. (Trust Banking Group), the

Company knows of no other person who is directly or indirectly the record and/or beneficial owner of more than 5% of the Company's voting securities as of June 30, 2021, except as set forth hereafter:

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner[2]	Citizenship	No. of Shares Held	Percent to Total of Class
Common	Guild Securities, Inc. 1215, Tower I Exchange Plaza, Makati City	Various[3]	Filipino	1,017,140,468	52.78%
	PCD Nominee Corporation 37/F Tower I, the Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, Makati City	Various[4]	Filipino	431,025,418	22.36%
		Josefina Multi-Ventures Corporation[5] 17th Floor Pryce Center, 1179 Chino Roces Avenue, Makati City Client of PDTC Participant	Filipino	133,114,512	6.91%
	Hinundayan Holdings Corporation 17th Floor Pryce Center, 1179 Chino Roces Avenue, Makati City Affiliate of the Issuer	Hinundayan Holdings Corporation is also the beneficial owner[6]	Filipino	160,708,000	8.34%
	PCD Nominee Corp. (Non-	Various[7]	Non-Filipino	37,936,012	1.97%

2 The Company knows of no right of any owner, director, or officer herein named to acquire beneficial ownership of any number of shares within thirty (30) days from the date of this statement or thereafter.

3 Guild Securities, Inc. is a stock brokerage firm and a trading participant in the Philippine Depository and Trust Corporation (PDTC), holding shares for the account of its various clients.

4 PCD Nominee Corporation, a corporation owned by the Philippine Depository and Trust Corporation (PDTC), acts as the legal owner of all shares lodged in the PDTC. The beneficial owners are the PDTC participants and their clients. The Company knows of no other single participant who has beneficial ownership of more than 5% of the Company's shares other than as stated above.

5 The Board of Directors of Josefina Multi-Ventures Corp. has the power to decide how its shares will be voted and has authorized Mr. Salvador P. Escaño to vote the shares of Josefina Multi-Ventures Corp.

6 The Board of Directors of Hinundayan Holdings Corporation has the power to decide how its shares will be voted and has authorized Mr. Salvador P. Escaño to vote the shares of Hinundayan Holdings Corporation.

7 PCD Nominee Corp. (Non-Filipino), a corporation owned by the PDTC, acts as the legal owner of all shares lodged in the PDTC. The beneficial owners are the PDTC participants and their non-Filipino clients. The Company knows of no other single participant who has beneficial ownership of more than 5% of the Company's shares other than as stated above.

	Filipino) 37/F Tower I, the Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, Makati City				

Security Ownership of Management (as of December 31, 2020)

Title of Class	**Name of Beneficial Owner**	**Amount and Nature of Beneficial Ownership** (see footnote 2)		**Citizenship**	**Percent to Total of Class**
		Direct	Indirect		
Common	Salvador P. Escaño	33,492,660	26,513,250*	Filipino	3.09%*
	Efren A. Palma	100	100,000	Filipino	0.01%
	Ramon R. Torralba, Jr.	218,806	0	Filipino	0.01%
	Xerxes Emmanuel F. Escaño	0	26,513,250**	Filipino	1.36%**
	Ray W. Jovanovich	0	1,000	American	0.00%
	Gener T. Mendoza	20,000	82,600	Filipino	0.01%
	Thomas G. Aquino	0	500	Filipino	0.00%
	Feliciano B. Hatud	0	25,000	Filipino	0.00%
	Sonito N. Mole	0	0	Filipino	-
	Jose Ma. C. Ordenes	1,449	0	Filipino	0.00%
	Jorge Patrick A. Yasay		2,000	Filipino	0.00%
	Rhoda A. Marshburn	0	0	Filipino	-
	Earl Christian L. Lerio	0	0	Filipino	-
	Valentina S. Palma	0	0	Filipino	-

** Indirect shares in a joint account with Xerxes Emmanuel F. Escaño*
*** Indirect shares in a joint account with Salvador P. Escaño*

The following table furthermore shows direct/record ownership of its directors in the Company, with beneficial ownership, including without limitation, the power to vote the shares and to dispose of the same, being retained by the beneficial owner corporations through their respective Boards:

Title of Class	**Name of Record Owner**	**Name of Beneficial Owner**	**Amount and Nature of Record Ownership**	**Citizenship**	**Percent to Total of Class**
Common	Salvador P. Escaño	Pryce Development Corporation	1,684,450	Filipino	0.087%
	Ramon R. Torralba, Jr.	Pryce Development Corporation	90,000	Filipino	0.005%

Voting Trust Holders of 5% or More

The Company knows of no shareholder holding more than 5% of the Company's shares under a voting trust or similar agreement.

Changes in Control

The Company knows of no arrangement that may result in a change in its control, or of any change in control of the Company that had occurred since the beginning of its last fiscal year.

Directors and Executive Officers

Directors/Independent Directors, and Executive Officers

The following are certain information on the incumbent Directors and Independent Directors, and the Executive Officers of the Company as at June 30, 2021:

Name	Age	Citizenship	Position		
			Board	**Executive Officer**	**Corporate Governance Committee Membership/s**
Salvador P. Escaño	69	Filipino	Director – Chairman of the Board	Chief Executive Officer	*Chair,* Nomination; *Chair,* Compensation and Remuneration.
Efren A. Palma	55	Filipino	Director	President	*Member*, Audit
Ramon R. Torralba, Jr.	76	Filipino	Director	---	*Member,* Compensation and Remuneration; *Member*, Audit
Xerxes Emmanuel F. Escaño	30	Filipino	Director	---	*Member,* Nomination.
Ray W. Jovanovich	58	American	Director	---	---
Gener T. Mendoza	58	Filipino	Independent Director	---	*Chair,* Audit; *Member,* Compensation and Remuneration.
Thomas G. Aquino	72	Filipino	Independent Director	---	*Member,* Nomination
Feliciano B. Hatud	63	Filipino	---	Corporate Secretary; VP-Finance	---
Jorge Patrick Yasay A. Yasay	29	Filipino	---	Chief Legal Counsel; VP	---
Jose Ma. C. Ordenes	62	Filipino	---	Treasurer; SVP – Operations Monitoring; Corporate Information and Compliance Officer	---
Earl Christian L. Lerio	31	Filipino	---	OIC – Office of the Chairman; Alternate Compliance Officer	---
Sonito N. Mole	63	Filipino	---	Regional Head – Southern Mindanao Operations	---
Rhoda A. Marshburn	42	Filipino	---	Regional Head – Northern	---

				Mindanao Operations	
Valentina S. Palma	60	Filipino	---	Asst. Corporate Secretary	---

Salvador P. Escaño is Chairman & CEO of Pryce Corporation. Mr. Escaño is also a Director of Crown Equities, Inc., an issuer of securities. He also served as Director of Basic Petroleum & Minerals, Inc. until 1989. He was previously General Manager of Anselmo Trinidad and Co., (HK) Ltd., a Hongkong-based stockbrokerage firm from 1978 to 1981 and a member of the Board of Governors of the Makati Stock Exchange from 1989 to 1991. Mr. Escaño holds a Master's degree in Business Administration from the University of the Philippines.

Efren A. Palma is a Certified Public Accountant. He is concurrently a director Hinundayan Holdings Corporation and PPhI. He joined SGV & Co. in 1986, after which he worked for the Alcantara Group of Companies in 1989 as senior internal auditor. He was later promoted as Finance Manager for one of the construction companies of the Alcantaras in Iligan City before joining PGI in 1996. He holds a Bachelor's Degree in Commerce from Immaculate Concepcion College in Ozamis City.

Ramon R. Torralba is likewise a current director. He previously served as president of Tower Securities, Inc., a stockbrokerage firm, from 1989 to 1992. Atty. Torralba is a law graduate from Ateneo de Manila University and a member of the Integrated Bar of the Philippines.

Xerxes Emmanuel F. Escaño is also a director of PGI, OOC, and Hinundayan Holdings Corp. He has also been Managing Director of PPhI since January 1, 2015. Prior to this, he was connected with Teach for the Philippines before becoming Procurement Manager for Procter & Gamble. In the latter capacity, his functions included overseeing the entire end-to-end procurement process for all marketing, sales, research and administrative orders for the company's regional headquarters in Singapore and Malaysia. He holds a Bachelor's Degree in Management from the Ateneo de Manila University.

Ray W. Jovanovich began his investment career in 1988 in Hong Kong and spent 25 years managing portfolios on behalf of global institutions. A pioneer in Asia's emerging markets, he developed the world's first investment funds for Thailand, Indonesia, the Philippines, and India in the late 1980s. In the final decade of his career, Mr. Jovanovich served as Chief Investment Officer—Asia for Amundi. He retired at the end of 2011 in order to focus on educational initiatives and philanthropy, and now lectures on a variety of Asian topics at universities in both America and Asia. He also continues to do project work for the International Monetary Fund on China-related issues.

Gener T. Mendoza is a nominee for the position of independent director. He is the president of GNCA Holdings, Inc., which provides business consultancy services, with focus on corporate financial advisory. He has more than 35 years of experience, among others, in banking, financial management, and business development. Mr. Mendoza is a graduate of the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering (Summa Cum Laude) and has a Master of Business Administration degree from Harvard Business School.

Thomas G. Aquino is a nominee for the position of independent director. Mr. Aquino is the Chairman of the Board of Now Corporation. He is an Independent Director in the publicly listed firms ACR Corporation, A. Brown Company and Holcim Philippines Inc. He obtained a Doctorate in Management from IESE Business School, University of Navarre (Spain), Master of Science in Industrial Economics from the University of Asia and the Pacific, and Bachelor of Arts in Economics from the University of the Philippines.

Sonito N. Mole joined the Pryce Group thru PGI in 1987 as an area sales manager. He later moved to PC in 1990 as operations head for the company's southern Mindanao operations. He is a graduate of the University of Visayas with a Bachelor's Degree in Marine Transportation.

Jorge Patrick A. Yasay was admitted to the Philippine Bar in 2017. He worked as an associate lawyer in one of the Legal 500 Asia Pacific law firms until 2019. Atty. Yasay obtained his baccalaureate degree in 2012 from the University of the Philippines Manila, and his law degree as class salutatorian in 2016 from the Lyceum of the Philippines University.

Jose Ma. C. Ordenes has been connected with the Company since 1993. Previous to his position as Treasurer and Senior Vice President for Operations Monitoring, later Assistant Vice President for Treasury. He holds a Bachelor's degree in Mechanical Engineering from the University of Santo Tomas. Before joining the Pryce Group, his work experience included teaching math and engineering subjects. Subsequently, he worked as an engineering foreman at Batangas Bay Carries, Inc. (which provided the marine transport services of Pilipinas Shell Petroleum Corporation).

Feliciano B. Hatud first joined Pryce Securities Inc. (PSI) in 1987 as a stock trader, in charge of buying and selling shares, and remained with PSI for 14 years. In December 2001, he was transferred to PGI as Assistant Vice President for Purchasing. He was thereafter promoted as Vice President of the same department and later on assumed the same position concurrently in PC. Mr. Hatud is a graduate of Southwestern University in Cebu with a Bachelor's Degree in Commerce major in Accounting.

Earl Christian L. Lerio, Officer-in-Charge for the Office of the Chairman, joined Pryce Group in 2018. Concurrently, he is an Alternate Corporate Information and Compliance Officer for Pryce Corporation. He obtained his Bachelor's Degree from the University of the Philippines Los Baños and Juris Doctor Degree from the University of Cebu School of Law. He is a member of the Integrated Bar of the Philippines.

Nominees and Term of Office

Per the Company's By-Laws, the members of the Board of Directors shall be elected during the regular meeting of the stockholders and shall hold office for (1) year and until their successors are elected and qualified.

The following are nominated for election to the Board of Directors for the year 2021:

Salvador P. Escaño
Ramon R. Torralba, Jr.
Efren A. Palma
Xerxes Emmanuel F. Escaño
Ray W. Jovanovich
Gener T. Mendoza (Independent Director)
Thomas G. Aquino (Independent Director)

All of the above nominees are incumbent directors. Information on the incumbent directors can be viewed in the immediately preceding section (on '*Directors/Independent Directors, and Executive Officers').*

All, including the independent directors, were nominated by Hinundayan Holdings Corporation (HHC). HHC, beneficial owner of 8.34% of the Company, is a firm of which Mr. Salvador P. Escaño holds 64.92% of the total outstanding capital stock. HHC and the independent directors have no existing relationship,[8] apart from the directorship herein disclosed, and the Company and the independent directors have no existing relationship. The Board of Directors of HHC has the power to decide how its shares in the Company are to be voted. Pursuant to the Company's Revised Manual on Corporate Governance, these nominees passed through the Nomination Committee for pre-screening and evaluation and have been evaluated to have all of the qualifications and none of the disqualifications of a director/independent director.

Significant Employees

The Company recognizes the contributions of all its employees as significant to achieve the purposes and objectives of the Company.

Family Relationships

Mr. Xerxes Emmanuel F. Escaño is the son of Mr. Salvador P. Escaño.

Involvement in Certain Legal Proceedings

The following are the cases pending against the directors and officers of the Company. The disclosure hereunder notwithstanding, it must be emphasized that these cases were filed due to alleged malfeasance by the said directors/officers in their capacity as such and in connection with the performance of their official functions.

Pilipinas Shell Petroleum Corporation versus Pryce Gases, Inc. (PGI), et al.
I.S. No. 2005-56 for Trademark Infringement, Unfair
Competition, Violation of BP 33, Theft and Estafa.
Department of Justice, Manila.

Nature: Again, the directors and officers of Pryce Gases, Inc. were implicated in this case because of the alleged existence of conspiracy. Neither the directors nor the officers issued any directive whatsoever, much less, passive acquiescence to commit fraud or crime for that matter. There is no basis, therefore, for the allegation of conspiracy.

Status: A Resolution was released by the DOJ dismissing the case. Pilipinas Shell filed a Motion for Reconsideration (MR). Accordingly, PGI filed its Comment and/or Opposition thereto. After Shell filed its

8 The independent directors are persons who, apart from their fees and shareholdings, are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors in the Company. The independent directors are not directors, officers or substantial stockholders of the Company, HHC or its related companies or any of its substantial shareholders (other than as independent director of any of the foregoing), nor a relative or nominee of any of the foregoing. They do not own more than two percent (2%) of the Company, HHC, or its related companies or its substantial shareholders. They have not been employed in any executive capacity or as professional adviser by the Company, HHC, or any of its related companies or by any of its substantial shareholders within the last five (5) years nor are they retained as professional adviser by the Company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through their firms. They had not engaged and do not engage in any transaction whether by themselves or with other persons or through a firm of which they are partners or companies of which they is director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant.

Reply to the Comment and/or Opposition, PGI filed a Rejoinder thereto. PGI is still awaiting the resolution of Shell's Motion for Reconsideration.

LPGIA versus the Directors and Officers of Pryce Gases, Inc. and/or Oro Oxygen Corporation
Provincial Prosecution Office of Rizal
NPS Docket No. XV-18M-INV-15H-03386

For: Trademark Infringement, and Violation of BP 33 and RA 623
Department of Justice
OSEC-PR-RZL-2-051216-001

City Prosecution Office of Taguig
Trademark Infringement, and Violation of BP 33 and RA 623

Nature: The Complaints were filed indiscriminately against all the directors and officers of PGI and OOC because of presumed consent and acquiescence to commit the offenses. There is no allegation in the Complaints however that alleges with particularity the identity of offenders or how the offender is connected with the companies, much less the actual personal participation its board of directors and officers in the alleged commission of the offenses. Complainant further bases its Complaint, among others, on noticeably intercalated invoices, for which countercharges of falsification have been filed.

Status: The Department of Justice partially granted LPGIA's Petition for Review and indicted additional respondents for violation of BP33. PGI officers and LPGIA filed their respective motions for partial reconsideration. These are pending before the Department of Justice.

People of the Philippines vs. Rudy T. Abuyog, et al.
For: Violation of Sec. 2(a) in rel. to Sec. 3 (c) and Sec. 4, B. P. 33 as amended by PD 1865
Criminal Case No. 16-0186, Criminal Case No. 16-0187, Criminal Case No. 16-0188
Municipal Trial Court of Taytay

Nature: This case has its inception from NPS Docket No. XV-18M-INV-15H-03387 which culminated in the filing of criminal charges against the corporate officers.

Status: The Court approved the inclusion of additional officers for indictment. On 8 October 2018, all the other additional accused were arraigned and have posted bail. The initial presentation of prosecution evidence is set on 4 March 2019. After the presentation of prosecution evidence, the Accused filed a Demurrer to Evidence with Motion to Dismiss. The Demurrer to Evidence is still pending.

LPGIA versus the Directors and Officers of Pryce Gases, Inc.
Petron Corporation versus the Directors and Officers of Pryce Gases, Inc.
NPS Docket Nos. XV-03-INV-17-H-3149 to 3150, XV-03-INV-17C-0909 to 0912
Trademark Infringement, Unfair Competition, and Violation of BP 33 and RA 623
Office of the City Prosecutor of Cavite City

Nature: Like in the foregoing Taytay and Taguig cases, the Complaints were filed indiscriminately against all the directors and officers of PGI because of presumed consent and acquiescence to commit the offenses, without allegation in the Complaints that particularly identifies the offenders or how they are connected with the company. Much less is there any showing of the actual personal participation its board of directors and officers in the alleged commission of the offenses.

Status: The cases were DISMISSED by the Cavite Prosecutor's Office. LPGIA filed a Petition for Review with the Department of Justice ("DOJ"). The Accused filed a Comment. The Petition is still pending with the DOJ.

LPGIA versus the Directors and Officers of Pryce Gases, Inc.
NPS Docket No. II-07-INV-171-05786
Trademark Infringement and Violation of B.P. 33
Office of the Provincial Prosecutor of Bayombong, Nueva Vizcaya
Department of Justice

Nature: Similarly with the foregoing cases, complaints were filed indiscriminately against all the directors and officers of PGI because of presumed consent and acquiesce to commit the offenses.

Status: The cases were dismissed as against all directors and officers but for Mr. Rafael Escaño, as president of Pryce Gases, Inc., the charge being based solely on his position as such without showing any actual consent to the commission of the offense, much less any participation therein. On that basis, Mr. Rafael Escaño filed a Petition for Review with the Department of Justice where the case is currently pending.

Eastern Petroleum Corp. versus Efren A. Palma
NPS Docket No. XV-03-INV-16H-2849
Provincial Prosecution Office of Cavite
Violation of BP 33 and RA 8293

Nature: Mr. Palma only became aware of the above-captioned Complaint when he received the Resolution of the prosecutor in January of 2017. It is apparent from the records of the case that notices and other papers were delivered to the **wrong address** except, strangely, for the Resolution itself, which was delivered to the correct address**.** As such, Mr. Palma was not able to deny any wrongdoing by the company as alleged in the complaint and present his defenses, including especially that he is **not the President of Pryce Gases, Inc.,** nor is he managing the erring refilling plant or personally involved in the day-to-day operations of the company. It would have been easily verifiable from the public documents, which were attached to the complaint itself, that Mr. Palma's position in Pryce Gases, Inc. is as Chief Financial Officer.

Status: On motion for reconsideration, the resolution was reversed and charges against Mr. Palma have been dismissed. Countercharges for perjury have likewise already been filed against the complainant.

Republic Gas Corporation, rep. by: Wilbert R. Sanchez vs. Rafael P. Escano, Salvador P. Escano and Efren A. Palma
NPS Docket No. III-08-INQ-19-F-00208
Office of the City Prosecutor, Meycauayan, Bulacan
For: Trademark Infringement

Nature: Prior to this case, Republic Gas Corporation (REGASCO) secured a search warrant from the RTC Pasig City in another criminal case against Pryce Gas Meycauayan refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, REGASCO together with the CIDG, raided the Pryce Gas Meycauayan refilling plant. During the raid, LPG cylinders ostensibly bearing the trademark of REGASCO as inscribed in the handles of the LPG cylinders, were confiscated inside the refilling plant. The plant OIC/supervisor were arrested and a criminal case for Trademark Infringement were filed against them (docketed as P. v. Barug et al, Crim. Case No., 3215-M-2019). As an offshoot of that case, similar complaints for Trademark Infringement were filed against Salvador P. Escaño et al. in their official capacities as corporate officers of Pryce Gases Inc. even though no direct participation by the said officers could be inferred.

Status: The Office of the Prosecutor-Meycauayan directed Messrs. Salvador P. Escano et al. to submit their Counter Affidavits in the Complaint for Trademark Infringement filed by REGASCO. The Counter Affidavit was filed on December 19, 2019. The case is now submitted for resolution.

Republic Gas Corporation, rep. by: Efren J. Almojuela vs. Rafael P. Escano, Salvador P. Escano, and Efren A. Palma
NPS Docket No. XV-18m-INQ-19F-04363
Provincial Prosecution Office of Rizal, Taytay, Rizal;
For: Trademark Infringement,

Nature: Prior to this case, Republic Gas Corporation (REGASCO) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, REGASCO together with the CIDG, raided the Pryce Gas/Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders ostensibly bearing the trademark of REGASCO as inscribed in the handles of the LPG cylinders, were confiscated inside the refilling plant. The plant OIC/supervisor were arrested and a criminal case for Trademark Infringement (docketed as People vs. Rabago et al, Criminal Case No. 19-932) was filed against him. As an offshoot of that case, similar complaints for Trademark Infringement were filed against Salvador P. Escaño et al. in their official capacities as corporate officers of Pryce Gases Inc. before the Office of the City Prosecutor of Taytay, Rizal, even though their direct participation could not be inferred.

Status: The OCP Taytay dismissed the charges against Salvador P. Escaño et al. The case for Trademark Infringement was filed before the RTC Binangonan because there is no RTC at Taytay City. The Motion for Preliminary Investigation for RPE, SPE and EAP was denied. Warrant of arrest was issued. Bail was posted. We will file a Motion for Reconsideration to the Order denying the Motion for Preliminary Investigation upon receipt of the Order. The Motion to Quash Search Warrant is still pending.

People of the Philippines vs. Mr. Rudy T. Abuyog, Salvador Escano, et. al
Municipal Trial Court of Taytay
For: Violation of B.P. 33, Municipal Trial Court of Taytay

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders allegedly bearing the trademark of LPGIA-member companies were confiscated inside the Taytay refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen. The charges for Trademark Infringement and violation of RA 5700 were dismissed. An Information for violation of BP. 33 was filed against Mr. Rudy Abuyog, SPE and other corporate officers of Oro Oxygen. The criminal case was filed with the MTC Taytay.
Status: After the presentation of the prosecution's evidence, the Accused filed a Demurrer to Evidence with Motion to Dismiss. The Demurrer to Evidence is still pending.

LPG Industry Association vs. Mr. Raul R. Villanueva. et. al.
OCP Case no. XV-16-INV-15H-00628

Office of the City Prosecutor of Taguig City
For: Trademark Infringement, Violation of B.P. 33

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas Taguig refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Taguig refilling plant. During the raid, LPG cylinders bearing the trademark of LPGIA-member companies were confiscated inside the Taguig refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen.
Status: The OCP Taguig DISMISSED all charges against the respondents. LPGIA filed its Motion for Reconsideration. The Respondents filed their Comment/Opposition to LPGIA's Motion for Reconsideration. LPGIA's Motion for Reconsideration is still pending.

<u>LPG Industry Association vs. Mr. Raul R. Villanueva. et. al</u>
OSEC-PR-RZL-2-051216-001
Office of the City Prosecutor of Taytay) Department of Justice
For: Trademark Infringement, Violation of B.P. 33

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders allegedly bearing the trademark of LPGIA-member companies were confiscated inside the Taytay refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen.
The OCP Taguig resolved to dismiss all charges against SPE and other officers of Oro Oxygen but recommended the filing of an Information for violation of B.P. 33 as against Mr. Rudy Abuyog, in his capacity as the president of Oro Oxygen. The case was filed with the MTC Taytay.

LPGIA filed a Petition for Review with the DOJ questioning the OCP Taytay's dismissal of the charges against Salvador Escaño et al. The DOJ reversed the OCP Taytay and recommended the filing of B.P. 33 charges against Salvador Escaño et al. An Amended Information was filed with the MTC Taytay thereby impleading Messrs. SalvadorEscaño et al., as additional accused.

The Respondents filed a Motion for Reconsideration questioning the DOJ's Resolution.

Status: The DOJ partially granted LPGIA's Petition for Review and indicted additional respondents for violation of BP 33. The Respondents filed a Motion for Partial Reconsideration. In turn, LPGIA also filed its Motion for Partial Reconsideration, Respondents filed their Comment/Opposition thereto. The incidents are still pending with the DOJ.

<u>Promark Strategies (Phils.) v. Pryce Corp. and EAPalma</u>
Makati RTC, Br. 57
Civil Case No. 12-190

Nature: This is a collection suit based on a 2005 Agreement between Promark and PC, particularly the provision which provides that PC's Pryce Plaza Hotel agrees to pay Promark the fee equal to 50% of the net profits derived from membership sales made during the term of said agreement. One of PC's main defenses is that the profit-sharing scheme is based only on "net profit" and that the actual sales operation of the hotel resulted in net losses, and therefore, no profit-sharing is due.

Status: The case was initially suspended due to the then rehabilitation proceedings of PC. However, this case was revived by the court just recently, i.e. September 3, 2020 despite PC's Motion to Dismiss the action based on plaintiff's failure to prosecute. The pre-trial conference is scheduled on November 10, 2020.

Apart from the foregoing, the Company is not aware of the occurrence during the past five (5) years of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter, or control person of the Company:

(a) Any bankruptcy petition filed by or against any business in which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior;

(b) Any conviction by final judgment in a criminal proceeding or being subject to a pending criminal proceeding;

(c) Being subject to any order, judgment, or decree permanently or temporarily limiting in any way such person's involvement in any type of business, securities, commodities, or banking activities; or,

(d) Being found by any court, the Commission, or an Exchange or other trading market or self-regulatory organization to have violated a securities or commodities law or regulation.

Certain Relationships and Related Transactions

The Company is not aware of any transaction during the last two years, not in the ordinary course of business, with the Company or its subsidiary in which a director, executive officer, or stockholder owning 10% or more of total outstanding shares of the Company, and members of their immediate family had or is to have a direct or indirect material interest.

Resignation of Director

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any matter relating to the registrant's operations, policies or practices.

Appraisals and performance report for the Board and the criteria for assessment

The Board, its members, and the Chairman conduct an annual self-assessment of their performance. The Company believes that the performance of the Board as a whole, its committees, the individual members, and the Chairman can best be assessed through the performance of the Company in terms of the more salient criteria, to wit: revenue growth; increase in market share; net income growth; and generation of employment.

Metrics under the aforesaid criteria are found in the **MANAGEMENT REPORT** attached to this Information Statement under the two separate headings ***Key Performance Indicators*** and ***Results of Operations and Detailed Discussion on Performance Indicators***, which both belong under the topic **MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.**

Director disclosures on self-dealings and related party transactions

The Company has no knowledge of any transactions or self-dealings of its directors that contravenes or violates the Company's Policy on Material Related Party Transactions.

Compensation of Directors and Executive Officers

Executive Compensation

Following is the information as to the aggregate compensation paid to or estimated to be paid to the Company's Chief Executive Officer (CEO), and its four most highly compensated officers, and to all officers and directors as a group unnamed, during the last two fiscal years and in the ensuing fiscal year:

Name and principal position	Year	Salary (Pesos) ('000)	Bonus & other annual compensations (Pesos) ('000)	Total (Pesos) ('000)
Salvador P. Escaño CEO & Chairman				
Efren A. Palma President				
Jose Ma. C. Ordenes SVP - Treasurer				
Sonito N. Mole SMO – Regional Head				
Rhoda A. Marshburn SMO – Regional Head				
Aggregate compensation of above named officers	2019	4,359	950	5,309
	2020	4,359	950	5,309
	2021 (est.)	4,359	950	5,309
Other junior officers, directors and certain managers as a group, unnamed	2019	3,731	729	4,460
	2020	3,992	780	4,772
	2021 (est.)	3,992	780	4,772

Standard and Other Arrangements

Each Director receives a *per diem* allowance of twenty thousand pesos (Php 20,000.00) for his attendance in Board Meetings. Aside from this, there is no regular compensation for directors of the Company. Neither is there any other arrangement pursuant to which any director of the Company was compensated or is to be compensated, directly or indirectly, for the provision of service as Director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

Other than what may be granted under the Company's Retirement Plan, the Company has no compensatory plan or arrangement which results or will result from the resignation, retirement, or termination of any executive officer's employment with the Company or its subsidiary or from a change-in-control of the Company or a change in the executive officer's responsibilities following a change-in-control.

Warrants and Options Outstanding: Repricing

The Company has no outstanding warrants or options granted to its CEO, to the above executive officers, and to all its officers and directors as a group.

Independent Public Accountants

Current Accountants

Since 2004, the SEC-accredited accounting firm of Diaz Murillo Dalupan & Company ("DMD") has served as the Company's external auditor, having offered reasonable audit proposal package to the Company as evaluated by the Board Audit Committee. In selecting an external auditor, the Board Audit Committee considers the standing and level of proficiency of the auditor/firm in the industry and evaluates if the fees charged are commensurate with such standing, as against the proposals submitted by other comparable firms. Pursuant to SRC Rule 68, Atty. Bethuel V. Tanupan has served as the signing partner for 2010 and 2011, then Ms. Rosemary D. de Mesa for 2012. Mr. Jozel Francisco C. Santos was the signing partner for 2013, 2014, 2015, 2016 as well as for 2017. For audited financial statements for 2018, 2019, and 2020, a change is mandated by the SRC rules, so that the signing partner is Mr. Elirie S. Arañas.

Following are the fees (which exclude VAT) paid to DMD for 2020 and the preceding years:

Year	External Audit Fee[9]	Tax Fees[10]	Other Fees[11]	Aggregate Fees
2017	P 636,000.00	---	---	P 636,000.00
2018	P 670,000.00	---	---	P 670,000.00
2019	P 705,000.00	---	---	P 705,000.00
2020	P 750,000.00	---	---	P 750,000.00

Resignation of Principal Accountant

There has been no resignation or dismissal of principal accountant nor the engagement of a new principal

9 In general, services include the examination of evidence supporting the amounts and disclosures in the financial statements for the respective years ending December 31 and assessing the accounting principles and significant estimates of management and evaluating the overall financial statement presentation, with a view to the expression of the auditor's opinion on the fairness of the presentation of the financial statements in conformity with Philippine Financial Reporting Standards in all material respects. Audit fees above do not yet include the 12% VAT.

10 No engagement.

11 No engagement.

accountant during the Company’s last two fiscal years.

Compensation Plans

There is no action to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

ISSUANCE AND EXCHANGE OF SECURITIES

Authorization or Issuance of Securities Other than for Exchange

No action is to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Modification or Exchange of Securities

No action is to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Financial and Other Information

Financial Statements and Management Report

The Company’s Audited Financial Statements for the fiscal year 2020, its Quarterly Report (SEC Form 17-Q) for the quarter ending June 30, 2021 and its Management Report containing Management’s discussion and analysis and plan of operation (substantially as stated in its Annual Report for the year ending December 31, 2020 [SEC Form 17-A]), are attached to this Information Statement and incorporated hereto by reference.

Disagreements with Accountants

The Company and DMD have had no disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Presence of Accountants at the Annual Stockholders’ Meeting

Representatives of DMD are expected to be present at the meeting and will have the opportunity to make a statement if they so desire and will be expected to respond to appropriate questions.

Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken with respect to any transaction involving the merger or consolidation of the Company into or with any other person, the acquisition by the Company or any of its security holders of securities of another person, the acquisition by the Company of any other going business or of the assets thereof, the sale or other transfer of all or any substantial part of the assets of the Company, or the liquidation or dissolution of the Company.

Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property.[12]

Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

OTHER MATTERS

Action with Respect to Reports

The Company will submit for approval:

(1) The Annual Report of Management for the year ending December 31, 2020;
(2) The Audited Financial Statements of the Company for the year ending December 31, 2020; and,
(3) The Minutes of the Annual Stockholders' Meeting held on February 5, 2021; and
(4) The following items, among others: (i) approval of the minutes of the 2020 annual stockholders' meeting; (ii) approval of the Annual Report and the Financial Statements of the Company for the year ended December 31, 2020; (iii) ratification of all acts and transactions entered into by the Board of Directors and its Officers from January 1, 2021 to July 31, 2021; (iv) election of the members of the board of directors; and (v) re-appointment of the accounting firm of Diaz Murillo Dalupan and Company as the external auditor of the Company.

Matters Not Required to be Submitted

No action is to be taken with respect to any matter that is not required to be submitted to a vote of security holders.

Amendment of Charter, Bylaws or Other Documents

No action is to be taken with respect to any amendment of the Company's Articles of Incorporation

12 The registrant being essentially a real estate company, the acquisition and disposition of real properties is essentially in the ordinary course of business.

or By-Laws.

Other Proposed Action

The Company seeks the ratification and approval of all acts and resolutions of the Board of Directors and the Management in the ordinary course of business from January 1, 2021 to July 30, 2021. The major resolutions and acts of the Board and Management relate to: *The company seeks the ratification and approval of all acts and resolutions of the Board of Directors and the Management in the ordinary course of business from January 1, 2021 to July 30, 2021. The major resolutions and acts of the Board and Management relate to: authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the purposes of complying with its requirements, specifically including but not limited to the submission of Books of Account of the Corporation bearing Tax Identification No. 000 065 142 000; authorizing Sonito M. Mole to represent in entering into retainership agreements with law firms and lawyers, specifically to renew the Retainer Contract of Atty. Arlyn A. Pelaez; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print the Official and Provisional Receipts of the Corporation's office in Baybay 1, Poloyagan, Pagadian City with Tax Identification No. 000 065 142 019; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print the Official and Provisional Receipts of the Corporation's office in Ground Floor, Twin Coop Bldg., Bugo, Cagayan de Oro with Tax Identification No.000 065 142 020; authorizing Efren A. Palma and Rhoda A. Marshburn, with the assistance of Atty. Emmanuel Gaabucayan, Atty. Zerah Marie V. Absin, and Atty. Johannes Jude U. Alaba to represent and appear on behalf of the Corporation for the case entitled "Danilo B. dela Cruz v. Pryce Corporation" docketed as Civil Case No.20-10 pending before the MTCC of Iligan City, Branch 02; authorizing Efren A. Palma and Rhoda A. Marshburn, with the assistance of Atty. Emmanuel Gaabucayan, Atty. Zerah Marie V. Absin, and Atty. Johannes Jude U. Alaba to represent and appear on behalf of the Corporation for the case entitled "Conson, et.al. v. Pryce Corporation" docketed as Civil Case No. 7759 pending before the MTCC of Iligan City, Branch 06; authorizing Sonito M. Mole to enter into transactions concerning the sale and transfer of the Corporation's motor vehicle described as: Make: Toyota/IST; Plate No: BEU343; Body Type: Hatchback; Color: White; Engine No: 2NZ-2500638; Chassis No: NCP60-0057877; Fuel/Year Model: Gas/2003, in favour of Ma. Velia F. Barrios; authorizing the Corporation to obtain the necessary permits, licenses, certificates, and clearances for the construction of the mausoleum in all Pryce Gardens memorial parks, with Rhoda A. Marshburn granted the authority to process the same; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print the Official and Provisional Receipts of the Corporation's office in Mindanao Homes, Pagatpat, Cagayan de Oro with Tax Identification No.000 065 142 000017; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue to process the permit to use Looseleaf Books of Account of the Corporation's office in Makati with Tax Identification No.000 065 142 000; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print the Official and Provisional Receipts of the Corporation's office in Zamboanga del Sur with Tax Identification No.000 065 142 003; authorizing Efren A. Palma to enter into transactions concerning the sale and transfer of the Corporation's motor vehicle described as: Make: Mitsubishi/Adventure; Plate No:AAZ 9372; Body Type: Wagon, in favour of Roger Y. Gomez; authorizing Jose Ma. C. Ordenes to enter into transactions concerning the sale and transfer of the Corporation's motor vehicle described as: Make: Toyota/Fortuner; Plate No: APA 1553; Year Model: 2014, in favour of Feliciano B. Hatud; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print Receipts and Invoices of the Corporation's office in Davao City with Tax Identification No.000 065 142 0009; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print Receipts and Invoices of the Corporation's office in Cagayan de Oro with Tax Identification No.000 065 142 00004; authorizing*

Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print Receipts and Invoices of the Corporation's office located at 3rd Floor Saavedra Bldg., Rizal St.-Washington St., Ozamis City, Misamis Occidental with Tax Identification No.000 065 142 00001; authorizing Sonito N. Mole and Ernesto B. Pagunsan to represent, apply for, sign, execute and deliver documents, transact, and make follow-ups with the Davao City Water District for the purpose of applying for water connection for the Corporation's St. Joseph Homes, Sirawan, Toril, Davao City; authorizing Sonito N. Mole to represent, apply for, sign, execute and deliver documents, transact, and make follow-ups with the Davao Light & Power Company (DLPC) for the purpose of claiming the Special Deposit Refund for the Corporation's residential subdivisions, i.e. 1) St, Joseph Homes, 2) Villa Josefina Resort Village, 3) Villa Josefina Subdivision; authorizing Sonito N. Mole to transact with the Department of Transportation – Railways Sector relative to the Corporation's real properties affected by the Mindanao Railway Project, specifically those situated in St. Joseph Homes, Sirawa, Toril, Davao City; authorizing Sonito N. Mole and Sheila G. Barayuga to negotiate, conclude, sign, and deliver Deeds of Sale, Contracts of Lease, Contracts to Buy, and other documents necessary to implement the sale or lease of parking lots and residential lots of the Corporation's real properties, i.e. Pryce Tower, Villa Josefina Resort Village, and St. Joseph Homes; authorizing the Corporation to designate its representatives for the submission of reportorial requirements with the SEC through the Online Submission Tool (OST) with Jose Ma. C. Ordenes, Earl Christian L. Lerio, Feliciano B. Hatid, Paul Vincent M. Casilla, Elvira V. Clemente, and Ma. Remrem C. Padillo as the designated representatives; authorizing the Corporation to open and maintain a savings/current account with United Coconut Planters Bank—Cogon Branch as the temporary bank account for Puerto Heights Village Homeowner's Association, with Efren A. Palma, Rhoda A. Marshburn, Alan B. Ascabano, Jan Roderick R. De Marcaida, and Rosario G. Palingcod as the designated authorized signatories; authorizing the Corporation to open and maintain a savings/current account with Rizal Commercial Banking Corporation—Lapasan Branch as the temporary bank account for Puerto Heights Village Homeowner's Association, with Efren A. Palma, Rhoda A. Marshburn, Alan B. Ascabano, Jan Roderick R. De Marcaida, and Rosario G. Palingcod as the designated authorized signatories; authorizing Salvador P. Escaño and Jose Ma. C Ordenes to sign, execute, and deliver documents for the purpose of redeeming the San Miguel Corporation 2G Shares in the amount of 130,000 shares; authorizing Salvador P. Escaño and Feliciano B. Hatud to sign, execute, and deliver documents for the purpose of redeeming the San Miguel Corporation 2G Shares in the amount of 40,000 shares; authorizing Evangeline B. Agan to represent for and on behalf of the Corporation for the application of Certificate of Registration and License to Sell with the Department of Human Settlements and Urban Development to lawfully effect the sale of Pryce Gardens-CDO/Manolo Fortich and Pryce Gardens-Malaybalay; authorizing the Corporation to impose Maintenance Adjustment Charges (MAC) on all memorial lots and collect MAC from all lot owners in order to ensure maintenance of Pryce Gardens memorial parks at first class standards, the MAC assessed as P1,250 per Lawn Lot on all memorial lots acquired by way of dacion and shall be good for the 5-year period of 2021-2025; authorizing the approval of the consolidated audited financial statements of Pryce Corporation and its affiliates for the year ended 31 December 2020; authorizing the postponement of the Annual Stockholders' Meeting previously set on May 26, 2021 and shall be moved to July 23, 2021. Other details such as record date, agenda, time and venue, and other related information shall be disclosed at a later date; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print Receipts and Invoices of the Corporation's office located at Riverside Calinan District, Davao City with Tax Identification No.000 065 142 009; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print Receipts and Invoices of the Corporation's office located at 5F Pryce Tower Condo JP Laurel Ave., Bajada, Davao City with Tax Identification No.000 065 142 0005; authorizing John Paul Registrado to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print Receipts and Invoices of the Corporation's office located at Riverside Calinan District 8000 Davao City, Davao del Sur with Tax Identification No. 000-065-142-0009; authorizing John Paul Registrado to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print Receipts and Invoices of the

Corporation's office located at 5F Pryce Tower Condo JP Laurel Ave Bajada, 8000 Davao City, Davao del Sur with Tax Identification No. 000-065-142-005; authorizing Jose Ma. C. Ordenes and Feliciano B. Hatud to represent the Corporation and transact with Pag-IBIG Fund for purposes of having additional signatories to certify and/or sign documents on various business transactions; authorizing the Corporation to update its list of designated signatories for its depository bank, Banco de Oro, GF SM City, CDO, Mastersons Avenue, Pueblo de Oro, Cagayan de Oro, with Efren A. Palma, Rhoda A. Marshburn, Alan B. Ascabano, and Zerah Marie B. Absin as the designated signatories; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue RDO 49 to pick up the Corporation's Letter of Authority for Taxable Year 2020; authorizing the postponement of the Annual Stockholders' Meeting previously set on July 23, 2021 and shall be moved to September 17, 2021 - other details such as record date, agenda, time and venue, and other related information shall be disclosed at a later date; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print Receipts and Invoices of the Corporation's office located at Bolila Malita, Davao Occidental with Tax Identification No. 000-065-042-0013; authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print Receipts and Invoices of the Corporation's office located at Spring Alabel, Sarangani Province with Tax Identification No.000 065 142 0014; and authorizing Gilbert Arsenio to represent the Corporation and transact with the Bureau of Internal Revenue for the Authority to Print Receipts and Invoices of the Corporation's office located at P-5 Kahayag Bislig City, Surigao del Sur with Tax Identification No.000 065 172 0012.

Voting Procedures and Minutes of the Meeting

<u>Vote Required</u>

Motions in general require the affirmative vote of stockholders present during the meeting owning at least a majority of the outstanding shares of the Company entitled to vote. Certain proposed actions however may require the vote of at least two-thirds (2/3) of the Company' outstanding capital stock.

<u>Election of Directors and method by which votes are to be counted</u>

In the election of Directors, voting shall be cumulative. Thus, a stockholder, in person or by proxy, may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by a stockholder shall not exceed the total number of shares owned by him multiplied by the whole number of directors to be elected. The top seven (7) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected, all the votes shall be cast in favor of the nominees.

Shares are traditionally voted by verbal motion and duly seconded during the meeting, unless otherwise required by law. A matter is approved when there is no objection or any such objections are otherwise overcome by the required affirmative vote. The Corporate Secretary is normally designated to count the votes to be cast.

<u>Opportunity for stockholders' queries</u>

At every conclusion of the presentation of any item in the agenda, the Chairman or his duly authorized designate asks the body (consisting of directors, officers, and stockholders present in the meeting) if it has any comments or queries pertaining to the agenda item presented. After all the comments or queries have been addressed, a motion is entertained to vote on the matter, and is passed as approved after primary and secondary motions for approval, if there are no objections. The queries and responses thereto shall be recorded in the minutes of the meeting.

Matters discussed and resolutions reached

The matters discussed and resolutions approved are recorded and presented in the Minutes of the Stockholders' Meeting (Regular or Special). [Please see Minutes of the Stockholders' Meeting of June 28, 2019, hereto attached to this Information Statement.]

Voting results of the previous meeting

In the previous regular stockholders' meeting, the Corporate Secretary certified that a quorum was present since 1,542,576,047 shares out of the issued and outstanding shares of 1,939,477,369 (as of January 22, 2021, the record date) or 79.54% entitled to vote were present in person and by proxy. This recorded information appears in the Minutes of the previous Stockholders' Meeting of February 5, 2021. A matter is approved by the shareholders present when there is no objection or any such objections are otherwise overcome by the required affirmative vote. The results of the voting on the items in agenda are presented in the Minutes of the Stockholders' Meeting (Regular or Special). [Please see Minutes of the Stockholders' Meeting of February 5, 2021, hereto attached to this Information Statement.]

List of attendees of the meeting

The list of attendees (directors, officers, and stockholders) is attached to the Minutes of the Stockholders' Meeting of February 5, 2021, hereto attached to this Information Statement.

Material information on the current stockholders

Latest information on the stockholders (as of June 30, 2021) is shown under the separate headings ***Public Ownership*** and ***Holders***, which are found in the **MANAGEMENT REPORT** which is submitted along with this Information Statement.

Voting rights

Each shareholder shall have the same and equal rights in all respects to every other shareholder, unless otherwise provided in the articles of incorporation, by-laws and in the certificate of stock. No common shareholders shall be deprived of voting rights, except those classified and issued as "preferred" or "redeemable" shares unless otherwise provided in the Revised Corporation Code.

All common shareholders of the company shall be entitled to vote on all matters and transactions that the company are involved in and to approve a particular corporate act, including the matters expressly provided by the by-laws, articles of incorporation, and the Revised Corporation Code.

****

UNDERTAKING

Upon the written request of any stockholder, the Company undertakes to furnish said stockholder a copy of its Annual Report (SEC Form 17-A) free of charge [exhibits however will be charged at cost]. Any written request for a copy of SEC Form 17-A may be directed to:

Mr. FELICIANO B. HATUD
Corporate Secretary
PRYCE CORPORATION
17th Floor PRYCE CENTER
1179 Chino Roces Avenue
corner Bagtikan Street
Makati City

-OR-

Mr. JOSE MA. C. ORDENES
Treasurer; Corporate Information and Compliance Officer
PRYCE CORPORATION
17th Floor PRYCE CENTER
1179 Chino Roces Avenue
corner Bagtikan Street
Makati City

-OR-

Atty. EARL CHRISTIAN L. LERIO
OIC - Chairman's Office; Alternate Corporate Information and Compliance Officer
PRYCE CORPORATION
17th Floor PRYCE CENTER
1179 Chino Roces Avenue
corner Bagtikan Street
Makati City

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report signed in the City of Makati on August 11, 2021.

PRYCE CORPORATION
By:

JOSE MA. C. ORDENES
Corporate Information and Compliance Officer;
Senior Vice President

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GENER T. MENDOZA**, of legal age, Filipino, and with address at Unit 322 LRI Design Plaza, 210 Nicanor Garcia St., Bel-Air, Makati City, after having been duly sworn in accordance with law, hereby declare that:

1. I am nominated as an independent director of **PRYCE CORPORATION.**

2. I am affiliated with the following companies or organizations.

COMPANY / ORGANIZATION	**POSITION / RELATIONSHIP**	**PERIOD OF SERVICE**
IPM Holdings, Inc.	Director	August 2007 - Present
ACM Landholdings, Inc.	Director	2010 - Present
Dualtech Training Center Foundation, Inc.	Trustee	2012 - Present
Chelsea Logistics Holdings Corporation	Independent Director	March 2017 - Present
Pamantasan Ng Lungsod Ng Maynila	Regent	August 2019 - Present
Saga Motors Corporation Saga Finance Corporation	Independent Director	February 2020 - Present
RCBC Leasing & Finance Corporation	Independent Director	April 2021 - Present

3. I posses all the qualifications and none of the disqualifications to serve as an Independent Director of **PRYCE CORPORATION** as provided for in Section 38 of the Securities and Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.

4. **I am not related to any director/officer/substantial shareholder of PRYCE CORPORATION**.

5. **To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.**

6. I am not in government service nor affiliated with a government agency or Government Office and Controlled Corporation (GOCC).

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I will inform the corporate secretary of PRYCE CORPORATION of any changes in the abovementioned information within five (5) days from its occurrence.

GENER T. MENDOZA
Nominee / Independent Director

Done on MAY 2 1 2021 City of Makati

REPUBLIC OF THE PHILIPPINES)
Makati City) SS.

SUBSCRIBED AND SWORN to before me on MAY 2 1 2021 at Makati City, affiant exhibiting to me his Passport No. P7536606A issued on June 13, 2018.

Doc. No. 187;
Page No. 37;
Book No. III;
Series of 2021

ATTY. GIENAH M. SORIANO
Notary Public / Makati City / Until December 31, 2021
Appointment No. M-395
PTR No. 8533006 / Jan. 04, 2021 / Makati City
IBP No 150673 / Jan. 12, 2021 / PPLM
Roll of Attorney's No. 74409
MCLE Exempt
(Admitted to the Bar on July 10, 2020)
17th Floor, Pryce Center
1179 Chino Roces Avenue, Makati City
8899-9407 / 8899-4401

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Thomas G. Aquino**, of legal age, Filipino, and with address at 24 Barcelona St., Merville Park, Parañaque City 1709 after having been duly sworn in accordance with law, hereby declare that:

1. I am nominated as an independent director of **PRYCE CORPORATION.**

2. I am affiliated with the following companies or organizations.

COMPANY / ORGANIZATION	**POSITION / RELATIONSHIP**	**PERIOD OF SERVICE**
NOW Corporation	Chairman	2011 - present
Alsons Consolidated Resources Inc.	Independent Director	2011 - present
A Brown Company	Independent Director	2012 - present
Holcim Philippines Inc.	Independent Director	2019 - present

3. I posses all the qualifications and none of the disqualifications to serve as an Independent Director of **PRYCE CORPORATION** as provided for in Section 38 of the Securities and Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.

4. **I am not related to any director/officer/substantial shareholder of PRYCE CORPORATION**.

5. **To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.**

6. I am not in government service nor affiliated with a government agency or Government Office and Controlled Corporation (GOCC).

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I will inform the corporate secretary of PRYCE CORPORATION of any changes in the abovementioned information within five (5) days from its occurrence.

Thomas G. Aquino
THOMAS G. AQUINO
Nominee / Independent Director

Done on MAY 2 1 2021, City of Makati

REPUBLIC OF THE PHILIPPINES)
Makati City) SS.

SUBSCRIBED AND SWORN to before me on MAY 2 1 2021 at Makati City, affiant exhibiting to me his Passport No. P3599859A issued on July 6, 2017.

Doc. No. 184;
Page No. 37;
Book No. III;
Series of 2021

Gienah M. Soriano
ATTY. GIENAH M. SORIANO
Notary Public / Makati City / Until December 31, 2021
Appointment No. M-395
PTR No 8533006 / Jan. 04, 2021 / Makati City
IBP No 150673 / Jan. 12, 2021 / PPLM
Roll of Attorney's No. 74409
MCLE Exempt
(Admitted to the Bar on July 10, 2020)
17th Floor, Pryce Center
1179 Chino Roces Avenue, Makati City
8899-9407 / 8899-4401

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF PRYCE CORPORATION
HELD AT THE RIGODON BALLROOM, MANILA PENINSULA,
CORNER OF AYALA AND MAKATI AVENUES, MAKATI CITY
ON FEBRUARY 05, 2021 AT 4:00 O'CLOCK IN THE AFTERNOON

DIRECTORS PRESENT:

1. SALVADOR P. ESCAÑO
2. EFREN A. PALMA
3. RAMON R. TORRALBA
4. GENER T. MENDOZA

DIRECTORS ABSENT:

ARNOLD L. BARBA
XERXES EMMANUEL F. ESCAÑO
RAY W. JOVANOVICH

OTHERS PRESENT:

FELICIANO B. HATUD, Corporate Secretary

1. CALL TO ORDER AND DETERMINATION OF QUORUM

In accordance with the Amended By-Laws of the Corporation, the Chairman, Mr. Salvador P. Escaño, presided over the meeting and called the meeting to order.

The Chairman requested the Corporate Secretary, Mr. Feliciano B. Hatud, to report on the service of notices and presence of a quorum.

The Corporate Secretary certified that notices of this Annual Stockholders' Meeting were sent to all stockholders of record as of January 22, 2021 on January 25, 2021, and further published in the Philippine Daily Inquirer and the Manila Times on January 22 and 23, 2021.

As of January 22 2021, the record date, the total outstanding shares of capital stock of the Corporation consisted of 1,939,477,369 common shares. The Corporate Secretary certified that, taking into account the preliminary registration, there were present/represented in the meeting, in proxy or by proxy, stockholders holding a total of 1,542,576,047 common shares which is approximately 79.54% of the total outstanding shares of capital stock of the Corporation, thereby consisting a quorum.

2. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The Chairman stated that the next order of business was the reading and approval of the minutes of the previous Annual Stockholders' Meeting held on June 29, 2019. The Corporate Secretary certified that the minutes of the previous meeting was sent to the stockholders thru the Information Sheet sent on January 15, 2021.

On motion duly made and seconded, it was unanimously—

> *"RESOLVED, that the reading of the minutes of the annual meeting held on 29 June 2019, be, dispensed with and the same be, as it is hereby, approved."*

3. PRESIDENT'S REPORT

The Chairman moved on to the next item on the agenda which was the President's Report. A copy of the report was presented to the stockholders thru the use of projector screens at the meeting venue. The Chairman then introduced the President of the Corporation, Mr. Efren A. Palma, to briefly discuss the highlights of the results of the operations in 2019 compared with the previous year.

- Pryce Corporation and its subsidiaries have a consolidated income of Php 1.519 billion pesos for the year 2019 which is 8.26% higher than the previous year's PhP 1.403 billion pesos. The Php 1.519 billion net income is within the range of the Corporation's target.

- The Company's 2019 revenue of Php 10.630 billion is a 3.48% increase over last year's Php 10.273 billion. Revenue contribution by product is as follows:

a. Liquefied petroleum gas and LPG-related products – Php 10 billion (94.06%);
b. Industrial gases – Php 452.30 million (4.25%);
c. Real estate – Php 128.1 million (1.21%);
d. Pharmaceutical products – Php 51.0 million

- LPG Sales volume grew by 8.95% to 219,884 metric tons (MT) from last year's volume of 201,826 MT. The Corporation's Luzon operations achieved a 9.42% growth in sales volume, while VISMIN sales grew by 8.35%.

- The earnings per share based on comprehensive income for 2019 is Php 0.7826 per share, which is an 8% improvement over the Php 0.7229 per share reported in the previous year.

- On the Corporation's LPG market share, latest data from the Department of Energy show that, as of the 3rd quarter of 2020, Pryce Gases, Inc., improved its aggregate market shares from 10.6% in 2019 (nationwide) to 12.8% in 2020. The DOE also reports that it is the 2nd major player, after Petron Corporation, in the Vis-Min market, with 25% share of this combined market. It's market shares in the Visayas and Mindanao regions were 23% and 27%, respectively.

A short video showcasing the Corporation's San Fabian terminal in Pangasinan was then presented before the stockholders.

Upon motion duly made and seconded, it was unanimously—

"RESOLVED, that the President's report or the Management Report for the year ending in December 31, 2019, be, as they are hereby, is hereby approved."

5. RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS

The Chairman then proceeded to the next item on the agenda which was the ratification of the acts of the Board of Directors and Management. The resolutions are summarized in the Information Sheet provided to the stockholders.

Upon motion duly made and seconded, it was unanimously—

"RESOLVED, that the acts and resolutions of the Board of Directors and Management of the Corporation on the latter's behalf, be, as it is hereby, approved and ratified."

5. ELECTION OF BOARD OF DIRECTORS

The Chairman informed the stockholders that next on the agenda is the election of the members of the Board of Directors. The nominated stockholders were:

1. Salvador P. Escaño
2. Ramon R. Torralba, Jr.
3. Efren A. Palma
4. Xerxes Emmanuel F. Escaño
5. Ray W. Jovanovich
6. Gener T. Mendoza
7. Thomas G. Aquino

On motion duly made and seconded the above-named stockholders were unanimously elected for the year 2021.

6. APPOINTMENT OF EXTERNAL AUDITORS

The next item on the agenda was the appointment of the Corporation's external auditors. Upon motion duly made and seconded, it was unanimously—

> *"RESOLVED, that the accounting firm of **Diaz Murillo Dalupan and Company** be, as it is hereby, appointed external auditor of the Corporation for the year 2020."*

7. AUDITED FINANCIAL STATEMENTS

The Chairman then proceeded with the next order of business on the agenda which was the approval of the annual report and audited financial statements of the Corporation for the year ended in December 31, 2019. Copies of the Annual Report and the Audited Financial Statements have already been provided to the stockholders also through the Information Sheet.

Upon motion duly made and seconded, it was unanimously—

> *"RESOLVED, that the report of the operations of the Corporation for the fiscal year ending in December 31, 2019, as well as the Audited Financial Statements for the same period, be, as they are hereby, approved."*

8. ADJOURNMENT

There being no further business, upon motion duly made and seconded, the meeting was adjourned at 5:18 in the afternoon.

FELICIANO B. HATUD
Corporate Secretary

A T T E S T:

SALVADOR P. ESCAÑO
Chairman

READ AND APPROVED:

SALVADOR P. ESCAÑO

GENER T. MENDOZA

RAMON R. TORRALBA

EFREN A. PALMA

List of Attendees in PPC's Annual Stockholders' Meeting 2020
Held on February 05, 2021 at 4:00PM at the Manila Peninsula Hotel

Board of Directors

1 Salvador P. Escano - Chairman
2 Efren A. Palma - Director
3 Ramon R. Torralba Jr. - Director
4 Gener T. Mendoza - Director
5 Ray Jovanovich - Director

Officers

1 Salvador P. Escano - Chairman
2 Efren A. Palma - President
3 Feliciano Hatud - Corporate Secretary
4 Jose Ma. C. Ordenes - Treasurer
5 Earl Christian L. Lerio - OIC - Chairman's Office
6 Jorge Patrick A. Yasay - Chief Legal Counsel
7 Valentina S. Palma - Asst. Corporate Secretary

Affiliates (represented via proxy)

1 Hinundayan Holdings Corp
2 Pryce Development Corp.
3 Mindanao Gardens, Inc.
4 Josefina Multi Venture Corp
5 PGI Retirement Fund, Inc.
6 Pryce Plans, Inc.
7 Pryce Securities, Inc.

Other Shareholders present either in person or by proxy

1 Guild Securities Inc. (hold accounts for certain shareholders)
2 Alexander Timbol
3 Edna Torralba
4 Xavier Escano
5 Alex Yu
6 Gabriel Macion
7 Edward Barja
8 Nimfa Plantilla
9 Joel Hernandez
10 Dennis Orcino
11 Valeriano Pedro Plantilla III

12 Philip Tan
13 Liticia Co Sy
14 Lino Co Sy
15 Desiree Sy
16 Honey Sy/Lauro Co Sy
17 Abigail C. Sy
18 Co Kian Chay
19 Victor G. Co
20 Ace Mark Llentada/Ramoncito Nonato
21 Gerardo Salgado
22 Nora Barja
23 Daniel Lim
24 Rommel Songco
25 Josephine Del Callar
26 Paz T. Cabrera
27 Paul Vincent Casilla
28 Randy Villalobos

Invited Guests and Pryce Group Employees

1	Elirie S. Aranas	representatives of external auditor,
2	Lloyd Y. Santiago	Diaz Murillo Dalupan & Company

3 Mike Miranda
4 Arnold Aranjuez
5 Carlitos Dy
6 Rens Cruz
7 Albertson S. Cajayon
8 Gienah Soriano
9 Edmer Morales
10 Melanie Cometa
11 Margie Ramos
12 Angelo Gargaritano
13 Willie Wenceslao Agnir III
14 Francis Tiu
15 Ma. Remren Cilian Padillo
16 Gilbert Arsenio
17 Ronald Casin
18 Vince Serrano
19 Marvin Comapon
20 Zenilyn Flores
21 Ma. Theresa Villajuan

MANAGEMENT REPORT

BUSINESS AND GENERAL INFORMATION

BUSINESS

Background

Pryce Corporation ("PC" or the "Company"), formerly Pryce Properties Corporation, was incorporated on September 7, 1989. It was established basically as a property holding and real estate development company. The Company concentrates its operations in Mindanao and is principally involved in the development of memorial parks and sale of memorial lots; in the past, it had developed residential and commercial properties; it was previously engaged in the hotel business (Pryce Plaza). PC owns and operates a total of thirteen (13) memorial parks in Mindanao's major cities and areas: Cagayan de Oro City, Iligan City, Ozamiz, Polanco (near Dipolog City), Zamboanga City, Davao City, including the smaller memorial parks in Manolo Fortich (at the boundaries of Cagayan de Oro City and Bukidnon), Malaybalay City in Bukidnon, Malita in Davao Occidental, Bislig in Surigao del Sur, Alabel in Saranggani, Pagadian City, and the most recent in Butuan City, which was launched in 2019.

Pryce Gases, Inc. ("PGI") is the Company's major subsidiary, which is principally engaged in the importation and distribution of liquefied petroleum gas (LPG) under the brand name *PryceGas*; it also produces and sells industrial gases. PC's ownership in PGI slightly lowered to 91.4% (lower from the previous of 98% in 2014) as a result of the latter's increase in authorized capital stock from P2.5 billion to P3.7 billion. PGI's increase in capital stock was approved by the Securities and Exchange Commission ("SEC") on May 22, 2015.

PGI has a wholly-owned subsidiary Oro Oxygen Corporation ("OOC") which operates in Luzon and the National Capital Region ("NCR"). It sells/distributes PGI's LPG product (PryceGas) and sells industrial gases that is sourced independently from PGI.

Another subsidiary of the Company is Pryce Pharmaceuticals, Inc. (PPhI), a wholesaler and distributor of private branded multi-vitamins and some 'over-the-counter' generic drugs. It was organized to primarily take advantage of the 'Generic Medicines Law'. PPhI is a relatively small player in the pharmaceutical business as it was organized in September 2005.

Corporate Rehabilitation of Pryce Corporation

Background

PC filed a petition for rehabilitation with the Regional Trial Court, Branch 138 (later Branch 149) of Makati ("the Commercial Court") on July 9, 2004; following this, the same court, in an order dated July 13, 2004, appointed a Receiver and ordered a stay in the settlement of all debts with the banks and trade creditors. In the years preceding the filing of said petition, the Company experienced a series of downturns in its real estate revenues due to the effects of the Asian financial crisis of 1997. This resulted in declines in cash flows that led to its inability to service its maturing bank debts. The Company had been negotiating with its bank creditors, as early as three years prior to the filing of same petition, for restructuring and/or payment of its debts via dacion en pago. However, no agreement was finalized because of several sticking points on the selection and valuation of assets as well as the accrual of interest and penalties. Meantime, certain creditor banks issued legal notices demanding payments. One bank foreclosed on some of PC's assets mortgaged to them.

In the midst of the aforesaid circumstances and stand-off with the banks and holders of the Long Term Commercial Papers (LTCP), Management decided to file a petition for rehabilitation to avert the following: a) the scenario of ballooning obligations owing to the continuous accrual of interest and penalties arising from to the impasse in debt negotiations; and b) the foreclosures on PC's real estate assets and deficiency claims that the banks would file, which would result in the Company's loss of viability as a going concern. The rehabilitation plan submitted by PC sought to pay off all outstanding loan obligations and achieve a debt-free scenario for the company to enable it to start on a clean slate. This would be achieved through dacion en pago of its real estate properties and would not involve any restructuring of its debts, given its tight liquidity position and low debt service capacity.

On January 17, 2005, the rehabilitation plan of the company was approved by the Commercial Court, which was implemented by the Receiver.

PC's rehabilitation proceedings was closed and terminated in late July 2015. PC's corporate rehabilitation would have been terminated much earlier had it not been for the opposition of two creditor banks to PC's rehabilitation. These banks went all the way to Supreme Court ("SC") but PC eventually secured favorable rulings in that court.

Termination of the Company's Rehabilitation Proceedings

On July 31, 2015, PC received an Order dated July 28, 2015 from the Commercial Court. The Order granted PC's motion to terminate its corporate rehabilitation proceedings and declared the rehabilitation proceedings of PC as closed and terminated. (The closure and termination of PC's rehabilitation proceedings formally became final when the Commercial Court issued a certificate of finality of judgment on March 13, 2019.)

Product Mix

Before 1997, PC's principal business was property development which accounted for the bulk of the company's revenues and income. Subsequently, LPG and industrial gases (product lines of the subsidiary PGI) dominated the Company's business, as a result of which the name was changed from "Pryce Properties Corporation" to "Pryce Corporation". The name change was approved by the SEC on July 29, 1997. The Philippine Stock Exchange ("PSE") then reclassified the Company's stocks from "Property" to "Manufacturing, Trading and Distribution" on September 25, 1997. Subsequently, the Company's stock was reclassified to "Chemicals", which became effective on January 2006, pursuant to PSE's circular that stock classification should be to the industry from which a company is generating the majority or bulk of its revenues.

The major subsidiary, PGI, manufactures and distributes oxygen (medical and industrial) and acetylene as well as trades in other gases such as argon, carbon dioxide and nitrogen. Its industrial gas manufacturing facilities consist of several plants in different locations. In recent years it has decided to limit or stop the manufacturing of said gases in certain areas where it is not economical to operate due to the rising costs of production, plant maintenance, and increasing occurrence of brownouts; it instead procured those gases from third-party sources.

PGI's LPG business began in late 1996 by way of a supply agreement with one of the three major oil companies in the country and enabled it to market LPG using the name *PryceGas*. In the following year, it started the construction of its own sea-fed terminal facilities and in-land refilling plants in various strategic locations in the Visayas and Mindanao ("Vis-Min").

PC's property business involves the acquisition of raw land and its conversion into various developments, mostly memorial parks; in the past it included residential subdivisions and housing, business parks, and commercial centers. These were mostly designed for the medium and upscale markets except for two low-cost housing projects. The Company has regional sales groups in Mindanao that take charge of the selling of real estate in that island.

In 1996, two years after PC built its first memorial park in 1994 in Cagayan de Oro City, the Company decided to undertake a policy shift in regard to its property development activies; it decided to focus its efforts in the development and selling of memorial lots. In just a span of 5 years (1996 to 2001) after such decision, the Company was able to complete five (5) more memorial parks in the following locations: Iligan City, Zamboanga City, Polanco in North Zamboanga (i.e., near Dipolog City), Ozamiz City and Davao City. All of these major memorial parks (discussed in more detail below) are operational, although certain areas in these parks are reserved for future development. Then, beginning in 2005, the Company commenced the development of what it calls "boutique" (or smaller-size) memorial parks. Since then six (6) boutique memorial parks were essentially completed in the places of: Manolo Fortich in Bukidnon, Malita in Davao Occidental, Bislig in Surigao Del Sur, Malaybalay City in Bukidnon, Alabel in Sarangani and Pagadian City. (The parks in Manolo Fortich and Malaybalay City were later upgraded to the company's Class A category of memorial parks.) The most recent memorial park is that in Butuan City, which was completed in December 2018 and opened in January 2019.

As a real estate company, PC's main activity is the selling of its memorial park inventories. (The Company has completed its development of non-memorial park projects and continues to sell off the remaining inventories, after which, the company will concentrate its development activities on memorial parks. The Company still has some remaining upscale subdivision lots in Cagayan de Oro City and Davao City, as well as office condominium units, also in Davao City, which the Company is seeking to dispose.)

Another product group that belongs to the mix consists of private branded multi-vitamins and some 'over-the-counter' generic drugs that belong to the Company's subsidiary, PPhI. PPhI, being a relatively new player in the industry and having a modest capitalization, is not expected in the near term to provide significant contribution to the Company's business. It is, however, expected to gradually grow in the long term since the generic drugs business is a substantial industry that continues to expand.

Personnel and Manpower

As of December 31, 2020, the Company has a regular workforce of 288 employees in its real estate business and is composed of the following: 59 are in administrative positions, 226 are in operations and 3 are senior officers. Compared to 2019, the number of employees increased by 26, most of which is accounted for by operations group. Additional hiring in memorial parks had to be done to fill in previously vacated positions due to retirement/ resignation, with a few added personnel.

The subsidiary, PGI (including its subsidiary Oro Oxygen corporation or “OOC”), has 4,292 regular personnel, of which 459 are in the technical services group, 3,186 are in operations, 615 in administration and 32 are officers. A large increase of 1,735 personnel occurred in 2020 compared to the previous of 2,557 in 2019, with a substantial increase in operations personnel. This is due to the putting up of refilling plants & various sales centers nationwide and the buttressing of the Home Delivery project (wherein customers could place & follow up their orders for LPG thru a hotline number). This is consistent still with the objective of bringing PGI’s LPG products closer to the household consumers of LPG as well as to widen the scope of its market reach. The administration personnel are those who mainly provide support and ‘back office’ functions, which consist mainly of personnel in the administrative services department and finance & accounting services department. The operations group is composed of employees whose tasks chiefly relate to production, transport of products, sales/marketing functions. The technical personnel are those who provide technical services/ assistance to gases production, LPG operations, cylinder maintenance and autogas operations.

The workforce numbers above do not include non-regular personnel, i.e., probationary and contractual ones. The number of regular employees expected to be hired in the year 2021 will depend on developments and growth in the company’s business and on the number of employees who may resign or retire within the said year. The employees are not subject to Collective Bargaining Agreement (CBA) since the parent company and its subsidiary are non-unionized.

Marketing and Sales

PGI has a well-organized distribution network. It has synergies formed from shared distribution centers and long experience in selling and servicing of its products. Customer service for new and repeat customers is made better by a system wherein the sales/marketing function is separate from the service functions. Sales associates are solely responsible for generating new customers, while the sales outlets/centers service the LPG requirements of existing customers.

PGI’s LPG sales centers and refilling plants render 24-hour service where necessary and have stay-in personnel. These sales centers sell cylinders, stoves, replenish empty tanks of dealers and conduct promotional activities for existing PGI customers. These centers also cater to phoned-in or texted orders.

The dealers are PGI’s main outlets for selling LPG; these dealers, however, do not have exclusivity contracts for dealership. Dealers’ stocks are replenished from PGI’s sales centers or from its LPG marine terminals or refilling plants. Dealers have the option of having their empty cylinders refilled at refilling plants at a price lower than sales outlet price. Large dealers are allowed to have their own sub-dealers and sales outlets.

On the company’s real estate business, marketing and operations are divided into two regions of Mindanao: the Northern and the Southern (inclusive of Zamboanga and Butuan) operations. A region is managed by a regional head and has a marketing and selling group headed by a sales and marketing manager, under whom are the different memorial park business managers who are compensated and incentivized according to their sales performance. Each region is responsible for periodically improving its marketing plans and to device strategies in order to meet the agreed sales targets. The park business managers are responsible for recruiting its sales force, which are composed of unit managers and sales associates who are compensated on commission basis. A park business manager is also responsible for the maintenance of their park, through their park supervisors.

Competition

Pryce's LPG & Gas Business

PGI's LPG business, under the name PRYCEGAS, had operated in the Vis-Min areas for more than 20 years; it competes with the main players Petron (Gasul brand), Phoenix (Petronas brand), and Isla Gas (Solane brand). However, PGI is a relatively new player in Luzon having entered the fray in June 2014. It competes with Petron, Liquigaz, Isla Gas, as well as with South Pacific, Inc. (SPI), the latest entrant in Luzon, whose marine storage terminal (in Calaca, Batangas) went into operation in late 2015. At the refilling plant level, PGI competes with numerous independent refilling plants all over Luzon.

PGI has increased its LPG storage capacity and, as of March 31, 2020, has aggregated to 34,082 metric tons (MT). This total capacity consists of import marine (sea-fed) terminals and inland refilling plants which are strategically located in Luzon, Visayas, and Mindanao (see tabulation under the discussion below titled LPG Plants). Following PGI's expansions in 2018 – 2019, its total storage capacity for its Vis-Min operations has increased to 23,671 MT. This is the biggest compared to any of its competitors in the Vis-Min area. In Luzon, PGI's 8,500-MT marine storage capacity is one among the three largest storage facilities, which includes those of Liquigaz and SPI. On product distribution capability, PGI has built sixty-three (63) refilling plants strategically located in various parts of the country. The large capacities of its marine terminals and numerous refilling plants all over the country has enabled PGI to cover the market on a much wider scale and bring its LPG products closer to the consumer market. Moreover, the network of its import terminals and refilling plants gives PGI the flexibility to transfer its products to ensure continuity of supply in any area it operates so as to prevent stock-outs due to fortuitous events.

PGI sources its LPG from Asian suppliers that ship the LPG to its import terminals using marine carriers with capacities of 2,500-3,500 MT. The storage capacities of its terminals in Vis-Min could take a single-port discharge or a maximum of two-port discharge from a shipload. This gives PGI some cost advantage over competitors, which, because of their smaller storage capacities would need multiple port deliveries to fully unload the contents of one carrier.

The Department of Energy reports that PGI has the following LPG market shares in the following regions as of 2020: 28% in Mindanao, 23% in Visayas, and 7% in Luzon (including NCR). PGI is a major industry player in the Philippine LPG industry and has a 12.6% share of the country's total market or equivalent to 220,340 MT. It is the 2nd largest industry player in both the Visayas and Mindanao areas, and has a 25% market share of those areas combined.

PGI's industrial gas business (which accounts for less than 5% of PGI's total revenue) competes with about thirteen other companies, with Linde Philippines, Inc. and Air Liquide considered to be its closest major competitors. It has to contend with different environments for its products (oxygen, acetylene, argon, nitrogen, carbon dioxide, and compressed air) in terms of the extent and composition of the competition. PGI's Vis-Min operations account for the bulk of its industrial gas revenues. Management estimates that PGI has roughly 30% of the combined Mindanao and Visayas markets. (A more specific discussion of price and market demand is provided in the section below on ***Results of Operations and Detailed Discussion on Performance Indicators***)

Pryce's Memorial Park Business

The real estate business in the Philippines is very competitive. The extent and composition of the competition varies by geographic region and price segment. Real estate activity used to be concentrated in the NCR and other big urban areas, however, it has now spilled over to various population centers and cities in Mindanao and Visayas.

The real estate business of the Company is concentrated on its memorial parks which compete with others that have varying qualities and character but few are comparable to the Company's memorial parks in terms of natural scenery or quality of development and maintenance. The significant competitors are each shown below the Company's *Pryce Gardens* memorial parks.

A. Cagayan de Oro Gardens (Cagayan de Oro City)
- Greenhills Memorial Park
- Divine Shephed Memorial Park
- Golden Haven Memorial Park

B. Ma. Cristina Gardens (Iligan City)
- St. Michael Park
- there exist a public and several Chinese cemeteries but these are not considered significant competitors

C. Zamboanga Memorial Gardens (Zamboanga City)
- Forest Lake Memorial Park
- Ayala Public Cemetery
- Chinese Cemetery
- Lund Memorial Park
- Golden Haven Memorial Park

D. North Zamboanga Gardens (Dipolog City)
- Century Memorial Park
- Millenium Cemetery (this was foreclosed by a government bank and appears as not being effectively marketed)
- Gulayon Public Cemetery

E. Ozamiz Memorial Gardens (Ozamiz City)
- Malindang Memorial Gardens
- Ozamiz Chinese Cemetery

F. Mt. Apo Memorial Gardens (Davao City)
- Davao Memorial Park
- Buhangin Memorial Park
- Toril Memorial Park
- Forest Lake Memorial Park
- Manila Memorial Park
- Calinan Memorial Gardens

G. Pryce Gardens, CDO-Manolo Fortich (at junction of CDO and Bukidnon)
- three small public cemeteries located in Bugo, Agusan & Tablon
- the private cemeteries in the city of Cagayan de Oro City, Golden Haven and Divine Shepherd, although remote, may also be considered competitors

- Damilag Cemetery in Bukidnon

H. Pryce Gardens – Malaybalay (Bukidnon)
- Shepherd Meadows Memorial Park
- Valencia Memorial Gardens

I. Pryce Gardens – Malita (Davao Occidental)
- Backyard interment
- Inaburan Public Cemetery

J. Pryce Gardens – Bislig (Surigao del Sur)
- Bislig Public Cemetery
- Abaya Memorial Park
- Salazar Memorial Park

K. Pryce Gardens – Alabel (Sarangani)
(most ‘competitors’ are some distance away in General Santos City)
- Forest Lake Memorial Park (Apopong, General Santos City)
- Monte Cielo Memorial (Conel, General Santos City)
- Holy Trinity Memorial (Polomolok, South Cotabato)
- Spring Public Cemetery

L. Pryce Gardens – Pagadian
- Chrysanthemum Memorial Garden (Barangay Tiguma)
- Pagadian Memorial Park (Barangay Paglaom)
- Pielago Memorial Park (Barangay Paglaom)
- Pagadian Public Cemetery (Barangay Paglaom)

M. Pryce Gardens – Butuan
- Uraya Memorial Gardes

Government Approvals, Licenses and Permits

Licenses, permits and other government-required approvals have been obtained by PGI for the operation of all of its production facilities. It is registered with the Board of Investments (“BOI”) under the Omnibus Investments Code of 1987 (Executive Order No. 226 as amended by RA No. 7369), as a new operator of distribution facilities for LPG in various Visayas and Mindanao regions on a non-pioneer status. PGI is entitled to certain tax and non-tax incentives such as income tax holiday ranging from four to six years and duty-free importation of capital equipment and others. For instance, PGI’s San Fabian terminal in Luzon is also registered with the BOI and previously enjoyed tax incentives (which ended last December 31, 2018). The company owns the registered brand name, “PRYCEGAS” for its cylinders, but it does not have any patent to a product or process.

As to the Company’s property development business, the requisite development permits and Licenses to Sell have been secured from the local government units and the Housing and Land Use Regulatory Board (HLURB) for its various real estate projects. The Company essentially complies with the conditions and terms of the said license, such as the delivery of the lot/unit title to the buyer upon full payment of the price thereof; payment of real estate taxes/assessments on a lot or unit until the title has been transferred to, or the buyer has taken possession of the property; and display of the license and Certificate of Registration in a conspicuous place in the principal office of the owner/developer and copy thereof at its branch office(s).

Development Cost in relation to Revenues

Shown below are the amounts that the Company group has spent for its development activities in the last three fiscal years:

	2020	2019	2018
Development Cost	932,422,322	1,180,093,869.	1,666,673,157
Percentage to Revenues	7.96%	11.10%	16.22%

Development cost pertain mainly to ongoing expansions in terminals and construction of refilling plants nationwide, acquisition of land for such plants as well as for a future import terminal, and purchases of related machinery and transport equipment.

Environmental Regulations

PGI's operations are currently compliant in all material aspects with the applicable environmental regulations and standards. However, there can be no assurance that Philippine regulators will not impose additional or more stringent regulations on the gas industry in general or on PGI and its operations in the future that could significantly affect PGI's costs of sales or operating expenses.

The Company's real estate operations are subject to various laws enacted for the protection of the environment. PC has complied with all applicable Philippine environmental laws and regulations. It is mandated to secure an Environmental Compliance Certificate from the Department of Environment and Natural Resources. Non-compliance with the stipulations embodied in the said certificate will cause its suspension or revocation and a fine not to exceed fifty thousand pesos (P50,000.00) for every violation. The Company believes that compliance with such laws is not expected to have a material effect upon its capital expenditures, earnings or competitive position.

Major Risk Factors and their Management

Major risk factors in PC's real estate business and their management

The parent Company's principal business is the development and sale of memorial park lots, a real estate business, and may involve the following risks:

1. Risk of over-optimistic estimation of an area (for a new memorial park development) in terms of the achievability of sustainable revenue and profit and the shortness of period taken to reach such sustainability for the new park. The said risk is avoided by doing a careful study of the area using criteria that measure the stability and growth of the local market's buying capacity and the robustness of the area's economy. The area is assessed in terms of number of existing/competing memorial parks, mortality rate and population growth, levels of net income and wages, capacity for steady employment, which is dependent on the area's capability and potential for business and industrial growth/expansions. The area's economy is likewise assessed as to what extent it is

affected by the country's economic climate and growth.

2. Risk of decline in revenues and profitability, if not income loss, usually due to a combination of: a) competitors' pricing tactics and marketing/sales efforts that tend to reduce the Company's market share; b) local market's unanticipated feeble response to designed marketing/sales programs; c) creeping or unabated inflation causing increased operating expenses and low sales since purchase of memorial lots is regarded by many as low priority expenditure; d) ingrained cultural practices like backyard burial. This risk is addressed and mitigated by the following:

   a) The Company has firm belief and pride in the exceptional quality of its products and services relative to its competitors, and has a strong commitment to its customers in maintaining such superior quality. Such commitment and consistency of higher quality entail costs, a prime reason why the Company's products are priced above those of the competitors. Through the Company's park business managers and sales people, the prospective or target customers are educated on why the Company's products are priced higher than the competitors'. Further explained to these customers, are the benefits of buying such products from a Company that is dedicated to consistent high product quality and has long and significant experience in the development and management of memorial parks. Notwithstanding a higher-priced product, the Company's prospective buyers can purchase the same by way of 'soft and easy terms', as majority of its customers had done so, whereby they pay via instalment payments with no downpayment or interest charge for as long as three to five years.

   b) Management regularly meets at least twice a year with its regional operations officers and all its park business managers to actively discuss and evaluate, among many other things, how the market reacts to the Company's current marketing strategy and sales programs and decide decisively on what manner of response or plan of action is to be undertaken.

   c) Pricing of the products and services are adjusted, when necessary or called for, to a calculated level (such as discounts given) so that it will not negatively impinge on the buyer's decision to buy. Management believes that the price of memorial lots and other services should be indexed against the inflation rate.

   d) On backyard burials, the Company continues to lobby with the municipal office of the area concerned to pass a specific ordinance banning such practice since there are laws (e.g., Code on Sanitation, P.D. No. 856) that prohibit such burials because of public health hazards.

3. Risk of a reduced capacity to continually maintain the park to its committed first class standards. Other than the regular increase in price to cope with inflation, this is addressed by increasing the charge on contribution to the park maintenance fund, which forms part of the gross price of the memorial lot. Separately though, and when necessary, the memorial park association(s) imposes an assessment on the lot owners who after all are the stakeholders of the memorial park. Without this assessment(s), a situation leading to the deterioration of the park's maintenance could ensue, which absolutely cannot be allowed given the Company's avowed commitment and responsibility to maintain the memorial parks at set standards. Such commitment and assurances benefit the lot owners and users of the park as their investment are protected in the long run.

4. Risk of other developers putting up their memorial park despite limited market.

<u>Major risk factors and their management in PGI's LPG and industrial gas business</u>

PGI, the parent Company's subsidiary, is primarily engaged in the distribution and sale of LPG and industrial gases, mainly oxygen and acetylene. Since these are highly flammable gas products, the obvious principal risk is an operational one and relates to the hazards of handling and storage of these products. The particular risks involved are: (a) potential injury to people; (b) damage to property; (c) damage to environment; (d) or some combination thereof. The business losses arising from a disastrous consequence of any of these hazards are significant and could amount to several times that of the actual damage / losses and can further result in a longer-than- expected business interruption in any of PGI's refilling plants or terminals. Hazards can be due to any, or a combination, of the following: (1) intrinsic property of the product; (2) catastrophic ruptures/leakages; (3) unsafe refilling and receiving activities; (4) failure of safety valves; (5) un- requalified fire-protection equipment or devices; (6) potential sparks from presence of gasoline-fueled vehicles during refilling and receiving activities; and, (7) discharge of LPG to the atmosphere because of leak(s).

Mitigation of the above risks is done through consistent and systematic application of management policies, procedures and practices concerning safety. There are continual tasks on analyzing, evaluating and controlling the different types of risks involved. Having identified and evaluated the risks, decisions are made on how acceptable the risk might be and the need for further actions to be undertaken, either to eliminate the risks or reduce them to a tolerable level. Risk management includes such elements as identification of possible risk reduction measures (which could be preventive or mitigating) and risk acceptability. PGI's risk management and mitigation system covers at least the following areas:

- Continuous identification of hazards and consequence analysis thereof (utilizing the *Structure What If Technique* or 'SWIFT');
- Fire prevention and fire-protection management program;
- Regular emergency response training and drill, and continued evaluation thereof;
- Maintaining operating standards in relation to safety practices and requirements and fire-preventive measures; and
- Training and continuing education of its personnel on safety and risk management

<u>Major risk factors and their management in Pryce Pharmaceutical Inc.'s Business</u>

PPhI operates in the distribution and sale of pharmaceutical products, mainly in vitamins and food supplements. Among the major risks involved in the business and in its industry are:

1. Dependence on Toll Manufacturers

   PPhI purchases its products from different licensed medicine and pharmaceuticals traders and toll manufacturers. However, there are numerous circumstances beyond PPhI's control that lead to delays in the manufacturing and delivery of orders. This increases the risk of disruptions in the company's supply chain should the toll manufacturer encounter operational issues and backlogged orders. In order to address this, PPhI has developed a robust procurement system ensuring the continuity of supply for extended periods despite delays in manufacturing and delivery. PPhI is also exploring further diversification of its suppliers by acquiring new products from other toll manufacturers, and even importing from other countries.

2. Perishable Nature of Pharmaceutical Products

Most of PPhI's products have shelf lives of two years, and distributors and retailers have requirements when it comes to the remaining shelf life of any orders. For the most part, any inventory with a remaining shelf life a year or less becomes unsellable without heavy promotions or discounts, thereby significantly affecting profitability. PPhI manages this by executing a FIFO system and balancing its procurement with its forecasts based on seasonality and historical performance in order to ensure that the competing risks oversupply and undersupply are addressed. PPhI takes full advantage of the time available for selling its products such that near expiry stocks are minimized and there are enough safety stocks to avoid outages.

3. Commoditized Industry and Low Barrier to Entry

PPhI experiences competition from major national and multinational pharmaceutical firms as well as numerous small and medium sized drug distributors. The availability of medicine traders and toll manufacturers to smaller pharmaceutical firms allow them to compete at a similar level to PPhI and offer similar products. This creates a market with numerous players competing for market share offering homogenous products, creating a very difficult environment. PPI has tried to differentiate itself by leveraging on the popularity of the "Pryce" brand for key markets and committing to increased marketing activities. PPhI has also separated itself from smaller brands by investing in an above-the- line marketing campaign to increase brand awareness.

The discussion on Financial Risk Management is incorporated by way of reference to relevant parts of Notes to the audited Financial Statements (see Note no. 35), under the heading *Financial Risk Management: Objectives and Policies*.

PROPERTIES

Completed Projects

The projects that the Company has previously reported and have long been completed, are: Wright Park Place Condominium, a 3-building cluster of 63 first class residential condo units in Baguio City; and Villa Josefina Subdivision, a mid-scale residential subdivision in Davao City consisting of 152 residential and 2 commercial lots. It has also completed and sold the Josefina Town Center in Davao City. The company's other completed projects are enumerated below.

Cagayan de Oro Gardens

This is the first memorial park project developed by the Company, located in Lumbia, Cagayan de Oro City, with a wide frontage along the national highway. The project site is blessed with a scenic view of the Lumbia hillsides as well as part of the city and Macajalar Bay in the distance. The Cagayan de Oro River meanders at the bottom of a ravine adjacent to the property. The site has a total gross area of 20.76 hectares, of which total saleable area is estimated at 135,390 sq.m., equivalent to about 55,491 lawn lots, with an average size of 2.44 square meters per plot.

Development works commenced in June 1993 and the project began selling activities in April 1994. The general vicinity of CDO Gardens was relatively sparsely populated in 1995. At present, however, various residential subdivisions, ranging from very upscale to mid-level and to low-cost dwellings have sprouted in the area, making the park very accessible to its immediate target market. Even the largest mall in the city, SM City Mall, is located nearby.

Puerto Heights Village

This project was launched in August 1995 as an upscale residential subdivision in Cagayan de Oro City. It is a 14.9 hectare property in scenic Puerto overlooking Macajalar Bay. The site is considered very strategic, being located near the junction of two major national highways – one going to Bukidnon and Davao and the other one passing through Tagoloan, Misamis Oriental where a major international seaport terminal is in operation and the Philippine Veterans Investment Development Corporation (Phividec) Industrial Estate is located.

Pryce Tower

The Pryce Tower Building commenced construction in December 1995 and became the first high-rise condominium project in Mindanao. It is a 16-level first class building on a 1,965 sq.m. lot located at the Pryce Business Park in Bajada, Davao City. The building has 89 office suites with areas ranging from 106 to 390 sq.m. and two basement levels for parking. The building was completed in February, 1999.

Socialized Housing Projects

The Company has two low-cost housing projects as its contribution to government efforts to address the housing problem in the country. The first project is Mindanao Homes in Pagatpat, Cagayan de Oro City, which has been completed. The other one is St. Joseph Village, which sits on an 11- hectare property in Sirawan, Davao City with 356 House-and-Lot units and 496 Lot units.

Villa Josefina Resort Village

This mid-to-upscale residential development is located on a 36.4 hectare property in Dumoy, Davao City. It has a beachfront along the Davao Gulf and a frontage along a national highway where the main entrance is located. The initial 23 hectares of the project comprising Phases I and II provide a total of 570 residential lots with an average size of 300 sq. m. per lot. Phase III, which comprises the beachfront area, measures some 13.4 hectares with a total of 174 saleable lots. Phase IV, with an area of 0.986 hectares, consists of smaller lots totalling 44, some of them containing housing units for the mid-scale market.

Pryce Business Park, Davao

The Company has a 1.8-hectare prime property in the highly commercialized area of J.P. Laurel Avenue in Bajada, Davao City, diagonally across Victoria Plaza, a large shopping mall in the city. PC developed this property into a commercial cluster called Pryce Business Park. The development consists of 15 subdivided commercial lots with areas ranging from 600 to 1,965 sq. m. per lot. Construction of this business park was fully completed in 1997.

Pryce Plaza Hotel, Cagayan de Oro City

Pryce Plaza closed its operations on December 31, 2016. It was a premier business and convention hotel and was in operation for almost 26 years since it opened in April 1991. The hotel is located atop

Carmen hill in Cagayan de Oro City and overlooks the city. Management decided to stop its operations as it has not been providing the desired returns the past years due mainly to the stiff and growing competition, which was compounded by the increasing costs of having to maintain an old hotel.

Essentially Completed Projects

Maria Cristina Gardens

This is the second memorial park project of the Company, which is named after the most famous waterfalls in Mindanao, the Maria Cristina Falls. This memorial park somewhat takes on the character of the original landscape because it was built basically around the natural topography of the site. It is located in Sta. Filomena, Iligan City on a 27.6 hectare property with a hilly terrain offering a panoramic view of Iligan Bay on one side and the city proper on the other. Its development plan replicates the facilities and amenities of Cagayn de Oro Gardens. Considering that Iligan City has no first class memorial park, demand for private burial plots has been holding steady.

Development works for Phase 1 commenced in Februrary 1996 while development of Phases II and III began In August 1996. As of date, all these phases are all fully or essentially completed, containing an area of 21.6 hectares. An additional 6.0 hectares are for development under Phase IV of the park is still under the planning stage. Selling activities began in October 1996.

Zamboanga Memorial Gardens

This was designed in the same tradition as the Company's other memorial park projects in Cagayan de Oro and Iligan. It is PC's most ambitious memorial park project in terms of size, being located on a 49.16-hectare property in Sinunuc, Zamboanga City. The site also offers a panoramic view as it nestles on an elevated terrain overlooking the Zamboanga west coast, which is just a street across the site.

Development of Phase I commenced in July 1997, which was later divided into two phases, Phases I-A and I-B of 9.5 hectares and 9.7 hectares, respectively. These initial phases of the project, aggregate 19.24 hectares, with total saleable area of 103,988 sq.m. and equivalent to 41,595 lawn lots. The development of the second phase began in the early part of 2003. It has a gross area of 29.92 hectares, the saleable portion of which is 154,590 sq.m., equivalent to about 61,836 lots. Only about half of the second phase is essentially completed as of date, in terms of electrical, lighting, pathwalks, roads and landscaping works.

North Zamboanga Gardens

This is PC's fourth memorial park project. It sits on a 25.19-hectare property alongside the Dipolog River in Polanco, Zamboanga del Norte, within convenient driving distance from Dipolog City. A waterway passes through the park - a rainwater channel which empties into the Dipolog River – forming ponds and giving the project a unique alluvial character.

The first 10 hectares of the project commenced development in October 1997 and was completed in 1999; subsequently, in 2000, another area of 9.36 hectares was developed, while 4.19 hectares at the back was reserved for future development. Presently, the total saleable area measures about 137,350 sq.m., which is equivalent to 54,943 equivalent lawn lots. In 2008, the Company acquired an additional 1.6-

hectare property adjacent to the park, which is reserved for future development.

Ozamiz Memorial Gardens

This fifth memorial park project of the Company became operational in late 2001. It is located on a 9.32-hectare property along the national highway connecting the cities of Ozamiz and Tangub within the barrio of Dimaluna, Ozamiz City, and against the backdrop of Mt. Malindang. This project commenced development works in December 1999 and became essentially completed in December 2002. Selling operations for this project began in 2000.

Mt. Apo Gardens

Mt. Apo Gardens is the Company's sixth memorial park, named after the tallest mountain in Mindanao, which is highly visible from the site, is located in what was originally an 18.1 hectare property in Riverside, Calinan, Davao City; this project is essentially completed and has a currently- identified saleable area of 109,430 sq.m., equivalent to 43,772 lawn lots. An area near the entrance gate alongside the main access road has been reserved for future development. Properties adjacent to the park were subsequently acquired (8,539 sq.m. in August 2003 and 8,540 sq.m. in December 2002), with a total area of 17,079 sq.m., increasing the gross area of the project to 19.81 hectares.

The project secured approval from the city government to proceed with development works after a long wait of several years. Mobilization and preparatory works began in September, 2000 and were essentially completed in June 2002.

Pryce Gardens CDO-Manolo Fortich

In May 2004, construction of the Company's first so-called "boutique" (or "smaller") memorial park began in Mambatangan at the northeast boundary of Cagayan de Oro with Manolo-Fortich, Bukidnon. The project is divided into three phases and is designed to yield a total saleable area of 96,250 sq.m. roughly equivalent to 39,446 lawn lots from a total land area of 12.14 hectares. The project's first phase is 95% complete with a small amount of remaining works to be finished in its water and electrical systems. The total saleable area under Phases I and II is 68,840 sq.m., which is roughly equivalent to 28,214 lawn lots. As stated above this project was reclassified by management from a boutique to a "Class A" park.

Pryce Gardens-Malaybalay

This is the second boutique memorial park project of the Company, construction of which began in March 2005. It is located in Brgy. Laguitas, Malaybalay City, Bukidnon, with a gross area of 4.94 hectares and a total saleable area of 36,846 sq.m., equivalent to 15,101 lawn lots. The project has hilly terrain and was essentially completed on March 31, 2007. The site has a commanding view of the hillsides and rolling terrain of Malaybalay and Valencia. In fact, it is located between Malaybalay and Valencia, enabling the project to tap the market in both locations. This project was likewise upgraded to a "Class A" park.

Pryce Gardens-Malita

Pryce Gardens-Malita is a boutique memorial park in the Company's portfolio. Construction also began in March 2005. The project is located in Bgry. Bolita, Malita, Davao Occidental and has total land area of 6.17 hectares, of which only 2.91 hectares is fully developed. The project has a scenic view of the surrounding hillsides. Total saleable area is estimated to be 44,255 sq.m. (Phases I and II) which translates to 18,064 equivalent lawn lots. The project has two phases, Phase I and Phase 2 and they are 100% and 85% accomplished, respectively.

Pryce Gardens-Bislig

Also classified as a boutique memorial project of the Company, this is located in Kahayag, Bislig, Surigao del Sur. Construction for this project began on June 14, 2005 and was essentially completed by end of 2006. The land has a gently rolling terrain similar to Pryce Gardens-Malaybalay with a gross area of 5.76 hectares and saleable area of 37,848 sq.m. equivalent to 15,415 lawn lots.

Pryce Gardens-Alabel

Another boutique memorial park of the Company is located in Alabel, Sarangani, almost adjacent to the town's public cemetery. The site is also a short travelling distance from General Santos City. Its construction began in February 2007 and was operational by the time it was formally launched in April 2008. The park has a total land area of 4.9 hectares and offers a saleable area of 35,625 sq.m. or 14,549 equivalent lawn lots.

Pryce Gardens-Pagadian

In June 2014, the 5-hectare Phase 1 of *Pryce Gardens-Pagadian* project was completed and became operational. Phase 1 has a total saleable area of 36,612 sq.m., roughly equivalent to 14,650 lawn lots. Roads and path walks account for 9,800 sq.m. while the chapel, parking areas and open space consist of 2,052 sq.m. This project occupies an 8.96-hectare land nestled on the hillsides of Bgy. Poloyagan overlooking Iliana Bay, the Pagadian seaport, and parts of the city across the bay. It is in the southern part of the city and can be reached through 7 kilometers of well-paved road.

Pryce Gardens-Butuan

This is the latest addition to the Company's memorial parks and is located on a 6.19-hectare property in Brgy. Bit-os, at the southwest portion of the city. The property has a hilly terrain and is elevated, which gives it a commanding view of the Agusan River and a portion of Butuan city. This project was developed to have a total saleable area of 33,120 square meters, roughly equivalent to 13,524 equivalent lawn lots. Roads and path walks will cover 8,611 sq.m. while the chapel, administrative and parking area will consist of 3,212 sq.m. (This park was inaugurated on January 25, 2019.)

Other Properties

The following table provides information on the Company's land bank consisting of properties that are 100% owned. The Company's land bank includes some lands still in the name of third parties but already sold to the Company based on documents of conveyance.

Location	Total Area (sq.m.)

Cagayan de Oro City		
	Bugo	465,535
	Tin-ao	190,891
	Del Carmen	11,937
	Mambatangan	681,153
Misamis Oriental		
	Sta. Ana	1,378,993
Malagos, Davao City		578,576
Polomolok, South Cotabato		67,521
	Total	3,374,606

Joint Venture

The Company had been involved in joint venture arrangements covering the development of raw land adjoining the Company's properties such as the Villa Josefina Resort Village project. Under the terms of the separate agreements, the Company's partners were to contribute their respective properties as equity in the joint venture. In turn, the Company would undertake the development of all access roads, utility systems and open space facilities and the marketing and selling of the lots.

Another joint venture arrangement involved the Pryce Tower in Davao, for which other parties contributed roughly 30-35% of development cost.

LPG Plants

By strategically locating its facilities (marine terminals and refilling plants) near major population centers, PGI was able to build an extensive supply distribution infrastructure that successfully supported its efforts in making PryceGas a household name in the local LPG market, particularly in the Vis-Min regions.

In selling PryceGas, PGI divided Vis-Min operations into ten marketing regions namely: Northern Mindanao, Southern Mindanao 1, Southern Mindanao 2, Eastern Mindanao, Western Mindanao 1, Western Mindanao 2, Central Visayas, Western Visayas 1, Western Visayas 2, and Eastern Visayas.

The marketing operations of Northern and Southern Mindanao, together with the Caraga Region (comprising Butuan and Surigao provinces), are currently supported by sea-fed terminals with storage capacities located in Balingasag, Misamis Oriental and Astorga, Davao del Sur, respectively. To serve the market in Western Mindanao, PGI has a marine terminal in Talisayan Zamboanga City. To complement these import terminals, PGI has refilling plants in the following areas: Agusan Del Norte (Butuan and Trento), South Cotabato (Polomok and Gen. Santos City); Aurora, Zamboanga del Sur; Tagum, Davao del Norte; Misamis Oriental (Mohon and Lugait); Davao City (Calinan and Dumoy); Mambatangan-CDO; Don Carlos Bukidnon; Matalam, North Cotabato; Titay Zamboanga Sibugay; Davao City, Davao del Sur. These refilling plants are within convenient distances to large population centers and can serve the remote markets, thus ensuring its customers a ready supply of PryceGas. (*Note: The terms sea-fed terminal or import terminal or marine terminal, as used herein, are synonymous with each other.*)

Applying the same strategy to Visayas, PGI built an import terminal in Sogod, Cebu to serve the growing LPG markets in Cebu and Bohol. To cover the Eastern Visayas markets, an import terminal in was also built in Albuera, Leyte. Two import terminals were each constructed in Ayungon, Negros Oriental and Ajuy, Iloilo, to cover the Central Visayas and Western Visayas Markets, respectively. The company had installed several refilling plants in Pavia, Iloilo; Negros Occidental (Silay and Himamaylan); Canduman, Cebu City, Naga & Balamban in Cebu Province; Sta. Margrita, Samar, Mobo, Masbate, Ubay, Bohol, Bato, Leyte, New Kawayan, Tacloban City, Leyte.

In Luzon, PGI has a 8,500-MT marine-import terminal in San Fabian, Pangasinan to serve the LPG requirements of Luzon and NCR. This is complemented by a host of 38 refilling plants in Luzon and certain parts of NCR, with storage capacities ranging from 25 to 120 MT.

The aggregate LPG storage capacity of PGI, as of March 31, 2021, in terms of its sea-fed or marine terminals and inland refilling plants is 34,291 MT which covers the whole country as shown below.

Type	Region Location	Number	Capacity (MT)
LPG Marine Terminal	Luzon	1	8,500
	Visayas	4	12,790
	Mindanao	3	9,550
	Sub-totals	8	30,840
LPG Refilling Plants	Luzon	41	1,998
	Visayas	11	558
	Mindanao	17	895
	Sub-totals	69	3,451
		Total	34,291

The counts on refilling plants include the marine terminals as these also perform refilling functions.

Encumbered Assets

As had been discussed in several past disclosures under this topic the Company was able to settle all its debts with the creditor banks in a gradual manner during its corporate rehabilitation proceedings. Settlements were made through the following: a) implementation of the court- approved rehabilitation plan; b) pursuance of effective legal defenses against the opposition of creditor banks to the corporate rehabilitation; and c) settlement with certain creditors via sale of an encumbered asset with the consent of the Commercial Court.

As a result of the above-mentioned settlements encumbered properties under the Mortgage Trust Indenture (MTI), which secured the Company-issued LTCP's in December 1995 (at aggregate amount of Php 300 Million) were released in January 2016, months after the termination of the aforesaid rehabilitation proceedings. Other assets mortgaged to China Banking Corp. (as part of the collateral of the Company's P200 million loan line with said bank) have been released from mortgage in 2014. Similarly assets which secured a short-term loan with BPI were also released from mortgage.

LEGAL PROCEEDINGS

The Company or Pryce Corporation and its subsidiary, Pryce Gases, Inc., are a party to pending cases and believe they have meritorious causes of action and defenses with respect to all pending litigation and intend to defend which actions vigorously. Moreover, its directors and officers have no knowledge of any other proceedings pending or threatened against the Company and PGI or any facts likely to give rise to any proceedings which might materially affect the position of the Company. Enumerated and discussed below is the status of various pending cases as of **December 31, 2020**. Apart from the cases enumerated below, Pryce Corporation and Pryce Gases, Inc. are likewise involved in other legal cases that occurred under the ordinary course of business or will not materially affect the parent Company's or PGI's operations as whole.

1. **Ponce vs. Pryce Corporation, et al.**
Case No. G.R. No. 206863
Supreme Court, Third Division

Nature: This is an action for quieting of title filed by Vicente Ponce, whose title overlaps with that of PC over a 4.8 hectare portion of property in Iligan City, over which PC operates and maintains the Maria Cristina Gardens Memorial Park. Ponce obtained his title from Solosa, whose title was derived from an alleged Homestead Patent that was administratively reconstituted. PC meanwhile obtained its title from the Quidlat sisters, whose title was adjudged by a cadastral court. The RTC ruled in favor of Ponce, upholding his title over the contested portion. On appeal, the CA sustained the trial court's ruling. PC filed a Petition for Review on Certiorari with the Supreme Court, to which Ponce filed his Comment.

Status: In February 2014, PC filed a motion for leave to file its Reply to the Comment of Ponce. The Supreme Court granted PC's motion. PC is now awaiting the Supreme Court's further action on this case. Meanwhile, Vicente Ponce had passed away and his heirs had filed for substitution as party-litigants in the case, which the Supreme Court granted thru its resolution dated January 10, 2018. On 8 April 2018, the Supreme Court directed the Court of Appeals to elevate the complete records of the case. On 9 October 2019, the Supreme Court noted the transmittal letter of the Court of Appeals elevating to it the CA rollo and original records of the case. The matter is now submitted for the resolution of the Supreme Court.

2. **Pryce Corp. vs. Solicitor General, et al.**
Civil Case no. CV-ORD-2015-215
RTC-Cagayan de Oro City, Branch 17

Nature: PC is asking the Court to render an interpretation of Section 4 (a) 9 of Republic Act no. 7432 (also known as "Senior Citizens' Act", as amended Republic Act no. 9257 and as further amended by Republic Act No. 9994 to the effect that it does not include interment services as being covered by the 20% discount to be availed of by the deceased senior citizen or his/her heir(s).

Status: Pryce Corporation secured favorable decisions in the lower courts (RTC and CA). The Solicitor General then elevated the matter to the Supreme Court for review. The case is still pending before the Supreme Court.

3. **National Grid Corporation of the Philippines vs. Pryce Corporation**
Special civil action no. 769
Regional Trial Court, Zamboanga City, Branch 14

Nature: This is an EMINENT DOMAIN case filed by NGCP pertaining to a portion of the property of the PRYCE CORPORATION (PC) located in Zamboanga City known as lot no. 3353 covered by Transfer Certificate of Title no. T-134,567 of the Registry of Deeds of Zamboanga City and developed by the herein defendant corporation into a Memorial Park. The aforementioned case has been docketed as Civil Case no. 769 pending before the Branch 14, Regional Trial Court, Zamboanga City. After postponements made by both parties due to their inability to attend for reasonable causes, the Court set the pre-trial date to January 18, 2018.

Status: During the hearing for pre-trial on 18 January 2018, NGCP's counsel appeared and moved for more time to take up with NGCP's management the proposal of PC for just compensation and to seek approval of any counter-proposal. The Court granted the motion and gave NGCP's counsel fifteen (15) days from 18 January 2018 to file said pleading. However, it appears that NGCP's counsel failed to comply. Then, on 10 July 2018, PC's counsel received an "Entry of Appearance" from a law firm indicating that NGCP had changed its counsel of record. This case is still in pre-trial stage. Pryce's counsel moved for dismissal due to unjustified non-appearance of NGCP's counsel during the last hearing. Pryce is awaiting the resolution of the said motion.

Cases involving directors and officers of Pryce Corporation:

The disclosure hereunder notwithstanding, it must be emphasized that these cases were filed due to alleged malfeasance by the said directors/officers in their capacity as such and allegedly in connection with the performance of their official functions.

Pilipinas Shell Petroleum Corporation versus Pryce Gases, Inc. (PGI), et al.
I.S. No. 2005-56 for Trademark Infringement, Unfair
Competition, Violation of BP 33, Theft and Estafa.
Department of Justice, Manila.

Nature: Again, the directors and officers of Pryce Gases, Inc. were implicated in this case because of the alleged existence of conspiracy. Neither the directors nor the officers issued any directive whatsoever, much less, passive acquiescence to commit fraud or crime for that matter. There is no basis, therefore, for the allegation of conspiracy.

Status: A Resolution was released by the DOJ dismissing the case. Pilipinas Shell filed a Motion for Reconsideration (MR). Accordingly, PGI filed its Comment and/or Opposition thereto. After Shell filed its Reply to the Comment and/or Opposition, PGI filed a Rejoinder thereto. PGI is still awaiting the resolution of Shell's Motion for Reconsideration.

LPGIA versus the Directors and Officers of Pryce Gases, Inc. and/or Oro Oxygen Corporation (re-check)
Provincial Prosecution Office of Rizal
NPS Docket No. XV-18M-INV-15H-03386

For: Trademark Infringement, and Violation of BP 33 and RA 623
Department of Justice
OSEC-PR-RZL-2-051216-001

City Prosecution Office of Taguig
Trademark Infringement, and Violation of BP 33 and RA 623

Nature: The Complaints were filed indiscriminately against all the directors and officers of PGI and OOC because of presumed consent and acquiescence to commit the offenses. There is no allegation in the Complaints however that alleges with particularity the identity of offenders or how the offender is connected with the companies, much less the actual personal participation its board of directors and officers in the alleged commission of the offenses. Complainant further bases its Complaint, among others, on noticeably intercalated invoices, for which countercharges of falsification have been filed.

Status: The Department of Justice partially granted LPGIA's Petition for Review and indicted additional respondents for violation of BP33. PGI officers and LPGIA filed their respective motions for partial reconsideration. These are pending before the Department of Justice.

People of the Philippines vs. Rudy T. Abuyog, et al.
For: Violation of Sec. 2(a) in rel. to Sec. 3 (c) and Sec. 4, B. P. 33 as amended by PD 1865
Criminal Case No. 16-0186, Criminal Case No. 16-0187, Criminal Case No. 16-0188
Municipal Trial Court of Taytay

Nature: This case has its inception from NPS Docket No. XV-18M-INV-15H-03387 which culminated in the filing of criminal charges against the corporate officers.

Status: The Court approved the inclusion of additional officers for indictment. On 8 October 2018, all the other additional accused were arraigned and have posted bail. The initial presentation of prosecution evidence is set on 4 March 2019. After the presentation of prosecution evidence, the Accused filed a Demurrer to Evidence with Motion to Dismiss. The Demurrer to Evidence is still pending.

LPGIA versus the Directors and Officers of Pryce Gases, Inc.
Petron Corporation versus the Directors and Officers of Pryce Gases, Inc.
NPS Docket Nos. XV-03-INV-17-H-3149 to 3150, XV-03-INV-17C-0909 to 0912
Trademark Infringement, Unfair Competition, and Violation of BP 33 and RA 623
Office of the City Prosecutor of Cavite City

Nature: Like in the foregoing Taytay and Taguig cases, the Complaints were filed indiscriminately against all the directors and officers of PGI because of presumed consent and acquiescence to commit the offenses, without allegation in the Complaints that particularly identifies the offenders or how they are connected with the company. Much less is there any showing of the actual personal participation its board of directors and officers in the alleged commission of the offenses.

Status: The cases were DISMISSED by the Cavite Prosecutor's Office. LPGIA filed a Petition for Review with the Department of Justice ("DOJ"). The Accused filed a Comment. The Petition is still pending with the DOJ.

LPGIA versus the Directors and Officers of Pryce Gases, Inc.
NPS Docket No. II-07-INV-171-05786
Trademark Infringement and Violation of B.P. 33
Office of the Provincial Prosecutor of Bayombong, Nueva Vizcaya
Department of Justice

Nature: Similarly with the foregoing cases, complaints were filed indiscriminately against all the directors and officers of PGI because of presumed consent and acquiesce to commit the offenses.

Status: The cases were dismissed as against all directors and officers but for Mr. Rafael Escaño, as president of Pryce Gases, Inc., the charge being based solely on his position as such without showing any actual consent to the commission of the offense, much less any participation therein. On that basis, Mr. Rafael Escaño filed a Petition for Review with the Department of Justice where the case is currently pending.

Eastern Petroleum Corp. versus Efren A. Palma
NPS Docket No. XV-03-INV-16H-2849
Provincial Prosecution Office of Cavite
Violation of BP 33 and RA 8293

Nature: Mr. Palma only became aware of the above-captioned Complaint when he received the Resolution of the prosecutor in January of 2017. It is apparent from the records of the case that notices and other papers were delivered to the **wrong address** except, strangely, for the Resolution itself, which was delivered to the correct address**.** As such, Mr. Palma was not able to deny any wrongdoing by the company as alleged in the complaint and present his defenses, including especially that he is **not the President of Pryce Gases, Inc.,** nor is he managing the erring refilling plant or personally involved in the day-to-day operations of the company. It would have been easily verifiable from the public documents, which were attached to the complaint itself, that Mr. Palma's position in Pryce Gases, Inc. is as Chief Financial Officer.

Status: On motion for reconsideration, the resolution was reversed and charges against Mr. Palma have been dismissed. Countercharges for perjury have likewise already been filed against the complainant.

Republic Gas Corporation, rep. by: Wilbert R. Sanchez vs. Rafael P. Escano, Salvador P. Escano and Efren A. Palma
NPS Docket No. III-08-INQ-19-F-00208
Office of the City Prosecutor, Meycauayan, Bulacan
For: Trademark Infringement

Nature: Prior to this case, Republic Gas Corporation (REGASCO) secured a search warrant from the RTC Pasig City in another criminal case against Pryce Gas Meycauayan refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, REGASCO together with the CIDG, raided the Pryce Gas Meycauayan refilling plant. During the raid, LPG cylinders ostensibly bearing the trademark of REGASCO as inscribed in the handles of the LPG cylinders, were confiscated inside the refilling plant. The plant OIC/supervisor were arrested and a criminal case for Trademark Infringement were filed against them (docketed as P. v. Barug et al, Crim. Case No., 3215-M-2019). As an offshoot of that case, similar complaints for Trademark Infringement were filed against Salvador P. Escaño et al. in their official capacities as corporate officers of Pryce Gases Inc. even though no direct participation by the said officers could be inferred.

Status: The Office of the Prosecutor-Meycauayan directed Messrs. Salvador P. Escano et al. to submit their Counter Affidavits in the Complaint for Trademark Infringement filed by REGASCO. The Counter Affidavit was filed on December 19, 2019. The case is now submitted for resolution.

Republic Gas Corporation, rep. by: Efren J. Almojuela vs. Rafael P. Escano, Salvador P. Escano, and Efren A. Palma
NPS Docket No. XV-18m-INQ-19F-04363
Provincial Prosecution Office of Rizal, Taytay, Rizal;
For: Trademark Infringement,

Nature: Prior to this case, Republic Gas Corporation (REGASCO) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, REGASCO together with the CIDG, raided the Pryce Gas/Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders ostensibly bearing the trademark of REGASCO as inscribed in the handles of the LPG cylinders, were confiscated inside the refilling plant. The plant OIC/supervisor were arrested and a criminal case for Trademark Infringement (docketed as People vs. Rabago et al, Criminal Case No. 19-932) was filed against him. As an offshoot of that case, similar complaints for Trademark Infringement were filed against Salvador P. Escaño et al. in their official capacities as corporate officers of Pryce Gases Inc. before the Office of the City Prosecutor of Taytay, Rizal, even though their direct participation could not be inferred.

Status: The OCP Taytay dismissed the charges against Salvador P. Escaño et al. The case for Trademark Infringement was filed before the RTC Binangonan because there is no RTC at Taytay City. The Motion for Preliminary Investigation for RPE, SPE and EAP was denied. Warrant of arrest was issued. Bail was posted. We will file a Motion for Reconsideration to the Order denying the Motion for Preliminary Investigation upon receipt of the Order. The Motion to Quash Search Warrant is still pending.

People of the Philippines vs. Mr. Rudy T. Abuyog, Salvador Escano, et. al
Municipal Trial Court of Taytay
For: Violation of B.P. 33, Municipal Trial Court of Taytay

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders allegedly bearing the trademark of LPGIA-member companies were confiscated inside the Taytay refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen.
The charges for Trademark Infringement and violation of RA 5700 were dismissed. An Information for violation of BP. 33 was filed against Mr. Rudy Abuyog, SPE and other corporate officers of Oro Oxygen. The criminal case was filed with the MTC Taytay.
Status: After the presentation of the prosecution's evidence, the Accused filed a Demurrer to Evidence with Motion to Dismiss. The Demurrer to Evidence is still pending.

LPG Industry Association vs. Mr. Raul R. Villanueva. et. al.
OCP Case no. XV-16-INV-15H-00628
Office of the City Prosecutor of Taguig City
For: Trademark Infringement, Violation of B.P. 33

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas Taguig refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Taguig refilling plant. During the raid, LPG cylinders bearing the trademark of LPGIA-member companies were confiscated inside the Taguig refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen.
Status: The OCP Taguig DISMISSED all charges against the respondents. LPGIA filed its Motion for Reconsideration. The Respondents filed their Comment/Opposition to LPGIA's Motion for Reconsideration. LPGIA's Motion for Reconsideration is still pending.

LPG Industry Association vs. Mr. Raul R. Villanueva. et. al
OSEC-PR-RZL-2-051216-001
Office of the City Prosecutor of Taytay) Department of Justice
For: Trademark Infringement, Violation of B.P. 33

Nature: The LPG Industry Association (LPGIA) secured a search warrant from the RTC Pasig City against Pryce Gas/Oro Oxygen Taytay refilling plant alleging that Pryce Gases is committing trademark infringement. By virtue of the search warrant, LPGIA together with the NBI, raided the Oro Oxygen Taytay refilling plant. During the raid, LPG cylinders allegedly bearing the trademark of LPGIA-member companies were confiscated inside the Taytay refilling plant. A complaint for Trademark Infringement, and violation of BP. Blg. 33, and RA 5700, were filed against Mr. Rudy Abuyog (president) and other corporate officers of Oro Oxygen.
The OCP Taguig resolved to dismiss all charges against SPE and other officers of Oro Oxygen but recommended the filing of an Information for violation of B.P. 33 as against Mr. Rudy Abuyog, in his capacity as the president of Oro Oxygen. The case was filed with the MTC Taytay.

LPGIA filed a Petition for Review with the DOJ questioning the OCP Taytay's dismissal of the charges against Salvador Escaño et al. The DOJ reversed the OCP Taytay and recommended the filing of B.P. 33 charges against Salvador Escaño et al. An Amended Information was filed with the MTC Taytay thereby impleading Messrs. Salvador Escaño et al., as additional accused.

The Respondents filed a Motion for Reconsideration questioning the DOJ's Resolution.

Status: The DOJ partially granted LPGIA's Petition for Review and indicted additional respondents for violation of BP 33. The Respondents filed a Motion for Partial Reconsideration. In turn, LPGIA also filed its Motion for Partial Reconsideration, Respondents filed their Comment/Opposition thereto. The incidents are still pending with the DOJ.

OPERATIONAL AND FINANCIAL INFORMATION

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's shares are listed in the PSE. The table below shows the quarterly high and low prices PC's shares (stock symbol: "PPC") traded for the years 2019 and 2020.

Year	High	Low
2019		
First Quarter	6.13	5.75
Second Quarter	5.80	4.62
Third Quarter	7.38	4.80
Fourth Quarter	5.56	4.88
2020		
First Quarter	5.26	3.80
Second Quarter	4.77	4.00
Third Quarter	4.34	4.00
Fourth Quarter	5.60	4.00

The last trading date of for 2020 is December 29, 2020, wherein the closing price of PPC shares was at Php 5.01, with a high of Php 5.05 and a low of Php 4.92.

The table below shows the quarterly high and low prices PPC shares traded for the 1st and 2nd quarters of 2021.

Year	High	Low
2021		
First Quarter	6.60	5.00
Second Quarter	5.72	5.17

The last trading date in the 2nd quarter of 2021 is December 29, 2020, wherein the closing price of PPC shares was at Php 5.35.

Trading of PC's shares was previously suspended on two occasions, both of which pertain to the Company's corporate rehabilitation. The first was shortly after the Company filed its petition for corporate rehabilitation with the Commercial Court on July 9, 2004. This suspension was subsequently lifted on January 26, 2005 after the Commercial Court approved the company's corporate rehabilitation plan on January 17, 2005. The second suspension came on June 5, 2006 as a result of the ruling of the CA on the petitions for review (of PC's rehabilitation plan approved by the Commercial Court) filed separately by creditor banks CBC and BPI before different divisions of that appellate court. These cases reached the SC and were resolved in favor of PC, which are discussed under the heading Corporate Rehabilitation in Item 1 of Part 1 above, of this report. On March 16, 2015, following the SC's favorable decision, trading suspension of PPC shares was lifted by the PSE, resulting in the active trading of the shares.

Public Ownership of PC shares as of June 30, 2021

	% to Total Outstanding Shares	*Number of Shares*
Total Outstanding & Issued Shares	100%	1,927,246,969
Less:		
Directors & Sr. Officers	3.14%	60,457,365
Affiliates	23.88%	460,173,464
Sub-total	27.01%	520,630,829
Shares owned by the public	72.99%	1,406,616,140

On Dec 13, 2017, the SEC approved the Company's request for increase in authorized capital stock from Two Billion Pesos (Php 2,000,000,000.00) divided into two billion (2,000,000,000) shares with par value of one peso (Php 1.00) per share to Two Billion Ninety-Eight Million Pesos (Php 2,098,000,000.00) divided into two billion ninety-eight million (2,098,000,000) shares with par value of Php 1.00 per share.

This action also allowed for the subscription by an affiliate of the Company (Josefina Multi-Ventures Corporation) to 24,500,000 shares at the subscription price of Php 5.00 per share under the placing and subscription transaction disclosed to the Philippine Stock Exchange on December 7, 2016, and, otherwise, to allow the company to expeditiously raise funds via stock subscriptions.

Holders

As of June 30, 2021, the company has 359 stockholders, with 97.93% of the outstanding shares registered in the names of persons who are citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60% of the capital of which is owned by Philippine citizens. The top 20 shareholders listed below comprise 99.64% shares of the 1,926,250,969 outstanding shares.

Top 20 Shareholders as of June 30, 2021 (see table below)

Rank	STOCKHOLDER'S NAME	Total holdings subscribed	Percentage to total Outstanding Shares
1	GUILD SECURITIES, INC.	1,017,140,468	52.78%
2	PCD NOMINEE CORPORATION	431,025,418	22.36%
3	HINUNDAYAN HOLDINGS CORP.	160,708,000	8.34%
4	JOSEFINA MULTI VENTURES CORPORATION	133,114,512	6.91%
5	PRYCE DEVELOPMENT CORPORATION	61,800,000	3.21%
6	PCD NOMINEE CORP. (NON FILIPINO)	37,936,012	1.97%
7	SALVADOR P. ESCANO	33,492,660	1.74%
8	SOL F. ESCANO	27,909,000	1.45%
9	CBC T/A #501-0091	4,528,720	0.23%
10	JGF HOLDINGS, INC.	3,221,427	0.17%
11	NOTRE DAME OF GREATER MANILA	2,300,000	0.12%
12	PRYCE PLANS, INC.	1,830,000	0.09%
13	SALVADOR P. ESCANO ITF PRYCE DEVELOPMENT CORP.	1,684,450	0.09%
14	PRYCE SECURITIES, INC.	1,008,000	0.05%
15	JACK &/OR FRANK GAISANO &/OR EDWARD &/OR MARGARET GAISANO	575,000	0.03%
16	EDNA A. TORRALBA	490,000	0.03%
17	CBC T/A #501-0091 FAO: PPI	450,000	0.02%
18	FERNANDO L. TRINIDAD ITF PRYCE DEVELOPMENT CORP.	417,000	0.02%
19	LUIS C. NG	322,000	0.02%
20	MICHAEL ANGELO P. LIM &/OR BIENVENIDO U. LIM	310,000	0.02%

Dividend History

In 1994, the Company declared and paid cash dividends of P0.02 per share. In 1995, the Company declared cash dividends amounting to P0.04 per share to stockholders on record as of January 25, 1995 and P0.03 per share to stockholders on record as of September 10, 1995. These cash dividends were paid on February 8 and September 30, 1995, respectively.

In 1997 the Company declared a 15% stock dividend to stockholders on record as of April 10, 1997;

these dividends were paid on April 16, 1997.

On November 11, 2016, PC's Board of Directors approved the adoption of a dividend policy wherein 50% of the prior fiscal year's consolidated net income after tax will be distributed in cash to the shareholders as dividends. Dividend declaration and payout is however subject to the requirements of existing laws and rules and regulations and may be restricted by circumstances such as, but not limited to the need for substantial capital outlays for expansion programs or working capital, its earnings, cashflow, financial condition, capital investment requirements and other factors. The Board may, at any time, revise this dividend policy depending on the results of operations and future projects and plans of the company.

In recent years, the Company declared cash dividends on the following dates: December 22, 2017 (which it had not been able to do in 20 years); June 7, 2018; December 14, 2018; May 17, 2019; December 6, 2019, May 18, 2020 and November 27, 2020. The latest cash dividend declaration was on May 21, 2021. All of these cash dividends were sourced from unrestricted retained earnings of the company and were each paid at the rate of Php 0.12 per common share.

Shares' Buyback Program

On November 16, 2018, the Board of Directors of the Company ("the Board") approved the buyback of its common shares under the following terms:

- The buy-back program shall be for a term of 24 months commencing on November 20, 2018 up to November 19, 2020.
- The Company shall be authorized to repurchase up to Php 500 million worth of common shares.
- The buy-back program 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 buy-back program shall be implemented in an orderly manner and should not adversely affect the Company's and its subsidiaries' prospective and existing projects.

As at November 19, 2020, the total number of shares repurchased was 83,572,731, equivalent to Php 390,388,227.30 or 78% of the total fund of Php 500 million earmarked for the buy-back program. Thus, there is an unspent balance of Php 109,611,772.70. Then on November 27, 2020, the Board approved two resolutions in relation to PPC's buyback program under the following terms and conditions:

- The Board approved the extension of the aforesaid buyback program from November 19, 2020 up to such time when the appropriated Php 500-million fund has been totally spent for the purpose;

- Further, the Board approved that after the aforesaid Php500-million fund has been totally consumed, another buy-back program (Second Buy-back Program) will follow for which a similar fund of Php 500 million will be set aside and will last for one year.

As at July 30, 2021, the total number of shares repurchased is 1,926,250,969, equivalent to Php 469,041,091.30 or 93.80% of the total fund of Php 500 million earmarked for the buy-back program.

As before, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Key Performance Indicators (KPIs)

PC and Subsidiaries (consolidated) based on audited FS

	2020	***2019***
% Growth in Revenues: 10.14%	Php 11.709 billion	Php 10.630 billion
% Sales Volume Growth (LPG): 10.27%	242,474MT	219,884 MT
Price movement: Int'l Contract Price (CP)	$401.75 per metric ton	$439.54 per metric ton
% Growth in Gross Margin: 8.11%	Php 3,126.62 million	Php 2,892.21 million
% Increase in Income: 6.36%	Php 1,615 million	Php 1,518.0 million
Current ratio	1.56	1.52
Total Debt-to-Equity ratio	0.47	0.43

PC (consolidated) for the interim period of 2nd Qtr

	2nd Qtr 2021	***2nd Qtr 2020***
% Growth in Revenues: 20.66%	Php 7.118 billion	Php 5.899 billion
% Sales Volume Growth (LPG): 19.10%	140,895 MT	118,291 MT
Price movement: Int'l Contract Price (CP)	$546.25 per metric ton	$415.58 per metric ton
% Growth in Gross Margin: 2%	Php 1.619 billion	Php 1.588 billion
% Increase/ (decrease) in Income: -1.76%	Php 745.918 billion	Php 759.254 billion
Current ratio	1.52	1.56
Total Debt-to-Equity ratio	0.50	0.43

	Explanations/remarks
Revenue and Volume Growth	This is a measure of how the company is able to efficiently expand its operations and harness its resources (given its more-than-adequate storage and production capacities) to create more revenues and cash flows over time. It also reflects on the capability of management to grow the enterprise.
Price movement (LPG)	This is a major concern because over 90% of company revenues emanate from the sale of LPG, a product with volatile import cost and elastic demand with respect to price. This happens because the bulk of demand is driven by households buying LPG as cooking gas, households being a price-sensitive market (although recent trends seem to go against this pattern). The business is also subject to political pressures, being part of the oil industry. The rise and fall of local LPG prices follow the international contract price or Saudi contract price ("CP" for short).
Profitability: Gross Margin and	The ability to control cost and realize profits are always of paramount

Net Income	importance to an enterprise. In the case of the Company, it has limited control over the import cost of its largest product line, LPG, because the international contract price (CP) is established in the Middle East, so retail pricing is the key to profitability. Its industrial gas operations are profitable but the Company has to temper the movement in selling price to prevent inroads from competitors. The Company's real estate division (memorial parks) is a very-high margin operation but accounts for only a small percentage of revenues.
Liquidity: Current ratio and Debt-to-equity ratio	The importance of having cash and liquid assets to fund operating requirements, to purchase supplies/inventories, and to service maturing debts cannot be overemphasized.

Results of Operations and Detailed Discussion on Performance Indicators

Q2 2021 compared to Q2 2020 (Quarterly)

During the first half of 2021, Pryce Corporation's (PPC's) consolidated revenues grew from P 5.9 billion to P 7.119 billion, recording a growth of 20.66%. Consolidated net income slightly decreased by 1.76%, from P 759.25 million to this year's P 745.92 million. Sale of liquefied petroleum gas (LPG) and LPG-related products accounted for 93.81% of the group's total revenues, while sale of industrial gases, real estate, and pharmaceutical products accounted for the balance.

Liquefied Petroleum Gas (LPG) and industrial gases are products of Pryce Gases, Inc. (PGI) – a subsidiary of the parent company Pryce Corporation (PC). Real estate sales is under Pryce Corporation (PC); while vitamins and supplements are handled by Pryce Pharmaceuticals, Inc. (PPhI), also a subsidiary of PC. Oro Oxygen Corporation (OOC) is a subsidiary of PGI, which distributes LPG and industrial gases in Luzon.

Revenue and Volume Growth

The growth of 20.66% in consolidated revenues from P 5.90 billion to P 7.119 billion is mainly attributable to the 20.71% increase in sales of PGI's LPG and industrial gas products. Also contributing to said revenue growth is the higher retail price due to the escalation of the average international price of LPG during the period under review (see discussion below).

Revenues from LPG products (consisting of sales of cooking gas, cylinders, LPG gensets, and accessories) provided the biggest contribution at P6.678 billion or 93.81% of consolidated revenues. Revenues from the rest of the product lines such as industrial gases, real estate, and pharmaceutical products aggregated to P 440.85 million in 2021. The contribution from other products is broken down as follows: industrial gases, P334.511 million (4.70%); real estate, P82.971 million (1.17%); and pharmaceutical, P23.370 million (0.33%).

LPG (cooking gas) sales volume increased by 19.11% in the first half of 2021, from 118,291 metric tons to 140,895 metric tons. On a regional basis, LPG sales volume rose by 24.27% in Luzon and 12.05% in the Vis-Min region.

Total volume sold for all types of industrial gases (consisting of oxygen, acetylene and other gases) during the first semester reached 834,196 cylinders, a significant 61.10% growth from the previous year's figure of 517,902 cylinders. Consequently, industrial gas revenues increased by 68.55% from P198.46 million to P334.51 million.

Revenues from real estate products was P82.97 million, higher by 35.04% compared to last year's sales of P61.44 million. Sales of pharmaceutical products, however, went down by 19.17% to P23.37 million.

Market Demand and Price Movement

A report from the Department of Energy (DOE) showed that during the first-quarter of 2021, there was a 6.8% overall decrease in LPG demand to 445,000 metric tons from 478,000 metric tons of the same period in 2020. This decrease is largely due to the lower sale performances of Petron, the biggest LPG player, and many independent players; whereas the rest, including PGI, registered respective sales growths.

The international price of LPG (or Contract Price or "CP") is influenced by oil prices. The CP in turn affects the local LPG prices. The average CP during the first six months of this year rebounded to pre-pandemic levels at US$546.25 per metric ton. This is 31.44% higher than the average CP of US$415.58 per metric ton during the same period last year. Such rebound in CP came as a result of higher oil prices driven by oil production cuts by OPEC+ countries and the recovery in worldwide oil demand.

LPG consumption on a nationwide scale became weak due to the negative effects of the pandemic. In particular, the commercial and industrial consumers were the ones most affected.

Competition

Based on the latest DOE report for the first quarter of 2021, PGI had a 12.4% market share nationwide – a 1.5% increase compared to the same quarter in 2020. Extrapolation from the same report indicated that PGI's combined Visayas-Mindanao market share reached 25.7% in Q1-2021, which is slightly higher compared to 25.1% in Q1-2020. PGI thus remains the 2nd largest player in the Vis-Min market. In the same report, PGI's countrywide LPG sales volume in the first quarter of 2021 increased by 3.8% to 55,000 metric tons compared to year-ago sales of 53,000 metric tons. As had been mentioned above, PGI was among those which registered positive growths in terms of LPG sales, with the exception of Petron and a group of certain independent players, which registered negative sales growths.

Despite elevated LPG prices, amid the adverse effects of the COVID-19 pandemic, the company nonetheless managed to raise its market share and achieve growths in revenues.

Profitability

Total income from operations amounted to P757.96 million, 20.60% down from the year-ago figure of P954.60 million. Other income, however, grew to P154.59 million from last year's negative value of P27.35 million. After adjustments for Other income and provision for income tax, net income after tax declined marginally by 1.76% to P 745.92 million in 2021 from P 759.25 million in 2020.

Higher operating expenses caused a minor drop in net income as the company continued its expansion mode, particularly in the putting up of many refilling plants and sales centers nationwide. This entailed recruitment of personnel and purchases of relevant equipment, including transport vehicles, which are necessary for such expansions. Two additional import-marine terminals will become operational within the next 1 to 2 years, one each in Mindanao and Visayas. These and similar actions in the future, coupled with aggressive marketing efforts, will enable the company to reach an even greater number of customers, thereby allowing it to set higher target growths in sales volume. Stiff competition in Luzon, which drove profits to marginal levels in that region, was also a contributing factor to said drop in net income.

Earnings per share improved slightly by 0.91% from P 0.3557 per share to P 0.3589 per share. This numerical improvement is due to the parent company's continuing shares buyback program.

Liquidity

As of June 30, 2021, the liquid assets of the company, consisting of Cash and marketable securities, amounted to P3.366 billion. This is an increase of 15.0% from the audited figure of P2.927 billion as of December 31, 2020. Trade and Other Receivables reached P592.98 million, a significant improvement from the audited figure of P350.09 million as of December 31, 2020.

Current ratio as of June 30, 2021 was at 1.52 while total debt-to-equity ratio was at 0.50.

Balance Sheet Changes

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

Account Name	% Increase or (Decrease)	Reason for Change
Cash	33.98%	Due to net income and availment of loans
Financial assets at fair value	(6.42%)	Decrease in value and disposal of marketable securities
Trade and other receivables	69.38%	Increase in credit sales
Prepayments and other current assets	(28.64%)	Application of creditable withholding tax and input VAT
Other non-current assets	36.16%	Increase in deposit for rentals for new sales centers
Trade and other payables	11.32%	Increase in purchases and various accruals
Income tax payable	(60.82%)	Payment of income tax
Lease liabilities (current)	(10.63)%	Due to payments of lease
Short-term debts	28.15%	Additional short term loan
Retirement benefit obligation	18.17%	Additional recognition of retirement benefit

Retained earnings	8.62%	Due to net income of 2021
Treasury stock	18.33%	Continued buyback of shares by parent company

Numerical Performance Indicators

The measures of revenue growth are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2021 (June 30, 2021)	**2020 (June 30, 2020)**	Percent Growth/ (Decline)
REVENUES	7,118,646,183	5,899,694,538	20.66%

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas			
	2021 (June 30, 2021)	**2020 (June 30, 2020)**	Percent Growth/ (Decline)
LPG (in MT)	140,895	118,291	19.10%

The measurements of profitability are shown below.

	2021 (June 30, 2021)	**2020 (June 30, 2020)**
Return on Assets (%)	5.95%	6.99%
Return on Equity (%)	8.83%	9.90%
Net profit margin (%)	12.82%	15.72%

The liquidity measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2021 (June 30, 2021)	**2020 (June 30, 2020)**
Current ratio	1.52	1.56

Debt to equity ratio	0.50	0.47

Results of Operations (Annual)

2020 Compared to 2019

The Company posted consolidated revenues of Php 11.709 billion in 2020, up by 10.14% compared to 2019's Php 10.630 billion. This growth was driven mainly by sales of its LPG products consisting of LPG cooking gas (LPG), cylinders, gensets, stoves and accessories. LPG products consistently cover more than 90% of the consolidated revenues.

PPC's consolidated comprehensive income of Php 1.623 billion for the year is 6.85% higher than year-ago comprehensive income of Php 1.519 billion. Earnings per share likewise increased, from 0.692 in 2019 to 0.754 in 2020.

The contribution to revenues is broken down by product line, as follows: LPG products consisting of cooking gas, gensets, cylinders, gas stoves, and accessories, Php 11.047 billion (or 94.35% of total); industrial gases, Php 449.87 million (3.84%); real estate sales, Php 157.56 million (1.35%); and pharmaceutical products, Php 54.67 million (0.47%).

LPG products under the PryceGas brand and industrial gases are product lines of PGI, real estate sales are under the holding company Pryce Corporation while pharmaceutical products (mostly vitamins and supplements) are the products of Pryce Pharmaceuticals, Inc. (PPhl). Oro Oxygen Corporation (OOC), a subsidiary of PGI, is engaged in the marketing and distribution of LPG and gases in Luzon. PGI and PPhI are direct subsidiaries of Pryce Corporation.

Revenue and Volume Growth

The Company's revenue in 2020 is higher by 10.14% at Php 11.709 billion compared to 2019's Php 10.630 billion. Sales volume of LPG was the main revenue driver, which increased by 10.27% to 242,474 metric tons (MT) from the previous year's 219,884 MT.

There was a marginal decrease of 0.54% in revenues from industrial gases, from Php 452.30 million in 2019 to Php 449.87 million in 2020. This was due to the 2.8% drop in sales volume of industrial gas cylinders: 1.137 million cylinders in 2020 from the previous year's 1.170 million cylinders. Sales of medical and industrial oxygen accounted for 74% of industrial gas revenues, the balance consisting of revenues from acetylene and other gases.

Revenues from real estate was up by 22.96% or Php 157.56 million in 2020 over Php 128.14 million for 2019. Revenue from pharmaceuticals meanwhile increased by 7.15% to Php 54.67 million from Php 51.02 million.

Price Movement and Market Demand

Due to the Coronavirus Pandemic, which caused a drastic fall in global LPG demand, the average international LPG contract price (“CP”) in 2020 dropped to U.S.$ 401.75 per metric ton, 8.60% lower than 2019’s U.S.$ 439.54 per metric ton. The peso-sale of LPG would have been higher had it not been for such drop in average CP and, consequently, of domestic LPG prices.

Based on data from the Department of Energy (“DOE”) market demand for LPG (cooking gas) went down by 4.33% from 1,823 thousand metric tons in 2019 to 1,744 thousand metric tons in 2020. This drop is due to the dampened economic activity caused by the Coronavirus Pandemic and the governments’ dining restrictions on restaurants, malls, hotels, and, fast-food eateries, which utilize LPG as cooking gas. Such restrictions were imposed to curb the spread of the coronavirus infection. Moreover, many people were wary of dining out because of the risks posed by the virus.

Competition and Market Share

PGI is a major industry player in the Philippine LPG market with a market share of 13%, per DOE statistics. In the Visayas and Mindanao (Vis-Min) regions, PGI is the 2nd largest player in both regions. PGI’s combined market share in Vis-Min is 25%. In Luzon, on the other hand, where the competition is much stiffer, PGI has an 8% share. Luzon has many competitors: five import terminal operators and more than a hundred independent small to medium size refillers selling generic products.

PGI’s has a continuing expansion in its network of import terminals, refilling plants, and sales centers. Given that it already has the most complete and extensive LPG infrastructure nationwide, the additional expansions will enable it to further enlarge and solidify its market share.

Profitability

Gross profit of the company reached Php 3.13 billion during the year. Selling and general/administrative expenses totaled Php 1.30 billion, resulting in net operating income of Php 1.83 billion, for a slight growth of 1.18% from the year-before figure. Other income and charges, consisting of finance costs, and other income sources, reached Php 219.75 million, to yield a pre-tax income of Php 2.05 billion

The Company made provision for income tax in the amount of Php 432.77 million, resulting in a net income after tax of P 1.616 billion, an improvement of 6.37% from the previous year’s Php 1.519 billion.

Liquidity

Total liquid assets as of yearend 2020 amounted to Php 3.277 billion, which covers cash, marketable securities, and receivables. It represents a 30.73% growth over the Php 2.507 billion in 2019. Current ratio increased from 1.53 in 2019 to 1.56 in 2020.

Balance Sheet Changes

Compared to the December 31, 2019 audited financial statements, the significant movements in balance sheet accounts are as shown below.

Numerical Performance Indicators

The measures of revenue growth and sales performance are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2020	**2019**	Percent Growth/ (Decline)
REVENUE	Php 11,708,642,164	Php 10,630,299,264	10.14%

Account Name	% Increase or (Decrease)	Reason for Change
Cash	39.20%	Increase in income and availed short-term loans
Financial assets (marketable securities)	31.92%	Increased market value, acquisition of marketable securities
Inventories	44.20%	Increased LPG importation due to increase in sales demand
Prepayments and other current assets	(21.64%)	Decreased rentals and lesser input VAT
Advances to related parties	(100%)	Collections made on these accounts
Property, plant and equipment	5.13%	Additional capital expenditures
Right-of-use assets	53.58%	Additional recognition of right-of-use asset on leasehold
Other non-current assets	8.29%	Additional advances to contractors/suppliers
Trade and other payables	56.47%	Increase in purchases and various accruals
Short-term debts	5.77%	Additional availed short term loans
Customers' deposits	41.43%	Increase in collection of deposits for real estate products
Lease liabilities (current)	77.47%	Additional accrual of finance cost
Income tax payable	(26.40%)	Due to payment and reduced income tax rate
Retirement benefits obligation	(9.79%)	Due to payments/contributions to retirement fund
Lease liabilities (noncurrent)	45.41%	Due to payment of lease liabilities
Retained earnings	22.97%	Due to net income of 2020
Treasury stocks	104.49%	Additional buy-back of shares by parent company
Non-controlling interest	14.50%	Due to increase in net income

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas			
	2020	**2019**	Percent Growth/ (Decline)
LPG (in kgs)	242,473,614	219,883,572	10.27%

The measurements of profitability are shown below.

PROFITABILITY			
Pryce Corporation & Subsidiaries			
	2020	**2019**	Percent Growth/ (Decline)
Return on Assets (%)	15.06%	16.22%	(7.19%)
Return on Equity (%)	21.00%	22.00%	(4.28%)
Net profit margin (%)	17.49%	18.41%	(4.98%)

The liquidity and solvency measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2020	**2019**
Current ratio	1.56	1.53
Debt to equity ratio	0.47	0.43

2019 Compared to 2018

Pryce Corporation and its subsidiaries posted a consolidated net income of P1.519 billion for the year 2019, which is 8.26% higher than the previous year's P1.403 billion. The Php 1.519-billion net income is within range of the company's target.

Revenue contribution by product line is as follows: Liquefied petroleum gas (LPG as fuel) and related LPG products – P10 billion (94.06% of total); Industrial gases – P452.30 million (4.25%); Real estate sales – P128.1 million (1.21%); and Pharmaceutical products – P51.0 million (0.48%).

LPG under the PryceGas brand and industrial gases are product lines of the subsidiary, Pryce Gases, Inc. (PGI). Real estate sales are under the holding company Pryce Corporation while vitamins and supplements are the products of Pryce Pharmaceuticals, Inc. (PPhI). Oro Oxygen Corporation (OOC), a subsidiary of PGI, is engaged in the marketing and distribution of LPG (also under PryceGas brand) and industrial gases in Luzon. PGI and PPhI are subsidiaries of Pryce Corporation.

Revenue and Volume Growth

The Company's 2019 topline of Php 10.630 billion is a 3.48% increase over last year's Php 10.273 billion. Liquefied petroleum gas (LPG) is the group's principal product, along with its cylinders & accessories and LPG gensets. It accounted for 94% of total revenues, whereas the remaining revenues were accounted for by sales of industrial gases, real estate, and pharmaceutical products (as discussed above). The modest revenue growth is largely explained by the lower average international LPG contract price (CP) of US$439.5/MT during the year.

LPG sales volume grew 8.95% to 219,884 metric tons (MT) from year-ago volume of 201,826 MT. The company's Luzon operations achieved a 9.42% growth in sales volume, a little higher than the 8.35% growth in the combined sales performance of the company's operations in the Visayas and Mindanao areas.

Industrial gases registered a 7.12% increase in revenues to P452.30 million in 2019 from P422.25 million in 2018 and a 10.85% increase in volume of cylinder refills.

Revenue from real estate, however, dropped to P128.14 million in 2019 from P227 million in 2018 since the latter figure included sale of office condominium units which was absent in 2019. Pharmaceuticals' revenues achieved an increase of 15% to P51.02 million in 2019.

Price Movement and Market Demand

The international price of LPG, referred to as the Contract Price or CP, had a downtrend in 2019 compared to 2018. Average CP of US$540.04 per MT in 2018 slipped to US$439.54 per MT in 2019. The softening of world prices translated into lower price of LPG to consumers and industrial users. Department of Energy's (DOE) for 2019 data show that the combined demand for LPG of Luzon and NCR comprise about 78% of the country's total demand; the balance of 22% is accounted for by the combined demand of the Visayas and Mindanao areas.

DOE's 2018 demand data for LPG was 1,797,000 metric tons. Latest data from the DOE shows that in 2019, the country's market demand is 1,823,000 metric tons. This growth in demand can be largely explained by lower local price of LPG and strong household incomes amid a strong economy in 2019.

Competition and Market Share

Latest 2019 statistics from the Department of Energy showed PGI as a major player to be reckoned with in the Philippine LPG industry. PGI has a 10% market share in Luzon, 20.4% in Visayas and 24.1% in Mindanao. If the markets of Visayas and Mindanao are to be combined, PGI comes out as the 2nd major player after Petron (Gasul). Overall, PGI has a market share of 11% of the total Philippine market.

It must be noted that Luzon (NCR included) is a highly competitive market with five (5) marine terminal operators (including PGI) doing business alongside more than a hundred independent small to medium-size LPG refillers that sell branded or generic LPG sourced from said terminal operators.

Over recent years, PGI has endeavored to continually increase its market share by building more marine terminals, refilling plants, sales centers, and implementing strategic initiatives designed to widen the scope of its market and bring its LPG products closer to the consumers.

Profitability

The company has managed to end 2019 with an 8.26% increase in net income to P1.519 billion from P1.403 billion in 2018. Operating income grew by 11.73% from P1.617 billion in 2018 to P1.807 billion in 2019. Other income and charges amounting to P149.84 million buoyed income from operations, resulting in an income before tax of P1.957 billion which is 13.86% higher than P1.719 billion achieved in 2018.

The earnings per share based on 2019 comprehensive income of P0.6919 per share is an 8.8% improvement over the P0.6363 per share recorded in 2018.

Liquidity

Total liquid assets as of yearend 2019 is P2.16 billion, consisting of P1.11 billion in cash and P1.04 billion in financial assets at fair value (equity securities), represents a 30.4% growth over the P1.65 billion balance in 2018. Current ratios exhibited a slight decrease from 1.65x in 2018 to 1.54x in 2019.

Balance Sheet Changes

Compared to the December 31, 2018 audited financial statements, the significant movements in balance sheet accounts are as shown below.

Account Name	% Increase or (Decrease)	Reason for Change
Cash	31.30%	Increase in income and availment of short-term loans
Financial assets at fair value	29.46%	Increase in market value and new acquisition of marketable securities
Trade and other receivables	12.85%	Increase in revenues and credit sales
Inventories	15.14%	Increase in sales volume and increase in LPG importation
Prepayments and other current assets	81.64%	Increase in rental and other deposits and advance payment of local taxes
Advances to related parties	(61.70%)	Collections from related parties
Property plant and equipment	10.48%	Due to additional CAPEX

Deferred Tax assets	100.77%	Additional recognition of deferred tax assets
Trade and other payables	18.78%	Due to increase in purchases and various accruals
Income Tax payable	58.01%	Increase in net income
Customers' deposits	(4.07%)	Due to increase in collection of deposits for real estate products
Short-term debts	45.91%	Additional availment of short term loan
Retained earnings	26.60%	Due to net income of 2019
Other comprehensive income	(5.08%)	Recognition of appraisal increment
Treasury stocks	2957.86%	Due to buy back of parent company's shares
Non-controlling interest	14.59%	Due to increase in net income

Numerical Performance Indicators

The measures of revenue growth and sales volume performance are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2019	2018	Percent Growth/ (Decline)
REVENUE	Php 10,630,299,264	Php 10,272,904,539	3.48%

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas			
	2019	2018	Percent Growth/ (Decline)
LPG (in kgs)	219,883,572	201,825,770	8.95%

The measures of profitability are shown below.

PROFITABILITY
Pryce Corporation & Subsidiaries

	2019	2018	Percent Growth/ (Decline)
Return on Assets (%)	16.21%	16.30%	-0.52%
Return on Equity (%)	24.24%	23.42%	3.53%
Net profit margin (%)	18.41%	16.73%	10.03%

The liquidity and solvency measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2019	2018
Current ratio	1.54	1.65
Debt to equity ratio	0.46	0.41

Plans and Prospects

The company's memorial park business will likely experience an increase in memorial lot sales in 2021. This could be driven by a heightened awareness or consciousness of the inevitability of death due to the deadly COVID-19 virus and the rising cases of such disease. Interments will increase as well, owing to the increasing volume of sold memorial lots that have been accumulating over the past many years, especially in the mature memorial parks that cater to large markets in the cities.

PGI, the principal revenue earner, built 6 new refilling plants and established 171 additional sales centers for the year 2020 alone. Sales centers provide greater accessibility, proximity, and convenience to LPG customers. The construction of marine-import terminals in Lugait, Misamis Oriental and Lila, Bohol are in the pipeline. The subsequent purchase of lorries and transport vehicles will complement these expansions. These actions will further widen the scope and reach of PGI's LPG business and bring its LPG products even more accessible to the consumers.

2018 Compared to 2017

Consolidated growth in the group's revenue contributed to the 12% rise in the net income of the Company for the year ended December 31, 2018. It posted a consolidated net income of Php 1.40 Billion in 2018 compared to the Php 1.25 Billion of 2017.

Ninety-three percent (93%) of the group's consolidated revenues were from the sale of Liquefied Petroleum Gas (LPG) amounting to Php 9.58 Billion, four percent (4%) from the sale of industrial gases amounting to Php 422.25 Million, two percent (2%) from real estate sales amounting to Php 227 Million, and the remaining one percent (1%) from the sale of pharmaceutical products amounting to Php 44.37 Million.

LPG under the PryceGas brand and industrial gases are product lines of PGI (Pryce Gases, Inc.), real estate sales are under the holding company Pryce Corporation, while pharmaceutical products (vitamins and supplements) are the products of Pryce Pharmaceuticals, Inc. (PPhI). Oro Oxygen Corporation (OOC), a subsidiary of PGI, is engaged in the marketing and distribution of LPG and gases in Luzon. PGI and PPhI are direct subsidiaries of Pryce Corporation.

Revenue and Volume Growth

LPG sales registered an 11% revenue growth, from Php 8.66 Billion in 2017 to Php 9.58 Billion in 2018. All retail sales volumes in the Luzon, Visayas and Mindanao regions experienced increases of 4%, 3% and 4% respectively. Overall, however, there was a 4% decrease in total LPG content sales volume (201,826 metric tons in 2018 from 210,166 metric tons in 2017) because of lower bulk sales.

Sale of industrial gases posted an 8% increase in revenue of Php 422.25 Million compared to last year's Php 391.5 Million and 12% increase in sales volume of 1,055,849 cylinders in 2018 from 2017's 943,093 cylinders. Sale of medical and industrial oxygen accounted for 72% of industrial gases revenue, the balance consisting of revenues from acetylene and other gases.

Revenues from sale of real estate grew by 63%, from Php 139.41 Million in 2017 to Php 227 Million in 2018. Sale of pharmaceutical products likewise registered a positive growth of 14%, from Php 38.98 Million in 2017 to Php 44.37 Million in 2018.

Price Movement and Market Demand

LPG's contract price ("CP") opened 2018 at a downtrend in the first quarter to as low as US$ 469.50/MT in March. CP increased steadily starting April 2018 until October 2018, when it hit as high as US$ 655.00/MT, until it went down again to close the year at US$ 424/MT. The average CP was US$ 48.62/MT higher in 2018 compared to 2017.

Notwithstanding the increasing prices of LPG, its market demand grew by 10.51% in 2018 from 1.626 million metric tons in 2017 to 1.797 million metric tons in 2018, according to the Department of Energy.

Industrial gases fared well in 2018 posting a 12% sales volume growth (1,055,849 cylinders in 2018 from 943,093 cylinders in 2017). Average price of medical and industrial oxygen dipped by 5% while acetylene and other gases increased by 5% and 17%, respectively.

Competition and Market Share

The latest statistics provided by the Department of Energy show that PGI remains to be a major industry player in the Philippine LPG market, with 26% market share in North Luzon, 21.75% in Visayas and 25.25% in Mindanao.

In 2018, PGI completed the construction of 12 new refilling plants nationwide, adding a total of 577 metric tons to its total storage capacity, thereby bringing its products closer to the market. There are expansions in PGI's import terminals and refilling plants in certain regions that are ongoing to ensure wider reach of the market. PGI intends to continue such expansions, which has started around three years back, so as to further increase storage capacities in response to growing market demand and improve market share.

Profitability

Consolidated gross profit increased to Php 2.50 Billion in 2018 from the Php 2.22 Billion of 2017, or about 12.5%. Operating expenses amounted to Php 878.15 Million, thereby resulting to a net income from operations of Php 1.62 Billion.

Other income and expenses, composed mainly of finance costs, dividend income and realized gains from sale of assets, amounted to Php 101.36 Million, resulting in a Net Income before Income Tax of Php 1.72 Billion. The company recognized a provision for income taxes at Php 315.87 Million, which resulted in a net income of Php 1.40 Billion, a 12% improvement from last year's Php 1.25 Billion. This net income translates to Php 0.636 earnings per share.

Liquidity

The total liquid assets as of December 31, 2018 amounted to Php 1.65 Billion, representing a 7.48% growth from last year's Php 1.54 Billion. Current ratio decreased to 1.66 in 2018 from 2.30 in 2017.

Balance Sheet Changes

Compared to the December 31, 2017 audited financial statements, the significant movements in balance sheet accounts are as shown below.

Account Name	% Increase or (Decrease)	Reason for Change
Financial assets at fair value	10.28%	Due to additional acquisition of marketable securities
Trade and other receivables	8.04%	Due to increase in revenue
Inventories	36.12%	Due to increase in sales volume and increase in LPG importation
Prepayments and other current assets	9.93%	Due to accrual and prepayments of taxes
Property Plant and equipment	22.33%	Due to additional CAPEX
Deferred tax assets	(11.21%)	Due to adjustment of provision for deferred tax
Goodwill	10.58%	Acquisition by parent company of the shares of the minority interest in subsidiary
Trade and other payables	39.91%	Due to increase in purchases and various accruals
Income Tax payable	27.29%	Increase in net income
Customer's deposit	(21.97%)	Due to recognition of deposits to revenue
Short-term debts	158.59%	Due to additional availment of short term loan

Retirement benefit obligations	(11.21%)	Due to payment of benefit obligation to the retirement fund
Retained earnings	54.81%	Due to net income of 2018
Non-controlling interest	14.07%	Due to increase in net income

Numerical Performance Indicators

The measures of revenue growth and sales performance are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2018	2017	Percent Growth/ (Decline)
REVENUE	Php 10,272,904,539	Php 9,226,508,097	11.34%

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas			
	2018	2017	Percent Growth/ (Decline)
LPG (in kgs)	201,825,770	210,166,193	(3.97%)

The measurements of profitability are shown below.

PROFITABILITY			
Pryce Corporation & Subsidiaries			
	2018	2017	Percent Growth/ (Decline)
Return on Assets (%)	16.72%	17.18%	(2.69%)
Return on Equity (%)	24.15%	24.90%	(3.03%)
Net profit margin (%)	16.73%	16.67%	0.39%

The liquidity and solvency measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2018	2017
Current ratio	1.66	2.30
Debt to equity ratio	0.42	0.36

Compliance with Corporate Governance

The Company has a Manual of Corporate Governance (the "Manual") to institutionalize sound corporate governance practices, enhance investor protection, and increase accountability. The Company has a Compliance Officer (as the Manual requires) who has direct reporting responsibilities to the Chairman of the Board of Directors and monitors compliance with corporate governance matters. The Manual was revised / updated in March 2011 and July 2014 pursuant to SEC circulars. The Company nevertheless continuously reviews and evaluates its corporate governance policies to ensure the observance of sound governance practices. Likewise, pursuant to the requirements of the Manual, different board committees had been constituted at the Board's Organizational Meeting on February 5, 2021 as follows:

Board - Audit Committee

The Board Audit Committee handles audit supervision and/or oversight functions, particularly ensuring compliance with regulatory and internal financial management standards and procedures, performing oversight financial management functions, approving audit plans, coordinating with internal and external auditors, elevating the company's audit procedures to international standards, and developing a transparent financial management system to ensure the integrity of internal control activities throughout the Company. The following are the members of the Board Audit Committee:

(i) Gener T. Mendoza – *Chair* (Independent Director)
(ii) Efren A. Palma – Member
(iii) Ramon R. Torralba – Member

Board - Nomination Committee

The Board Nomination Committee pre-screens and shortlists candidates nominated to the board in accordance with the criteria spelled out in its Manual and at all times within the realm of good corporate governance. The following are the members of the Board Nomination Committee:

(i) Salvador P. Escaño – *Chair*
(ii) Xerxes Emmanuel F. Escaño – Member
(iii) Thomas G. Aquino – Member (Independent Director)

Board - Compensation and Remuneration Committee

The Board Compensation and Remuneration Committee is primarily tasked to establish and evaluate formal and transparent procedures for developing policies on executive remuneration and for fixing the remuneration packages of the directors and officers, to designate the amount of remuneration, which shall be sufficient to attract and retain directors and officers needed to successfully run the Company, The members of the Board Compensation and Remuneration Committee are:

(i) Salvador P. Escaño – *Chair*
(ii) Ramon R. Torralba – Member
(iii) Gener T. Mendoza – Member (Independent Director)

The Company adopted the evaluation system proposed by the SEC in order to measure or determine the level of compliance of the Board of Directors and the Management with corporate governance practices. For the year 2019, the Company has substantially observed and complied with the provisions in the Manual and no culpable deviation from the Manual has been noted or observed.

The Company continuously reviews and evaluates its corporate governance policies to ensure the observance of sound governance practices. The evaluation system provided by the Commission always provides a good starting point in evaluating and improving the Manual. The Company submitted its Integrated Annual Corporate Governance Report (I-ACGR) for 2019 in June 2021. (Incorporated by references, in the I-ACGR, are the Company's Revised Manual on Corporate Governance and Sustainability Report, which can be seen at the Company's website: www.pryce.com.ph.).

****

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

SEC Registration Number

1	6	8	0	6	3					

C O M P A N Y N A M E

PRYCE CORPORATION AND SUBSIDIARIES

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

17TH FLOOR, PRYCE CENTER, 1179 CHINO ROCES AVENUE CORNER BAGTIKAN STREET MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

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

Company's email Address	Company's Telephone Number	Mobile Number
josema.ordenes@prycecorp.com	899-4401	0939-913-4985

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
THREE HUNDRED FIFTY-NINE (359)	4th Wednesday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
JOSE MA. C. ORDENES	josema.ordenes@prycecorp.com	899-4401	0939-913-4985

CONTACT PERSON's ADDRESS

17F Pryce Center 1179 Chino Roces ave. cor. Bagtikan St. Makati City

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

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

Pryce Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2020 and 2019 and
For Each of the Three Years in the
Period Ended December 31, 2020

and

Independent Auditors' Report

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PRYCE CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended December 31, 2020 and 2019, in accordance with Philippine Financial Reporting Standards (PFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Diaz Murillo Dalupan and Company, the independent auditor, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

SALVADOR P. ESCAÑO
Chairman

EFREN A. PALMA
President

JOSE MA. C. ORDENES
Treasurer

Signed this 7th day of May 2021

SUBSCRIBED AND SWORN TO BEFORE this MAY 1 2 2021 at Makati City, affiant exhibited to me his/her competent ID # ______ issued at ______ on ______.

DOC. NO. 395
PAGE NO. 80
BOOK NO. 17
SERIES OF 2021

SHERLUCK JUN C. VILLEGAS NOTARY PUBLIC ROLL NO. 70942 MAKATI CITY, PHILIPPINES

ATTY. SHERLUCK JUN C. VILLEGAS
Notary Public for Makati City
Appt. No. M-555 until June 30, 2021
per B.M. No. 3795
Unit 3C LTA Building, 118 Perea St.
Legaspi Village, Makati City
Roll No. 70942
IBP No. [illegible]
PTR No. 8533523/01-04-2021/Makati City
MCLE Compliance No. VI-0028223/August 13, 2019

Diaz Murillo Dalupan and Company

WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

Independent Auditors' Report

To the Board of Directors and Stockholders of
PRYCE CORPORATION AND SUBSIDIARIES
17th Floor Pryce Center, 1179 Don Chino Roces Avenue
cor. Bagtikan Street, Makati City

Opinion

We have audited the consolidated financial statements of **Pryce Corporation and Subsidiaries** (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

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

Revenue recognition of real estate sales

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve application of significant judgments and estimates to: (a) identify the contracts with customers; (b) identify the performance obligations in the contract; (c) determine the transaction price; (d) allocate the transaction price to the performance obligations in the contract; and (e) recognize revenue when the entity satisfies a performance obligation.

Sale of memorial lots

Under PFRS 15, the Group has concluded that revenue from sale of memorial lots should be 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 of purchase of lawn lot and upon 50% payment of family estate.

Sale of subdivision lots and office units

Revenues from sale of subdivision lots and office units are recognized at a point in time when control over the subdivision lots and office units are transferred to the customer, this normally happen when the subdivision lots and the office units are turned-over to the buyer.

Audit Response

We obtained an understanding of the Group's revenue recognition process with respect to real estate projects and tested the related controls. We performed inquiries on relevant personnel on sales, collection and reporting process. For the customer's deposit, we evaluated the management's basis by comparing this to the historical analysis of monthly sales collections report from total contract to buy report. We traced the analysis to supporting documents such as the monthly sales report and contract to buy. We obtained sales and collection reports and compared the data with the information in the Group's revenue calculation and monitoring schedule, and reviewed the disposition of differences noted. On a test basis, we traced reported lawn lot sales and subdivision lots and office units against actual collection to corresponding official receipt and contracts to buy and bank records.

We performed cut-off procedures by examining sales and collection reports for the month subsequent to the cut-off date. We evaluated the disclosures made in the financial statements related to adoption of PFRS 15.

Goodwill impairment assessment

The Group has goodwill amounting to ₱70.67 million related to acquisition of Pryce Gases, Inc. and Pryce Pharmaceuticals, Inc. The annual impairment test was significant to our audit as the assessment process is complex by nature and is based on management's judgment and assumptions.

Management has concluded that the goodwill is not impaired. This conclusion was based on a value in use model that required significant management judgment with respect to the discount rate and the underlying cash flows, in particular future revenue growth.

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

The engagement partner on the audit resulting in this independent auditors' report is Elirie S. Arañas.

Diaz Murillo Dalupan and Company
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 4, 2023
SEC Accreditation No. 0192-FR-3, Group A, effective until April 2, 2022
BIR Accreditation No. 08-001911-000-2019, effective until March 27, 2022
By:

Elirie S. Arañas
Partner
CPA Certificate No. 0101773
SEC Accreditation No. 1679-A, Group A, effective until May 9, 2021
Tax Identification No. 207-051-549
PTR No. 8555600 January 15, 2021, Makati City
BIR Accreditation No. 08-001911-011-2019, effective until March 27, 2022

May 8, 2021

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Financial Position

	As at December 31	
	2020	2019
ASSETS		
Current assets		
Cash - note 4	**₱1,551,493,483**	₱1,114,563,626
Financial assets at fair value through profit or loss (FVPL) - note 5	**1,375,368,595**	1,042,561,957
Trade and other receivables - note 6	**350,094,053**	349,527,807
Inventories - note 7	**1,779,961,126**	1,234,397,458
Real estate projects - note 8	**852,041,231**	842,566,291
Prepayments and other current assets - note 9	**106,730,776**	136,201,481
	6,015,689,264	4,719,818,620
Noncurrent assets		
Advances to related parties - note 21	**-**	50,343,485
Property, plant and equipment (net) - notes 10 and 11	**8,123,136,330**	7,726,703,455
Investment properties - note 12	**389,328,616**	389,328,616
Right-of-use assets - note 34	**114,731,466**	74,703,747
Deferred tax assets - note 29	**68,001,780**	70,618,411
Goodwill - note 13	**70,668,305**	70,668,305
Other non-current assets - note 14	**81,971,926**	75,694,873
	8,847,838,423	8,458,060,892
TOTAL ASSETS	**₱14,863,527,687**	₱13,177,879,512
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables - note 15	**₱1,897,833,608**	₱1,212,909,745
Short-term debts - note 17	**1,396,793,723**	1,320,612,069
Dividends payable - note 20	**253,396,393**	251,486,815
Customers' deposits - note 16	**148,326,138**	104,873,353
Lease liabilities (current) - note 34	**24,165,594**	13,616,354
Income tax payable	**135,451,889**	184,030,560
	3,855,967,345	3,087,528,896
Noncurrent liabilities		
Retirement benefits obligation - note 28	**103,664,475**	114,913,775
Lease liabilities (noncurrent) - note 34	**96,473,049**	66,344,820
Deferred tax liabilities - note 29	**684,329,685**	716,282,230
	884,467,209	897,540,825
Total liability	**4,740,434,554**	3,985,069,721

(Forward)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Financial Position

	As at December 31	
	2020	2019
(Continued)		
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	**6,031,009,241**	4,904,623,195
Other comprehensive income - note 27	**1,483,928,847**	1,556,503,464
Treasury stocks - note 19	**(391,853,806)**	(191,622,697)
	9,517,419,102	8,663,838,782
Non-controlling interest	**605,674,031**	528,971,009
Total equity	**10,123,093,133**	9,192,809,791
TOTAL LIABILITIES AND EQUITY	**₱14,863,527,687**	₱13,177,879,512

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

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	For the Years Ended December 31		
	2020	2019	2018
REVENUES - note 22			
Liquefied petroleum gases, industrial gases and fuels	**₱11,496,409,951**	₱10,451,137,522	₱10,001,541,311
Real estate	**157,562,718**	128,139,054	226,995,376
Pharmaceutical products	**54,669,495**	51,022,688	44,367,852
	11,708,642,164	10,630,299,264	10,272,904,539
COST OF SALES - note 23			
Liquefied petroleum gases, industrial gases and fuels	**8,487,422,910**	7,675,462,201	7,684,471,818
Real estate	**57,387,700**	28,776,187	62,899,417
Pharmaceutical products	**37,208,403**	33,854,266	29,902,625
	8,582,019,013	7,738,092,654	7,777,273,860
GROSS PROFIT	**3,126,623,151**	2,892,206,610	2,495,630,679
OPERATING EXPENSES - note 24			
Selling expenses	**661,091,567**	532,082,007	405,743,995
General and administrative expenses	**636,974,857**	552,932,490	472,402,488
	1,298,066,424	1,085,014,497	878,146,483
INCOME FROM OPERATIONS	**1,828,556,727**	1,807,192,113	1,617,484,196
OTHER INCOME (CHARGES)			
Finance costs - note 25	**(62,792,160)**	(52,579,062)	(34,178,845)
Fair value gain (loss) - note 5	**139,419,322**	43,071,659	(47,020,829)
Other income - note 26	**143,119,006**	159,342,549	182,563,215
	219,746,168	149,835,146	101,363,541
INCOME BEFORE INCOME TAX	**2,048,302,895**	1,957,027,259	1,718,847,737
INCOME TAX EXPENSE - note 29	**(432,770,328)**	(438,191,322)	(315,874,038)
NET INCOME FOR THE YEAR	**1,615,532,567**	1,518,835,937	1,402,973,699
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain (loss) on retirement benefit obligation (net of tax) - note 27	**7,347,480**	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱1,622,880,047**	₱1,518,835,937	₱1,402,973,699

(Forward)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	For the Years Ended December 31		
	2020	2019	2018
(Continued)			
Net income attributable to:			
Equity holders of the Parent Company	**₱1,480,711,834**	₱1,393,363,722	₱1,288,081,156
Non-controlling interests	**134,820,733**	125,472,215	114,892,543
	₱1,615,532,567	₱1,518,835,937	₱1,402,973,699
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱1,488,059,314**	1,393,363,722	₱1,288,081,156
Non-controlling interests	**134,820,733**	125,472,215	114,892,543
	₱1,622,880,047	₱1,518,835,937	₱1,402,973,699
EARNINGS PER SHARE - note 30	**₱0.754**	₱0.692	₱0.636

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

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity

	For the Years Ended December 31							
			Other comprehensive income (Note 27)					
	Capital stock (Note 18)	Additional paid-in Capital	Revaluation reserves	Remeasurement gain	Retained earnings (Note 20)	Treasury stocks (Note 19)	Non-controlling interest	Total
BALANCE AS AT JANUARY 1, 2018	₱2,024,500,000	₱369,834,820	₱1,702,210,318	₱20,848,377	₱2,952,093,694	₱-	₱410,065,246	₱7,479,552,455
Total comprehensive income for the year								
Net income for the year	-	-	-	-	1,288,081,156	-	114,892,543	1,402,973,699
Transfer of revaluation reserve deduction from operations through additional depreciation charges	-	-	(118,967,983)	-	118,967,983	-	-	-
Deferred income tax effect on revaluation reserve charged to operations through additional depreciation	-	-	35,690,395	-	-	-	-	35,690,395
Change in interest to PGI resulting from increase in interest of Parent Company from 91.04% to 91.35%	-	-	-	-	6,409,287	-	(14,909,287)	(8,500,000)
Transactions with owners								
Declaration of cash dividend - note 20	-	-	-	-	(485,649,696)	-	(48,432,027)	(534,081,723)
Issuance of capital stock	-	-	-	-	-	(6,266,563)	-	(6,266,563)
Effect of changes in Parent Company ownership in PGI from purchase of additional shares	-	-	-	-	(7,480,000)	-	-	(7,480,000)
Total transactions with owners	-	-	-	-	(493,129,696)	(6,266,563)	(48,432,027)	(547,828,286)
BALANCE AS AT DECEMBER 31, 2018	**₱2,024,500,000**	**₱369,834,820**	**₱1,618,932,730**	**₱20,848,377**	**₱3,872,422,424**	**(₱6,266,563)**	**₱461,616,475**	**₱8,361,888,263**
BALANCE AS AT JANUARY 1, 2019	₱2,024,500,000	₱369,834,820	₱1,618,932,730	₱20,848,377	₱3,872,422,424	(₱6,266,563)	₱461,616,475	₱8,361,888,263
Total comprehensive income for the year								
Net income for the year	-	-	-	-	1,393,363,722	-	125,472,215	1,518,835,937
Transfer of revaluation reserve deduction from operations through additional depreciation charges	-	-	(118,968,061)	-	118,968,061	-	-	-

(Forward)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity

	For the Years Ended December 31							
			Other comprehensive income (Note 27)					
	Capital stock (Note 18)	**Additional paid-in Capital**	**Revaluation reserves**	**Remeasurement gain**	**Retained earnings** (Note 20)	**Treasury stocks** (Note 19)	**Non-controlling interest**	**Total**
(Continued)								
Deferred income tax effect on revaluation reserve charged to operations through additional depreciation	-	-	35,690,418	-	-	-	-	35,690,418
Transactions with owners								
Declaration of cash dividend - note 20	-	-	-	-	(480,131,012)	-	(58,117,681)	(538,248,693)
Reacquisition of shares - note 19	-	-	-	-	-	(185,356,134)	-	(185,356,134)
Total transactions with owners	-	-	-	-	(480,131,012)	(185,356,134)	(58,117,681)	(723,604,827)
BALANCE AS AT DECEMBER 31, 2019	**₱2,024,500,000**	**₱369,834,820**	**₱1,535,655,087**	**₱20,848,377**	**₱4,904,623,195**	**(₱191,622,697)**	**₱528,971,009**	**₱9,192,809,791**
BALANCE AS AT JANUARY 1, 2020	₱2,024,500,000	₱369,834,820	₱1,535,655,087	₱20,848,377	₱4,904,623,195	(₱191,622,697)	₱528,971,009	₱9,192,809,791
Total comprehensive income for the year								
Net income for the year	-	-	-	-	1,480,711,834	-	134,820,733	1,615,532,567
Transfer of revaluation reserve deduction from operations through additional depreciation charges	-	-	(114,174,425)	-	114,174,425	-	-	-
Deferred income tax effect on revaluation reserve charged to operations through additional depreciation	-	-	34,252,328	-	-	-	-	34,252,328
Remeasurement gain on retirement benefit obligation, net of tax	-	-	-	7,347,480	-	-		7,347,480
Transactions with owners								
Declaration of cash dividend - note 20	-	-	-	-	(468,500,213)	-	(58,117,711)	(526,617,924)
Reacquisition of shares - note 19	-	-	-	-	-	(200,231,109)	-	(200,231,109)
Total transactions with owners	-	-	-	-	(468,500,213)	(200,231,109)	(58,117,711)	(726,849,033)
BALANCE AS AT DECEMBER 31, 2020	**₱2,024,500,000**	**₱369,834,820**	**₱1,455,732,990**	**₱28,195,857**	**₱6,031,009,241**	**(₱391,853,806)**	**₱605,674,031**	**₱10,123,093,133**

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

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	For the Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,048,302,895**	₱1,957,027,259	₱1,718,847,737
Adjustments for :			
Depreciation - notes 10, 11 and 34	**547,697,853**	442,188,038	368,917,645
Finance costs - note 25	**62,792,160**	52,579,062	34,178,845
Retirement benefit expense - note 28	**40,488,528**	25,583,642	25,321,034
Provision for doubtful accounts - note 6	**5,259,134**	-	-
Gain on sale of property, plant and equipment - notes 10 and 11	**(936,142)**	(1,355,543)	(30,446,891)
Interest income - note 4	**(1,876,957)**	(1,639,189)	(1,334,974)
Gain on sale of financial assets at FVPL - note 5	**(16,913,946)**	(47,770,075)	(32,102,718)
Dividend income - note 26	**(48,950,372)**	(48,623,957)	(40,734,023)
Unrealized foreign exchange gain - note 26	**(50,721,289)**	(31,381,271)	(6,411,820)
Unrealized (gain) loss on financial assets at FVPL - note 5	**(139,419,322)**	(43,071,659)	47,020,829
Income from reversal of allowance for doubtful accounts - note 6	**-**	-	(30,589,742)
Operating income before working capital changes	**2,445,722,542**	2,303,536,307	2,052,665,922
Decrease (increase) in assets:			
Trade and other receivables	**(5,825,380)**	(33,454,472)	3,950,785
Inventories	**(548,597,388)**	(162,326,753)	(284,499,739)
Prepayments and other current assets	**22,926,297**	(61,976,905)	(6,773,320)
Real estate projects	**(9,474,940)**	(26,529,269)	28,627,414
Increase (decrease) in liabilities:			
Trade and other payables	**684,923,863**	193,568,136	291,298,464
Customers' deposits	**43,452,785**	(4,451,069)	(30,784,877)
Net cash generated from operations	**2,633,127,779**	2,208,365,975	2,054,484,649
Proceeds from sale of financial assets at FVPL - note 5	**335,585,727**	292,780,270	806,396,445
Dividends received	**48,950,372**	38,671,481	40,734,023
Contributions and retirement benefits paid - note 28	**(41,242,000)**	(27,917,261)	(40,129,777)
Interest received - note 4	**1,876,957**	1,639,189	1,334,974
Income taxes paid	**(478,149,648)**	(365,885,123)	(288,038,998)
Additions to financial assets at FVTPL - note 5	**(512,059,097)**	(439,163,845)	(896,370,802)
Net cash provided by operating activities	**1,988,090,090**	1,708,490,686	1,678,410,514

(Forward)

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	For the Years Ended December 31		
	2020	2019	2018
(Continued)			
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment - notes 10 and 11	**6,299,673**	16,959,325	51,583,572
Collection of advances to related parties - note 21	**50,343,485**	81,701,438	-
Additions to other non-current assets - note 14	**(6,277,053)**	(23,810,086)	-
Additions to property, plant and equipment - notes 10 and 11	**(932,422,322)**	(1,180,093,870)	(1,666,673,157)
Additional investment properties - note 12		-	-
Grant of advances to related parties - note 21	**-**	(600,042)	-
Net cash used in investing activities	**(882,056,217)**	(1,105,843,235)	(1,615,089,585)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of short-term debts - note 17	**5,309,186,813**	3,646,841,955	1,773,740,046
Payment of lease liabilities	**(16,349,283)**	(13,755,696)	-
Finance costs paid	**(54,718,221)**	(48,374,361)	(34,178,845)
Acquisition of treasury stocks - note 19	**(200,231,109)**	(185,356,134)	(6,266,563)
Payment of dividends	**(524,708,346)**	(535,415,564)	(528,368,037)
Payment of short-term debts - note 17	**(5,227,265,507)**	(3,225,280,392)	(1,218,661,994)
Acquisition of shares from non-controlling interest	**-**	-	(15,980,000)
Net cash used in financing activities	**(714,085,653)**	(361,340,192)	(29,715,393)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**44,981,637**	24,410,028	6,411,820
NET INCREASE IN CASH	**436,929,857**	265,717,287	40,017,356
CASH - note 4			
At beginning of year	**1,114,563,626**	848,846,339	808,828,983
At end of year	**₱1,551,493,483**	₱1,114,563,626	₱848,846,339

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

(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 ₱5.01 and ₱5.06 per share as at December 31, 2020 and 2019, respectively.

The Parent Company's registered office address is 17th Floor Pryce Center, 1179 Don Chino Roces Avenue corner 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 December 31, 2019, PGI has eight (8) liquefied petroleum gas (LPG) marine-fed terminals and twenty-five (25) refilling plants of varying storage capacities. As at December 31, 2020, PGI's refilling plants increased to twenty-eight (28) while LPG marine-fed terminals remain at eight (8).

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 31).

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 9l.35%.

<u>OOC</u>

OOC 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, OOC has 40 LPG refilling plants of varying storage capacities.

OOC'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 OOC. 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 OOC from 90.69% to 91.00%.

<u>PPhI</u>

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.

<u>Authorization to issue the consolidated financial statements</u>

The consolidated financial statements as at and for the year ended December 31, 2020, including its comparatives as at December 31, 2019, and for each of the three (3) years in the period ended December 31, 2020 were approved and authorized for issue by the Parent Company's Board of Directors (BOD) on May 8, 2021.

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.

<u>Statement of compliance</u>

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 losses 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 December 31 are as follows:

	Ownership and voting interest	
Name of subsidiary	**2020**	2019
PGI	**91.35%**	91.35%
OOC	**91.00%**	91.00%
PPhI*	**88.66%**	88.66%

** Includes indirect equity ownership of 13.66% in 2020 and 2019.*

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 December 31 are as follows:

	2020			2019		
	PGI	**OOC**	**PPhI**	PGI	OOC	PPhI
Total current assets	**₱3,153,858,963**	**₱944,186,183**	**₱22,023,739**	₱2,510,913,121	₱529,122,739	₱21,352,916
Total noncurrent assets	**8,503,219,003**	**1,400,131,684**	**2,572,965**	7,748,045,992	1,375,979,431	2,941,249
Total assets	**11,657,077,966**	**2,344,317,867**	**24,596,704**	10,258,959,113	1,905,102,170	24,294,165
Current liabilities	**3,034,993,601**	**175,699,741**	**11,624,061**	2,525,076,073	128,676,688	10,545,845
Noncurrent liabilities	**555,160,353**	**1,579,419,615**	**-**	540,050,033	1,230,172,569	2,007,729
Total liabilities	**3,590,153,954**	**1,755,119,356**	**11,624,061**	3,065,126,106	1,358,849,257	12,553,574
Equity	**₱8,066,924,012**	**₱589,198,511**	**₱12,972,643**	₱7,193,833,007	₱546,252,913	₱11,740,591

The summarized statements of comprehensive income for the years ended December 31 are as follows:

	2020			2019		
	PGI	**OOC**	**PPhI**	PGI	OOC	PPhI
Revenues	**₱11,197,231,230**	**₱3,926,883,150**	**₱54,669,553**	₱10,300,680,218	₱1,814,325,639	₱51,022,768
Expenses	**(9,273,523,645)**	**(3,867,886,489)**	**(53,026,836)**	(8,430,618,465)	(1,804,113,506)	(49,703,858)
Income tax expense	**(410,122,842)**	**(16,051,062)**	**(410,665)**	(427,401,083)	(3,031,005)	(395,649)
	₱1,513,584,743	**₱42,945,599**	**₱1,232,052**	₱1,442,660,670	₱7,181,128	₱923,261
Net income attributable to:						
Equity holders of the Parent Company	**1,382,659,662**	**₱39,081,728**	**₱1,092,298**	₱1,317,870,522	₱6,535,033	₱818,533
Non-controlling interest	**130,925,081**	**3,863,871**	**139,754**	124,790,148	646,095	104,728
	₱1,513,584,743	**₱42,945,599**	**₱1,232,052**	₱1,442,660,670	₱7,181,128	₱923,261

The summarized statements of cash flows for the years ended December 31 are as follows:

	2020			2019		
	PGI	**OOC**	**PPhI**	PGI	OOC	PPhI
Net cash inflows (outflows) from operating activities	**₱2,070,646,497**	**(₱134,381,369)**	**₱5,269,613**	₱1,739,288,350	(₱90,136,667)	₱3,309,999
Net cash inflows (outflows) from investing activities	**(1,072,811,646)**	**235,003,602**	**(3,392,785)**	(1,215,733,797)	167,256,508	(837,891)
Net cash inflows (outflows) from financing activities	**(644,771,123)**	**(110,000,000)**	**-**	(444,512,014)	110,000,000	-
Net increase (decrease) in cash	**353,063,728**	**(₱9,377,767)**	**₱1,876,828**	₱79,042,539	₱187,119,841	₱2,472,108

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 waver 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 37 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 December 31, 2020 and 2019, 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 December 31, 2020 and 2019, 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 December 31, 2020 and 2019, 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 34).

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.

<u>Prepayments and other current assets</u>

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 and maintenance, input valued-added tax (VAT), creditable withholding tax, advances to suppliers 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	15
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.

<u>Investment properties</u>

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 December 31, 2020 and 2019, included in investment properties are the Group's parcels of land, which are held for lease and memorial lawn lots, which are held for capital appreciation.

<u>Business combinations and goodwill</u>

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.

<u>Impairment of non-financial assets except inventories and goodwill</u>

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

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:

	In Years
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 a funded, 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 or 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 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 mount 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 weighted average number of common shares issued, subscribed and outstanding during the year with retroactive adjustments for stock dividends declared.

Events after the reporting date

Post year-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 year-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 December 31, 2020 and 2019 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 December 31, 2020 and 2019 since the counterparty has good financial standing and is creditworthy.

The carrying amount of the Group’s trade and other receivables as at December 31, 2020 and 2019 amounted to ₱350.09 million and ₱349.53 million, respectively (see Note 6). Advances to related parties amounted to ₱50.34 million as at December 31, 2019 (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 December 31, 2020 and 2019 amounted to ₱1.78 billion and ₱1.23 billion, respectively (see Note 7). The carrying amount of the Group's real estate projects which are also carried at cost as at December 31, 2020 and 2019 amounted to ₱852.04 million and ₱842.57 million (see Note 8).

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

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 December 31, 2020 and 2019 the carrying amounts of property, plant and equipment, net of carrying amount of land amounting to ₱1.57 billion and ₱1.55 billion, amounted to ₱6.55 billion and ₱6.17 billion, respectively (see Notes 10 and 11).

On the other hand, the carrying amount of the Group's right-of-use assets amounted to ₱114.73 million and ₱74.70 million as at December 31, 2020 and 2019 (see Note 34).

(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 ₱103.66 million and ₱114.91 million as at December 31, 2020 and 2019, 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 December 31, 2020 and 2019, the Group recognized deferred tax assets amounting to ₱68.00 million and ₱70.62 million, respectively (see Note 29).

(f) 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 December 31, 2020 and 2019 (see Note 13).

(g) 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 consists of:

	2020	2019
Cash on hand	**₱133,365,463**	₱156,994,789
Cash in banks	**1,418,128,020**	957,568,837
	₱1,551,493,483	₱1,114,563,626

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 ₱1.88 million, ₱1.64 million and ₱1.33 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 26).

There are no legal restrictions on the Group's cash as at December 31, 2020 and 2019.

5. FINANCIAL ASSETS AT FVPL

The movement of the account as at December 31 is as follows:

	2020	2019
Cost		
Balance at beginning of year	**₱935,884,544**	₱741,730,894
Additions	**512,059,097**	439,163,845
Disposals	**(318,671,781)**	(245,010,195)
	1,129,271,860	935,884,544
Fair value gain	**246,096,735**	106,677,413
Balance at end of year	**₱1,375,368,595**	₱1,042,561,957

The movements of the fair value gain as at December 31 are as follows:

	2020	2019
Balance at beginning of year	**₱106,677,413**	₱63,605,754
Fair value gain during the year	**139,419,322**	43,071,659
Balance at end of year	**₱246,096,735**	₱106,677,413

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 years ended December 31, 2020 and 2019 amounted to ₱335.59 million and ₱292.78 million, which resulted to gain on sale of ₱16.91 million and ₱47.77 million, respectively, and is presented under Other income in the consolidated statements of comprehensive income (see Note 26).

Dividend income earned from financial assets at FVPL is presented under Other income in the consolidated statements of comprehensive income amounting to ₱48.95 million, ₱48.62 million and ₱40.73 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 26).

6. TRADE AND OTHER RECEIVABLES (NET)

This account consists of:

	2020	2019
Trade	**₱214,526,165**	₱259,505,079
Advances to officers and employees	**75,207,750**	21,888,767
Receivables from memorial lot owners	**11,043,255**	11,043,255
Others	**54,576,017**	57,090,706
	355,353,187	349,527,807
Allowance for doubtful accounts	**(5,259,134)**	-
	₱350,094,053	₱349,527,807

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 co 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:

	2020	2019
Balance at beginning of year	**₱-**	₱-
Provision for doubtful accounts – note 24	**5,259,134**	-
Balance at end of year	**₱5,259,134**	₱-

The Group recognized provision of doubtful accounts for its advances to resigned employees amounting to ₱5,259,134 and nil for the year ended December 31, 2020 and 2019 (see Note 24).

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 2019 were also reclassified for consistency and comparability.

7. INVENTORIES

This account consists of:

	2020	2019
Finished goods		
LPG, cylinders, stoves and accessories	**₱1,590,803,632**	₱1,003,882,069
Industrial gases	**20,386,997**	17,831,846
Pharmaceutical products	**7,830,103**	5,228,166
	1,619,020,732	1,026,942,081
Material and supplies	**119,636,150**	114,352,103
In-transit LPG	**24,662,970**	66,762,587
Raw materials	**16,641,274**	26,340,687
	₱1,779,961,126	₱1,234,397,458

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 and 2019, 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 December 31, 2020 and 2019.

Inventories charged to cost of sales for the years ended December 31 are as follows (see Note 23):

	2020	2019
LPG, cylinders, stoves and accessories	**₱8,195,489,673**	₱7,446,234,757
Industrial gases	**291,933,237**	229,227,444
Pharmaceutical products	**37,208,403**	33,854,266
	₱8,524,631,313	₱7,709,316,467

8. REAL ESTATE PROJECTS

This account consists of:

	2020	2019
Memorial park lots	**₱450,458,343**	₱457,751,164
Subdivision lots	**86,671,610**	92,258,627
Office units	**13,155,030**	57,662,892
Land held for future development	**301,756,248**	234,893,608
	₱852,041,231	₱842,566,291

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

As at December 31, 2020 and 2019, there is no 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 ₱57.39 million, ₱28.78 million and ₱62.90 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 23).

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2020	2019
Prepayments		
Rent – note 34	**₱20,099,055**	₱46,638,335
Taxes and licenses	**19,266,293**	12,051,933
Insurance	**9,903,477**	11,299,437
Maintenance	**1,165,607**	287,081
Input VAT	**43,540,909**	58,682,592
Creditable withholding tax	**4,287,730**	-
Others	**8,467,705**	7,242,103
	₱106,730,776	₱136,201,481

Prepaid rent pertains to advance payment for short-term lease agreements (see Note 34).

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

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, advertising and 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 December 31 and the gross carrying amounts and the accumulated depreciation of revalued property, plant and equipment are as follows:

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**

December 31, 2019

	Net carrying amounts, January 1, 2019	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2019
Land and land improvements	₱1,544,797,277	₱25,272,065	(₱1,213,612)	₱-	₱-	₱1,568,855,730
Buildings and structures	960,791,085	204,956,699	(68,174,371)	16,773,210	(14,349)	1,114,332,274
LPG plant, machinery and equipment	2,803,439,038	73,140,525	(210,290,224)	751,816,573	(8,483,178)	3,409,622,734
Oxygen and acetylene cylinders	255,984,623	27,222,112	(30,590,060)	-	(1,000,563)	251,616,112
Office equipment	6,592,839	-	(1,637,000)	-	-	4,955,839
	₱5,571,604,862	₱330,591,401	(₱311,905,267)	₱768,589,783	(₱9,498,090)	₱6,349,382,689

	Revalued cost	Accumulated depreciation	Net carrying amounts, December 31, 2019
Land and land improvements	₱1,589,178,694	(₱20,322,964)	₱1,568,855,730
Buildings and structures	1,771,655,143	(657,322,869)	1,114,332,274
LPG plant, machinery and equipment	5,847,153,603	(2,437,530,869)	3,409,622,734
Oxygen and acetylene cylinders	979,672,893	(728,056,781)	251,616,112
Office equipment	73,278,235	(68,322,396)	4,955,839
	₱10,260,938,568	(₱3,911,555,879)	₱6,349,382,689

If revalued property, plant and equipment were carried at cost, the carrying amounts would be as follows:

December 31, 2020

	Cost	**Accumulated depreciation**	**Net carrying amounts, December 31, 2020**
Land and land improvements	**₱760,404,994**	**(₱14,377,612)**	**₱746,027,382**
Buildings and structures	**1,715,251,456**	**(579,666,069)**	**1,135,585,387**
LPG plant, machinery and equipment	**4,421,325,921**	**(1,943,659,935)**	**2,477,665,986**
Oxygen and acetylene cylinders	**664,278,487**	**(506,493,306)**	**157,785,181**
Office equipment	**55,145,308**	**(53,400,120)**	**1,745,188**
	₱7,616,406,166	**(₱3,097,597,042)**	**₱4,518,809,124**

December 31, 2019

	Cost	Accumulated depreciation	Net carrying amounts, December 31, 2019
Land and land improvements	₱668,172,225	(₱13,909,703)	₱654,262,522
Buildings and structures	619,996,828	(431,912,984)	188,083,844
LPG plant, machinery and equipment	5,353,055,443	(2,334,774,985)	3,018,280,458
Oxygen and acetylene cylinders	584,770,918	(508,987,199)	75,783,719
Office equipment	55,145,308	(52,058,476)	3,086,832
	₱7,281,140,722	(₱3,341,643,347)	₱3,939,497,375

Depreciation charged to operations for the years ended December 31 was allocated as follows:

	2020	2019
Cost of sales – note 23	**₱244,376,874**	₱177,351,896
Selling expenses – note 24	**83,514,979**	66,979,186
General and administrative expenses – note 24	**63,280,424**	67,574,185
	₱391,172,277	₱311,905,267

As at December 31, 2020 and 2019, certain property, plant and equipment was disposed for a total consideration of ₱0.90 million and ₱9.75 million, resulting into a gain of ₱0.13 million and ₱0.26 million, respectively. The gains on disposal were reported under Other income in the consolidated statements of comprehensive income (see Note 26).

The above depreciation includes depreciation on appraisal increase amounting to ₱114.17 million and ₱118.97 million for the years ended December 31, 2020 and 2019, respectively, which also represents transfer of realized portion of revaluation reserve to retained earnings (see Note 27).

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 December 31, 2020 and 2019, the revaluation reserves on the property, plant and equipment carried at revalued amount is ₱1.46 billion and ₱1.54 billion, which is presented under Other comprehensive income and are shown in Revaluation reserves in the consolidated statements of changes in equity (see Note 27).

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

As of December 31, 2020 and 2019, there is no restriction on the distribution of the balance to the shareholders.

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

Details of property, plant and equipment are as follows:

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**

December 31, 2019

	Net carrying amounts, January 1, 2019	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2019
LPG cylinders	₱178,137,702	₱25,882,132	(₱21,138,292)	₱-	(₱422,666)	₱182,458,876
Transportation equipment	210,120,247	219,363,552	(80,937,096)	-	(4,653,678)	343,893,025
Leasehold improvement	377,259	1,903,626	(266,012)	-	-	2,014,873
Furniture, fixtures and equipment	32,768,940	39,838,966	(17,121,195)	-	(459,435)	55,027,276
CIP	1,000,572,220	562,514,193	-	(768,589,783)	(569,914)	793,926,716
	₱1,421,976,368	₱849,502,469	(₱119,462,595)	(₱768,589,783)	(₱6,105,693)	₱1,377,320,766

	Cost	Accumulated depreciation	Net carrying amounts, December 31, 2019
LPG cylinders	₱343,992,705	(₱161,533,829)	**₱182,458,876**
Transportation equipment	725,871,436	(381,978,411)	**343,893,025**
Leasehold improvement	19,303,027	(17,288,154)	**2,014,873**
Furniture, fixtures and equipment	188,614,086	(133,586,810)	**55,027,276**
CIP	793,926,716	-	**793,926,716**
	₱2,071,707,970	**(₱694,387,204)**	**₱1,377,320,766**

Depreciation charged to operations was allocated as follows:

	2020	2019
Cost of sales – note 23	**₱95,881,925**	₱79,826,496
Selling expenses – note 24	**28,652,284**	22,491,732
General and administrative expenses - note 24	**14,919,430**	17,144,367
	₱139,453,639	₱119,462,595

CIP pertains mainly to construction contracts for the site construction and installation of various mounded cylindrical LPG storage tank. These construction contracts amounted to ₱105 million for every 4,177 cubic meters.

For the years ended December 31, 2020 and 2019, certain property and equipment were disposed for a total consideration of ₱5.30 million and ₱7.20 million, resulting into a gain of ₱0.80 million and ₱1.10 million, respectively. The gain on disposal was included in Other income (charges) in the statements of comprehensive income (see Note 26).

As at December 31, 2020 and 2019, 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:

	2020	2019
Memorial lawn lots – note 32	**₱352,301,475**	₱352,301,475
Land	**37,027,141**	37,027,141
	₱389,328,616	₱389,328,616

There are no movement for the Group's investment properties for the years ended December 31, 2020 and 2019.

The memorial lawn lots are operated by the Parent Company located in various memorial parks in Mindanao. These were transferred by the Parent Company to PGI during the latter's rehabilitation and were previously classified as *assets held for dacion en pago*. With the termination of the rehabilitation plan, these memorial lawn lots have been reclassified to investment properties as the Group intends to hold these properties for capital appreciation.

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 December 31, 2020 and 2019, there is no investment property 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.

As at December 31, 2020 and 2019, the aggregate fair value of the investment property amounted to ₱868.40 and ₱847.03 million, respectively (see Note 37).

The fair value of the memorial lawn lots is based on the latest selling price of the Parent Company for such memorial lawn lots. On the other hand, the fair value of the land was arrived at using comparative market data approach which considers the selling prices of similar or substitute properties within the same location and related market data and establishes an estimated value by process involving comparison. Listings and offerings were also considered. The properties used as basis in comparison are situated within the same location.

13. GOODWILL

Goodwill as at December 31 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. This is attributable to the investment in subsidiaries of the Parent Company such as follow:

	2020	2019
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 December 31, 2020 and 2019. 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 NON-CURRENT ASSETS

This account consists of:

	2020	2019
Advances to contractors and suppliers	**₱62,863,208**	₱59,146,312
Refundable deposits	**19,108,718**	16,548,561
	₱81,971,926	₱75,694,873

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.

Reclassification

In 2020, the refundable deposits amounting to ₱19.11 million and ₱16.55 million as at December 31, 2020 and 2019, respectively, which was previously included under Trade and other receivables, were reclassified to Other non-current assets since based on Management's re-evaluation, the deposits are to be consumed upon completion of service or delivery of goods by the contractors and suppliers and are not collectible in cash. These refundable deposits are not expected to be realized within twelve (12) months from end of reporting period (see Note 6).

Other receivables as at December 31, 2020 amounting to ₱14.25 million pertaining to advances to suppliers was reclassified to Advances to contractors and suppliers under Other non-current asset in 2020. The Other receivables balance as at December 31, 2019 was also adjusted to conform with the 2020 presentation (see Note 6).

15. TRADE AND OTHER PAYABLES

This account as at December 31 consists of:

	2020	2019
Accounts payable:		
Trade	**₱1,478,413,947**	₱934,412,786
Nontrade	**5,422,700**	3,803,045
Deposits for park interment services	**132,713,324**	105,761,326
Accrued expenses	**76,730,931**	20,671,243
Cylinder deposits	**76,371,852**	15,265,182
Due to government agencies	**56,953,173**	50,675,217
Due to park maintenance fund	**49,306,274**	50,229,301
Reserve fund liability	**6,228,660**	5,314,797
Deferred income	**3,466,695**	3,031,121
Others	**12,226,052**	23,745,727
	₱1,897,833,608	₱1,212,909,745

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

Details of accrued expenses are as follows:

	2020	2019
Utilities	**₱25,180,781**	₱9,458,028
Accrued salaries and wages	**12,215,150**	5,460,329
Other accrued expenses	**39,335,000**	5,752,886
	₱76,730,931	₱20,671,243

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 ₱148.33 million and ₱104.87 million as at December 31, 2020 and 2019, respectively.

17. SHORT-TERM DEBTS

Short-term debts consist of:

(a) PGI

For the years ended December 31, 2020 and 2019, PGI obtained short-term loans with term ranging from 30 to 120 days and are intended solely for working capital requirements and corporate expenses.

In 2020 and 2019, PGI obtained short-term loans denominated in US dollar from Rizal Commercial Banking Corporation (RCBC) amounting to ₱2,403.32 million and ₱2,325.63 million, respectively, at interest rates ranging from 4.15% to 4.50% with terms of 118 to 120 days.

In 2020 and 2019, PGI also obtained short-term loans from United Coconut Planters Bank (UCPB) amounting to ₱2,233.25 million and ₱911.94 million, respectively, of which ₱696.86 million and ₱276.94 million, respectively, is denominated in US dollar, at interest rates ranging from 4.25% to 7.25% for a term of 60 to 90 days. These short-term loans are unsecured.

In 2020 and 2019, PGI obtained short-term loans from Robinsons Bank Corporation amounting to ₱672.61 million and ₱299.27 million, respectively, of which ₱672.61 million and ₱199.27 million is denominated in US dollar, respectively, at interest rates ranging from 3.75% to 7.50% with terms of 90 to 120 days. The short-term loans are unsecured.

(b) OOC

In 2019, OOC availed loan from UCPB and RCBC amounting to ₱50 million and ₱60 million, respectively, both of which have interest rate of 4.5%. The proceeds were used for additional working capital requirement.

The movement in short-term debts as at December 31 is as follows:

	2020	2019
Beginning balance	**₱1,320,612,069**	₱905,078,052
Availment of loans during the year	**5,309,186,813**	3,646,841,955
Payments during the year	**(5,227,265,507)**	(3,225,280,392)
Unrealized foreign exchange gain	**(5,739,652)**	(6,027,546)
Ending balance	**₱1,396,793,723**	₱1,320,612,069

Total interest incurred charged to operations amounted to ₱54.72 million and ₱47.73 million for the years ended December 31, 2020 and 2019, respectively (see Note 25).

18. CAPITAL STOCK

Details of this account as at December 31 are as follows:

	2020	2019
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 consolidate 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 December 31, 2020 and 2019, the Parent Company's stock price amounted to ₱5.01 and ₱5.06 per share, respectively.

As at December 31, 2020 and 2019, the Parent Company has three hundred fifty-nine (359) equity holders.

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 December 31, 2020 and 2019, the Group has treasury stocks amounting to 83,862,631 shares with cost of ₱391.85 million and 36,598,731 shares with cost of ₱191.62 million, respectively.

20. RETAINED EARNINGS

Dividend declaration

Parent Company's dividend declaration

In a special meeting held on November 27, 2020, the BOD declared cash dividends amounting to ₱232.88 million equivalent to ₱0.12 per share to stockholders of record as at December 23, 2020 payable on January 25, 2021.

In a special meeting held on May 18, 2020, the BOD declared cash dividends amounting to ₱235.62 million equivalent to ₱0.12 per share to stockholders of record as at June 15, 2020 payable on July 6, 2020.

In a special meeting held on December 6, 2019, the BOD declared cash dividends amounting to ₱238.55 million equivalent to ₱0.12 per share to stockholders of record as at January 3, 2020 payable on January 29, 2020.

In a special meeting held on May 17, 2019, the BOD declared cash dividends amounting to ₱241.58 million equivalent to ₱0.12 per share to stockholders of record as at June 14, 2019 payable on July 10, 2019.

Cash dividends declared in 2020 and 2019 are summarized below:

Date declared	Date paid	Dividend per share	**2020**	2019
November 7, 2020	January 25, 2021	₱0.12	**₱232,884,140**	₱-
May 18, 2020	July 6, 2020	0.12	**235,616,073**	-
December 6, 2019	January 29, 2020	0.12	**-**	238,548,152
May 17, 2019	July 10, 2019	0.12	**-**	241,582,860
			₱468,500,213	₱480,131,012

PGI's dividend declaration

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 equivalent to ₱0.12 per share of the outstanding paid up capital of PGI' 2,800,000,000 common shares amounting to ₱336 million payable on April 10, 2020 out of unrestricted retained earnings for cash dividends as of December 31, 2019.

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 equivalent to ₱0.12 per share of the outstanding paid up capital of PGI's 2,800,000,000 common shares amounting to ₱336 million payable on November 23, 2020 out of unrestricted retained earnings for cash dividends as of December 31, 2019.

In a special meeting of the BOD held on April 5, 2019, the Board approved distribution of a cash dividend to stockholders of record as of April 19, 2019 equivalent to ₱0.12 per share of the outstanding paid up capital of PGI's 2,800,000,000 common shares amounting to ₱336 million payable on May 3, 2019 out of unrestricted retained earnings for cash dividends as of December 31, 2018.

At the special meeting of the BOD held on October 30, 2019, the Board approved distribution of a cash dividend to stockholders of record as of October 30, 2019 equivalent to ₱0.12 per share of the outstanding paid up capital of PGI's 2,800,000,000 common shares amounting to ₱336 million payable on November 7, 2019 out of unrestricted retained earnings for cash dividends as of December 31, 2018.

Cash dividend declared and paid in 2020 and 2019:

Declared	Date paid	Dividend per share	**2020**	2019
March 31, 2020	April 10, 2020	₱0.12	**₱336,000,000**	₱-
November 3, 2020	November 13, 2020	0.12	**336,000,000**	-
October 30, 2019	November 7, 2019	0.12	**-**	336,000,000
April 5, 2019	May 3, 2019	0.12	**-**	336,000,000
			₱672,000,000	672,000,000

As at December 31, 2020 and 2019, dividends payable amounted to ₱253.40 million and ₱251.49 million, respectively.

21. RELATED PARTY TRANSACTIONS

The Group, in the normal course of business, has transactions with related parties. The following are the specific relationship, amount of transaction, account balances, the terms and conditions and the nature of the consideration to be provided in settlement.

Relationship	Nature of Transaction	Amount of transaction 2020	Amount of transaction 2019	Outstanding receivable 2020	Outstanding receivable 2019
Under common control					
Pryce Retirement Fund, Inc. (PRFI)	(Payments)	**(₱49,743,443)**	(₱17,916,261)	**₱-**	₱49,743,443
Pryce Plans, Inc. (PPI)	(Payments)	**(600,042)**	600,042	**-**	600,042
Stockholders	Advances	**-**	(63,784,177)	**-**	-
		(₱50,343,485)	(₱81,100,396)	**₱-**	₱50,343,485

The Group has unsecured and non-interest bearing advances to related parties with no definite repayment terms and no guarantee. These advances are generally settled in cash. The management assessed that the Advances to the related party are not realizable within 12 months from the reporting period since settlement is at the discretion of the other party.

No provision for impairment was recognized for advances to related parties in 2020 and 2019.

Key management personnel compensation

Compensation of the Group's key management personnel are as follows:

	2020	2019
Salaries and other short-term benefits	**₱34,486,812**	₱29,861,525
Retirement benefits	**6,717,965**	3,076,187
	₱41,204,777	₱32,937,712

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

	2020	2019	2018
LPG, cylinders, stoves and accessories			
Content	**₱10,133,169,471**	₱9,591,501,393	₱9,237,094,792
Cylinders	**556,256,875**	354,296,305	309,613,947
Stove and accessories	**357,112,094**	53,037,747	32,583,234
	11,046,538,440	9,998,835,445	9,579,291,973
Industrial gases			
Oxygen	**344,085,536**	332,888,719	303,656,912
Acetylene	**65,552,036**	68,576,053	67,592,478
Other gases	**40,233,939**	50,837,305	50,999,948
	449,871,511	452,302,077	422,249,338
	₱11,496,409,951	₱10,451,137,522	₱10,001,541,311

b) Real estate

Revenue from real estate amounted to ₱157.56 million, ₱128.14 million and ₱227 million for the years ended December 31, 2020, 2019, and 2018, respectively.

c) Pharmaceutical products

Revenue from sale of pharmaceutical products amounted to ₱54.67 million, ₱51.02 million and ₱44.37 million for the years ended December 31, 2020, 2019, and 2018, respectively.

23. COST OF SALES

a) Cost of sales on LPG and industrial gases for the year ended December 31 are as follows:

	2020	2019	2018
LPG, cylinders, stoves and accessories			
Direct materials	**₱7,534,726,174**	₱6,864,022,703	₱6,825,535,374
Depreciation – notes 10, 11 and 34	**295,803,294**	224,028,903	193,578,990
Direct labor	**132,374,043**	99,071,739	75,860,533
Outside services	**58,390,636**	45,041,785	69,670,586
Freight and handling	**41,761,949**	108,171,047	174,340,173
Rent and utilities	**30,796,590**	30,590,722	28,041,821
Repairs and maintenance	**24,113,524**	27,756,541	43,069,114
Taxes and licenses	**16,114,918**	11,856,691	12,674,095
Fuel and oil	**11,813,610**	11,463,468	5,278,036
Insurance	**7,638,185**	4,329,127	14,974,297
Others	**41,956,750**	19,902,031	23,054,123
	8,195,489,673	7,446,234,757	7,466,077,142
Industrial gases			
Direct materials	**189,254,295**	145,590,923	130,878,462
Depreciation – notes 10 and 11	**48,887,537**	37,901,387	35,085,123
Direct labor	**22,400,766**	15,880,039	17,897,106
Rent and utilities	**12,399,356**	10,392,470	7,738,770
Outside services	**6,089,637**	5,632,015	6,160,461
Repairs and maintenance	**3,605,671**	3,078,295	5,399,393
Freight and handling	**2,970,142**	4,962,852	7,855,968
Taxes and licenses	**1,057,486**	1,128,242	1,665,000
Insurance	**237,241**	599,593	1,108,545
Others	**5,031,106**	4,061,628	4,605,848
	291,933,237	229,227,444	218,394,676
	₱8,487,422,910	₱7,675,462,201	₱7,684,471,818

b) Cost of real estate amounted to ₱57.39 million, ₱28.78 million and ₱62.90 million for the years ended December 31, 2020, 2019 and 2018, respectively. The cost of real estate recognized in the consolidated statements of comprehensive 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 years ended December 31 are as follows:

	2020	2019	2018
Beginning inventory – note 7	**₱5,228,166**	₱8,009,708	₱5,686,286
Add: Purchases	**39,810,340**	31,072,724	32,226,048
Total good available for sale	**45,038,506**	39,082,432	37,912,334
Less: Ending inventory – note 7	**7,830,103**	5,228,166	8,009,709
	₱37,208,403	₱33,854,266	₱29,902,625

24. OPERATING EXPENSES

Operating expenses for the years ended December 31 are as follows:

	2020	2019	2018
Selling expenses:			
Salaries, wages and benefits	**₱ 347,658,640**	₱173,796,032	₱126,567,196
Depreciation – notes 10, 11 and 34	**124,807,168**	95,539,196	51,223,139
Fuel and oil	**35,149,181**	37,143,732	30,141,070
Rent and utilities	**26,920,480**	23,909,142	23,821,355
Repairs and maintenance	**18,539,782**	35,944,533	32,027,170
Travel and transportation	**17,630,179**	24,266,982	8,554,705
Commissions	**15,742,204**	16,213,083	11,162,777
Freight and handling	**14,784,456**	21,561,490	17,896,515
Materials and supplies	**11,937,513**	15,717,023	8,759,243
Taxes and licenses	**11,422,068**	17,188,444	11,425,707
Outside services	**10,402,369**	31,708,979	52,037,942
Advertisements	**7,651,884**	7,869,977	5,668,691
Insurance	**6,597,222**	7,490,771	4,612,781
Representation and entertainment	**1,080,851**	1,533,167	2,224,168
Dues and subscriptions	**750,084**	1,205,679	334,111
Professional fees	**314,278**	907,107	765,362
Training and seminars	**59,288**	405,251	592,535
Others	**9,643,920**	19,681,419	17,929,528
	661,091,567	532,082,007	405,743,995
General and administrative expenses:			
Salaries, wages and benefits	**₱242,270,351**	₱179,747,974	₱115,394,741
Depreciation – notes 10 and 11	**78,199,854**	84,718,552	89,030,394
Repairs and maintenance	**70,845,872**	67,556,356	59,439,084
Retirement benefits expense – note 28	**40,488,528**	25,583,642	25,321,034
Taxes and licenses	**26,360,236**	21,618,997	14,055,346
Travel and transportation	**20,096,550**	29,521,307	20,102,346
Rent and utilities	**15,980,263**	12,346,731	15,044,009
Materials and supplies	**13,918,260**	15,370,954	17,441,061
Fuel and oil	**13,090,746**	16,345,009	12,140,415
Professional fees	**9,944,750**	9,500,829	9,789,678
Dues and subscriptions	**6,671,421**	8,408,970	7,675,765
Insurance	**6,085,151**	8,002,246	5,644,554
Advertisements	**6,024,562**	3,566,949	1,583,247
Outside services	**5,637,855**	5,466,774	13,801,903
Provision for doubtful accounts – note 5	**5,259,134**	-	-
Freight and handling	**4,800,723**	5,797,493	3,402,667
Donation	**3,008,795**	4,370,480	2,046,837
Meetings and conferences	**2,066,311**	4,170,484	3,529,061
Representation and entertainment	**1,562,872**	2,299,292	5,943,813
Training and seminars	**1,522,901**	687,856	819,300
Others	**63,139,722**	47,851,595	50,197,233
	636,974,857	552,932,490	472,402,488
	₱1,298,066,424	₱1,085,014,497	₱878,146,483

Other general and administrative expenses pertain to communications and auxiliary expenses of the Group.

25. FINANCE COSTS

Finance costs for the years ended December 31 are as follows:

	2020	2019	2018
Importations	**₱3,033,720**	₱644,407	₱3,494,998
Debts			
Short-term – note 17	**54,718,221**	47,729,954	30,683,847
Lease liability – note 34	**5,040,219**	4,204,701	-
	₱62,792,160	₱52,579,062	₱34,178,845

26. OTHER INCOME

Other income for the years ended December 31 are as follows:

	2020	2019	2018
Unrealized foreign exchange gain	**₱50,721,289**	₱31,381,271	₱6,411,820
Dividend income – note 5	**48,950,372**	48,623,957	40,734,023
Gain on sale of financial assets at FVPL – note 5	**16,913,946**	47,770,075	32,102,718
Sale of scrap and junked materials	**14,730,816**	16,763,556	30,925,879
Interment fees	**4,865,280**	5,575,640	1,925,433
Interest income from banks – note 4	**1,876,957**	1,639,189	1,334,974
Gain on sale of property, plant and equipment – notes 10 and 11	**936,142**	1,355,543	30,446,891
Rental income – note 33	**247,000**	3,160,676	4,059,031
Income from reversal of allowance for doubtful accounts – note 6	**-**	-	30,589,742
Others	**3,877,204**	3,072,642	4,032,704
	₱143,119,006	₱159,342,549	₱182,563,215

27. OTHER COMPREHENSIVE INCOME

This account consists of:

	2020	2019
Remeasurement gain on retirement benefits obligation		
At beginning of year	**₱20,848,377**	₱20,848,377
Remeasurement gain on retirement benefits obligation – note 28	**9,257,978**	-
Deferred income tax effect on remeasurement gain on retirement benefits obligation	**(1,910,498)**	-
At end of year	**28,195,857**	20,848,377
Revaluation reserves		
At beginning of year	**1,535,655,087**	1,618,932,730
Transfer of revaluation reserves deducted from operations through additional depreciation charges – note 10	**(114,174,425)**	(118,968,061)
Deferred income tax effect on revaluation reserves charged to operations through additional depreciation – note 29	**34,252,328**	35,690,418
At end of year	**1,455,732,990**	1,535,655,087
Total other comprehensive income	**₱1,483,928,847**	₱1,556,503,464

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.

The Parent Company has funded, defined benefit retirement plan computed based on the projected unit credit method. It 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 December 31 are as follows:

	2020	2019
Present value of defined benefit obligation	**₱336,639,405**	₱287,974,295
Fair value of plan assets	**(232,974,930)**	(173,060,520)
Net retirement benefits obligation	**₱103,664,475**	₱114,913,775

Movements in the present value of consolidated defined benefit obligation for the years ended December 31 are as follows:

	2020	2019
Balance at beginning of year	**₱287,974,295**	₱266,529,717
Current service cost	**31,128,241**	18,900,540
Interest expense	**16,414,535**	12,381,993
Remeasurement loss	**9,905,680**	-
Benefits paid	**(8,783,346)**	(9,837,955)
	48,665,110	21,444,578
Balance at end of year	**₱336,639,405**	₱287,974,295

Movements in the fair value of consolidated plan assets for the years ended December 31 are as follows:

	2020	2019
Balance at beginning of year	**₱173,060,520**	₱149,282,323
Contributions to the fund	**41,242,000**	27,917,261
Interest income	**7,054,248**	5,698,891
	48,296,248	33,616,152
Gain on plan assets	**20,401,508**	-
Benefits paid	**(8,783,346)**	(9,837,955)
Balance at end of year	**₱232,974,930**	₱173,060,520

The retirement benefits expense recognized in the consolidated statements of comprehensive income for the years ended December 31 are as follows:

	2020	2019
Current service cost	**₱31,128,241**	₱18,900,540
Net interest costs		
Interest expense	**16,414,535**	12,381,993
Interest income	**(7,054,248)**	(5,698,891)
	₱40,488,528	₱25,583,642

The retirement benefits expense is included under general and administrative expenses in the consolidated statements of comprehensive income (see Note 24).

Remeasurement gain amounted to ₱7.35 million, net of deferred tax of ₱1.9 million for the year ended Decmeber 31, 2020. The remeasurement gain is presented as part of other comprehensive income (see Note 27).

The fair value of consolidated plan assets consists of cash and cash equivalents as at December 31, 2020 and 2019.

The actual return on consolidated plan assets for the years ended December 31, 2020 and 2019 pertains to interest income amounting to ₱7.05 million and ₱5.70 million, respectively.

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

	2020	2019
Discount rate	**3.76%**	5.70%
Expected salary increase rate	**3.00%**	7.00%

The discount rate, also called the zero yield curve, as at December 31, 2020 and 2019 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.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumptions	**Increase in assumptions**	**Decrease in assumptions**
Discount rate	**1%**	**(₱17,383,119)**	**₱20,777,782**
Salary increase rate	**1%**	**19,778,229**	**(16,947,309)**

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the Group's consolidated statements of financial position.

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

Through its defined benefit retirement plan, the Group is exposed to a number of risks, the most significant of which is as follows:

- Changes in bond yield – A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The weighted average duration of the defined benefit obligation for the Parent Company is 18 years in 2020 and 8.40 years in 2019. The weighted average duration of the defined benefit obligation for PGI is 18 years in 2020 and 6.70 years in 2019.

The expected maturity analysis of the undiscounted retirement obligation as at December 31, 2019 and 2018 is as follows:

	After 1 year	Between 2-3 years	Between 4-5 years	Over 5 years	**Total**
Retirement benefits obligation	₱38,723,901	₱24,452,139	₱28,152,494	₱1,014,690,480	**₱1,106,019,014**

29. INCOME TAX

The components of income tax expense for the years ended December 31 are as follows:

	2020	2019	2018
Current tax expense	**₱429,570,977**	₱433,447,154	₱313,005,665
Deferred tax expense (benefit) on the origination and reversal of temporary differences	**3,199,351**	4,744,168	2,868,373
	₱432,770,328	₱438,191,322	₱315,874,038

The reconciliation of the income tax expense computed at the statutory tax rate to the income tax expense as reported in the consolidated statements of comprehensive income is as follows:

	2020	2019	2018
Income before tax	**₱2,048,302,895**	₱1,957,027,259	₱1,718,847,737
Income tax expense at 30%	**614,490,868**	587,108,178	515,654,321
Add (deduct) tax effect of the following			
Income on BOI-registered activities enjoying ITH	**(168,594,243)**	(149,543,073)	(230,450,337)
Nontaxable income	**(9,531,477)**	(32,475,508)	(25,847,787)
Gain on sale of financial assets at FVPL	**(1,650,323)**	(5,220,620)	(2,008,214)
Unrealized fair value (gain) loss on financial assets at FVPL	**(18,189,874)**	(4,635,337)	9,256,118
Amortization of deferred tax liability on interest expense capitalized to real estate projects	**(3,059,995)**	(3,059,995)	-
Unrealized profit on intercompany sales which remain unsold to third parties	**(33,624,296)**	2,878,199	-
Nondeductible expenses	**17,245,658**	7,449,060	17,187,993
Depreciation on appraisal increase	**35,684,010**	35,690,418	35,690,395
Change on unrecognized deferred tax assets	**-**	-	(3,608,451)
Reported income tax expense	**₱432,770,328**	₱438,191,322	₱315,874,038

The components of deferred tax assets and liabilities accounts in the consolidated statements of financial position are as follows:

	2020	2019
Deferred tax assets:		
Retirement benefits obligation	**₱30,232,447**	₱34,474,132
Lease liabilities	**36,191,593**	36,144,279
Provision for doubtful accounts	**1,577,740**	-
	₱68,001,780	₱70,618,411

	2020	2019
Deferred tax liabilities:		
Revaluation increment in property, plant and equipment	**₱622,453,884**	₱658,137,894
Right-of-use assets	**34,419,440**	33,429,982
Interest expense capitalized to property, plant and equipment and real estate projects	**12,239,974**	15,299,973
Unrealized foreign exchange gain	**15,216,387**	9,414,381
	₱684,329,685	₱716,282,230

For the years ended December 31, 2020 and 2019, the Group recognized income tax expense in other comprehensive income amounting to ₱34.25 million and ₱35.69 million, respectively, which pertains to income tax effect on revaluation reserve charged to operations through additional depreciation (see Note 27).

In 2020, the Group also recognized deferred tax benefit in other comprehensive income amounting to ₱1.9 million which pertains to income tax effect of remeasurement gain on retirement benefits obligation (see Note 28).

The Group availed of the itemized deduction for purpose of income tax calculation in 2020 and 2019.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the President of the Republic of the Philippines signed the CREATE Act seeking to cut corporate taxes and revamp incentives for investors.

The summary of key features of the CREATE Act are as follows:

1. Lower Regular Corporate Income Tax (RCIT) – Lowering RCIT from 30% to 25% for large corporations and 20% for small and medium-sized corporations (with net taxable income below ₱5 million and total assets below ₱100 million) starting July 1, 2020.
2. Lower Minimum Corporate Income Tax (MCIT) – CREATE Act lowers the MCIT, charged against manufacturing corporations, from 2% to 1% from July 1, 2020 to June 30, 2023.
3. Removal of Improperly Accumulated Earnings Tax (IAET) – There will be no 10% IAET on the excess of retained earnings over the paid-in capital.
4. More Incentives for Relocation outside of National Capital Region (NCR) – Registered enterprises that fully relocate outside of NCR will be entitled to an additional three years of ITH.

5. More Incentives for Locating in Disaster/Conflict Area – Registered enterprises that locate in areas recovering from disasters or conflict will be entitled to an additional two years of ITH.
6. Faster VAT refunds, No Bottlenecks in Cash Flows – CREATE Act requires the Department of Finance to review revenue regulations (RRs) for the withholding of creditable tax and direct Bureau of Internal Revenue (BIR) to amend RRs if adverse to taxpayers.
7. Better Taxpayer Experience with CWT – Requiring the BIR to review processes for CWT every three years to improve such processes if they materially impact the taxpayer.

The impact of the CREATE Act in the Group's financial statements as at and for the year ended December 31, 2020 are as follows:

	National Internal Revenue Code (NIRC) of 1997	Impact of CREATE Act Increase (Decrease)	CREATE Act
Statement of financial position			
Deferred tax assets	₱68,001,780	₱62,334,965	(₱5,666,815)
Deferred tax liabilities	(684,329,685)	(627,302,211)	57,027,474
Creditable withholding tax	4,287,730	5,309,589	1,021,859
Income tax payable	135,451,889	100,755,327	(34,696,562)
Other comprehensive income	1,483,928,847	1,480,439,039	(3,489,808)
Statement of comprehensive income			
Current tax expense	₱429,570,977	₱394,526,983	(₱35,043,994)
Deferred tax expense	3,199,351	2,932,738	(266,613)
Remeasurement gain on retirement benefits	7,347,480	6,712,034.00	(635,446)

30. EARNINGS PER SHARE

Earnings per share are computed based on the weighted average number of common shares outstanding during the year.

	2020	2019	2018
Net income attributable to the owners of the Parent Company	**₱1,480,711,834**	₱1,393,363,722	₱1,288,081,156
Weighted average number of common shares	**1,963,869,769**	2,013,756,910	2,024,404,534
	₱0.754	₱0.692	₱0.636

Weighted average number of common shares as at December 31 is computed as follows:

December 31, 2020

	Outstanding shares	Portion of year outstanding	Weighted average number of common shares
As at January 31, 2020	1,987,901,269	1/12	165,658,439
As at February 28, 2020	1,985,491,269	1/12	165,457,606
As at March 31, 2020	1,984,342,269	1/12	165,361,856
As at April 30, 2020	1,981,717,269	1/12	165,143,106
As at May 31, 2020	1,980,767,269	1/12	165,063,939
As at June 30, 2020	1,975,602,269	1/12	164,633,522
As at July 31, 2020	1,947,305,269	1/12	162,275,439
As at August 31, 2020	1,947,305,269	1/12	162,275,439
As at September 30, 2020	1,947,278,269	1/12	162,273,189
As at October 31, 2020	1,946,461,269	1/12	162,205,106
As at November 30, 2020	1,941,338,269	1/12	161,778,189
As at December 31, 2020	1,940,927,269	1/12	161,743,939
			1,963,869,769

December 31, 2019

	Outstanding shares	Portion of year outstanding	Weighted average number of common shares
As at January 31, 2019	2,023,354,400	1/12	168,612,867
As at February 28, 2019	2,019,709,900	1/12	168,309,158
As at March 31, 2019	2,017,834,400	1/12	168,152,867
As at April 30, 2019	2,016,431,100	1/12	168,035,925
As at May 31, 2019	2,014,548,500	1/12	167,879,042
As at June 30, 2019	2,013,226,500	1/12	167,768,875
As at July 31, 2019	2,013,090,500	1/12	167,757,542
As at August 31, 2019	2,012,526,500	1/12	167,710,542
As at September 30, 2019	2,011,295,200	1/12	167,607,933
As at October 31, 2019	2,010,348,069	1/12	167,529,006
As at November 30, 2019	2,008,025,169	1/12	167,335,431
As at December 31, 2019	2,004,692,669	1/12	167,057,722
			2,013,756,910

December 31, 2018

	Outstanding shares	Portion of year outstanding	Weighted average number of common shares
As at November 29, 2018	2,024,500,000	11/12	1,855,791,667
As at December 31, 2018	2,023,354,400	1/12	168,612,867
			2,024,404,534

31. 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 and 2019, 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. The current income tax expense in 2020 and 2019 as shown in the statements of comprehensive income both represent the RCIT (see Note 29).

As at December 31, 2020 and 2019, the Group is in compliance with the terms and conditions set forth by BOI.

32. REAL ESTATE PROPERTIES TRANSFERRED THRU DACION EN PAGO COVERED BY THE REHABILITATION PLAN

In 2004, the Parent Company transferred real estate properties to PGI in exchange for PGI's shares of stock as capital equity contribution. The application for the increase in capital stock to ₱2.10 billion by PGI was approved by the SEC on June 30, 2004. Furthermore, the Bureau of Internal Revenue (BIR) issued a certification on November 5, 2004 and December 29, 2004 certifying the transferred real estate properties in exchange for shares of stock is a tax free exchange.

The real estate properties transferred by Parent Company to PGI are accounted in the Group's consolidated financial statements as investment properties (see Note 12). These are measured at the par value of its capital stock issued to the Parent Company, which is equivalent to the fair values of the real estate properties transferred based on Court Order issued by the Regional Trial Court. A portion of the investment properties were transferred to its creditors by way of dacion en pago covered by the rehabilitation plan. As of December 31, 2020 and 2019, its remaining investment properties attributable to transferred real estate amounted to ₱352.30 million.

PGI real estate properties transferred to creditors by way of dacion en pago covered by the rehabilitation plan

In 2005 and 2004, PGI transferred significant portion of the above real estate properties to its creditors by way of dacion en pago based on fair values as determined in the Court Order issued by the Regional Trial Court on the rehabilitation plan of PGI. The difference between the fair value and cost (as reported in the books and records by the Parent Company) of these transferred properties amounted to ₱129 million in 2005 and ₱902 million in 2004 or an aggregate amount of ₱1.03 billion. Subsequent to 2005, there was no real estate properties of PGI transferred to creditors by way of dacion en pago.

The ₱1.03 billion as at December 31, 2018 represents the net difference between the fair value and the related cost the Parent Company's real estate properties transferred to PGI creditors in settlement of its debts covered by the rehabilitation plan. This amount was reclassified to retained earnings in 2018.

33. OPERATING BUSINESS SEGMENTS

The Group's reportable segments consist of: (1) real estate; (2) LPG and industrial gases; and (3) pharmaceutical products, which the Group operates and manages as strategic business units and organize by products and services.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Segment operating assets consist principally of operating cash, receivables and inventories, net of any allowance for impairment in value, while segment liabilities include all operating liabilities and consist principally of trade payables and other payables.

The Group's segment information is as follows:

	Real estate			LPG and Industrial gases			Pharmaceutical products		
	2020	2019	2018	**2020**	2019	2018	**2020**	2019	2018
				(amounts in millions)					
Revenue from external customers	**₱158**	₱128	₱227	**₱11,496**	₱10,451	₱10,002	**₱55**	₱51	₱44
Results									
Income before tax	**₱728**	₱699	₱619	**₱1,932**	₱1,869	₱1,603	**₱1.6**	₱1.3	₱1.2
Income tax expense	**(6)**	(7)	(32)	**(426)**	(427)	(281)	**(0.4)**	(0.4)	(0.4)
Net income for the year	**728**	692	587	**1,506**	1,442	1,322	**1.2**	0.9	0.8
Other information:									
Segment operating assets	**₱1,955**	₱1,697	₱1,533	**₱4,098**	₱3,030	₱2,422	**₱22**	₱21	₱18
Segment liabilities	**701**	623	558	**3,211**	2,525	1,834	**12**	11	9
Capital expenditures	**7**	6	4	**986**	1,081	1,663	**0.1**	0.1	-
Depreciation	**30**	28	31	**514**	412	338	**0.1**	0.1	0.1

34. LEASES

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

<u>Group as lessee</u>

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 is as follows:

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, December 31, 2020	**₱34,944,674**	**₱79,786,792**	**₱114,731,466**

December 31, 2019

	Land	**Commercial space/unit**	**Total**
Balance at beginning of year	₱51,757,803	₱-	₱51,757,803
Additions	17,445,091	38,287,776	55,732,867
Balance at end of year	69,202,894	38,287,776	107,490,670
Accumulated depreciation			
Balance at beginning of year	21,966,747	-	21,966,747
Depreciation	7,702,005	3,118,171	10,820,176
Balance at end of year	29,668,751	3,118,171	32,786,923
Carrying amount, December 31, 2019	₱39,534,143	₱35,169,605	₱74,703,747

The depreciation of right-of-use assets for the year ended December 31 is allocated as follows:

	2020	2019
Cost of sales – Note 23	**₱4,432,032**	₱4,751,898
Selling expense – Note 24	**12,639,905**	6,068,278
	₱17,071,937	₱10,820,176

Lease Liabilities

The movement in lease liabilities as at December 31 is as follows:

	2020	2019
As at beginning of year	**₱79,961,174**	₱33,779,303
Additions	**51,986,532**	54,958,681
Interest expense – note 25	**5,040,219**	4,204,701
Payments	**(16,349,282)**	(12,981,511)
As at end of year	**₱120,638,643**	₱79,961,174

Lease liabilities, as shown in the consolidated statements of financial position as at December 31 consist of:

	2020	2019
Current	**₱24,165,594**	₱13,616,354
Noncurrent	**96,473,049**	66,344,820
	₱120,638,643	₱79,961,174

Interest expense relating to such leases amounting to ₱5.04 million in 2020 and ₱4.20 million in 2019 is presented as part of Finance costs under “Other income” in the consolidated statements of comprehensive income (see Note 25).

The Group’s future minimum lease payable related to the above leases as at December 31 is as follows:

	2020	2019
Not later than one (1) year	**₱29,661,381**	₱19,010,945
Later than one year and not later than five (5) years	**70,558,851**	56,120,504
Later than five (5) years	**28,278,062**	32,827,826
	₱128,498,294	₱107,959,275

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.

Prepaid rent amounted to ₱20.10 million and ₱46.64 million in 2020 and 2019, respectively (see Note 9).

Total rent incurred for the years ended December 31 is allocated as follows:

	2020	2019
Cost of sales – note 23		
LPG, cylinders, stoves and accessories	**₱3,187,945**	₱5,598,600
Industrial gases	**5,456,827**	6,730,244
Operating expenses – note 24		
Selling expenses	**19,273,767**	13,448,788
General and administrative expenses	**7,184,762**	2,760,235
	₱27,918,539	₱28,537,867

Group as lessor

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

Rental income includes rental earned amounted to ₱.25 million, ₱1.35 million and ₱4.06 million for the year ended December 31, 2020, 2019 and 2018, respectively (see Note 26).

35. 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. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk. 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 foreign currency exchange and equity price.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollars (USD). Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position. The Group monitors the movement of foreign exchange rates to avoid significant effect on its operations.

The foreign currency denominated monetary assets and liabilities and their translated functional currency equivalents are as follows:

	2020		2019	
	USD	**Philippine Peso (PHP)**	USD	Philippine Peso (PHP)
Asset				
Cash	**33,157**	**1,592,742**	34,701	1,760,868
Liabilities				
Trade payables	**6,619,868**	**317,991,972**	8,034,114	407,683,077
Short-term debts	**20,750,973**	**996,793,723**	21,196,833	1,075,612,069
	27,370,841	**1,314,785,695**	29,230,947	1,483,295,146
Net exposure	**(27,337,684)**	**(1,313,192,953)**	(29,196,246)	(1,481,534,278)

The foreign currency exchange rates used for USD to PHP were ₱48.04 in 2020 and ₱50.74 in 2019. As a result of translating this foreign currency denominated balances, the Group reported a net unrealized foreign currency exchange gain of ₱50.72 million in 2020 and ₱31.38 million in 2019, and is presented as part of Other income account in the consolidated statements of comprehensive income (see Note 26).

Though foreign exchange gains and losses are recognized for such transactions and for translation of monetary assets and liabilities, the Group is periodically monitoring the movements of foreign exchange rates so as not to significantly affect its operations.

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in USD to PHP exchange rate, with all other variables held constant, of the Group's cash and trade payables before income tax as at December 31, 2020 and 2019 (due to the changes in the fair value of monetary assets and liabilities).

	Appreciation (depreciation) of PHP	Effect in income before tax	Effect in equity after tax
2020	1.50	**(₱41,006,525)**	**(₱28,704,567)**
	1.00	**(27,337,683)**	**(19,136,378)**
	(1.50)	**41,006,525**	**28,704,567**
	(1.00)	**27,337,683**	**19,136,378**
2019	1.50	(₱43,794,369)	(₱30,656,058)
	1.00	(29,196,246)	(20,437,372)
	(1.50)	43,794,369	30,656,058
	(1.00)	29,196,246	20,437,372

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**
2020	1.00	**(₱139,679,372)**	**(₱97,775,561)**
	0.50	**(69,839,686)**	**(48,887,780)**
	(1.00)	**139,679,372**	**97,775,561**
	(0.50)	**69,839,686**	**48,887,780**
2019	1.00	₱132,061,207	₱92,442,845
	0.50	66,030,603	46,221,422
	(1.00)	(132,061,207)	(92,442,845)
	(0.50)	(66,030,603)	(46,221,422)

The following table sets out the carrying amounts, by maturity, of the Group’s financial instruments as at December 31, 2020 and 2019 that are exposed to interest rate risks:

	Interest rates	Within 1 Year
2020		
Short-term debts	**3.60% to 4.80%**	**₱1,396,793,723**
2019		
Short-term debts	3.60% to 4.80%	₱1,320,612,069

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 years ended December 31, 2020 and 2019 would increase/decrease by ₱68.77 million and ₱52.13 million, respectively, as a result of the changes in fair value of financial assets at FVPL. Equity as at December 31, 2020 and 2019 would increase/decrease by ₱48.14 million and ₱36.49 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 financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	3

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.

The table below shows the Group's maximum exposure to credit risk and the credit quality of the Group's financial assets:

		December 31, 2020			
		Basis of Recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks	(a)		₱1,418,128,020	₱-	₱1,418,128,020
Trade receivables	(b)	Lifetime ECL	214,526,165	-	214,526,165
Other receivables	(b)	Lifetime ECL	140,827,022	5,259,134	135,567,888
			₱1,773,481,207	**₱5,259,134**	**₱1,768,222,073**

		December 31, 2019			
		Basis of Recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks	(a)		₱957,568,837	₱-	₱957,568,837
Trade receivables	(b)	Lifetime ECL	259,505,079	-	259,505,079
Other receivables	(b)	Lifetime ECL	90,022,728	-	90,022,728
Advances to related parties	(a)		50,343,485	-	50,343,485
			₱1,357,440,129	**₱-**	**₱1,357,440,129**

(a) Cash in banks and advances to related parties are assessed to have low credit risk at each reporting period. Cash balances are held by reputable banking institutions. Advances to related parties may be offset against subsequent advances from related parties. The identified impairment loss on these financial assets is immaterial, hence no ECL is recognized.

(b) For trade and other receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. The Group determines the expected credit ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit losses experienced before December 31, 2020 and 2019. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Trade receivables arising from sale of real estate are covered by Section 4 of R.A. 6552, commonly known as the Maceda Law, where if the buyer fails to pay installments due after grace period of sixty (60) days, the seller may cancel the contract after thirty (30) days from receipt by buyer of notice of cancellation or demand for rescission of contract.

Trade receivables are generally collected within the normal credit terms. Hence, the Group assessed that the effect of computation of ECL on trade receivables would be insignificant. Further, trade receivables arising from sale of real estate are effectively collateralized by memorial lots and the fair value of the memorial lots sold when reacquired is sufficient to cover the outstanding balance of related receivables arising from the sale. Further, allowance was not provided for past due but not impaired trade and other receivables in 2020 and 2019 as amount involve is not significant. In the case of receivables from memorial lot owners, the outstanding receivables are related to customers with high credit standing and no experience of default in the past. Advances to officers and employees may be deducted from the salaries of the officers and employees. Other receivables have low credit risk being short-term in nature. Overall, the counterparties to trade and other receivables had no history of default upon demand of payment, hence, the management assessed that probability of default is remote.

The table below shows the aging analysis of the Group's financial assets:

December 31, 2020

	Neither past due nor impaired	**Past due but not impaired**				
		Less than 30 days	**31-60 days**	**61-90 days**	**Impaired**	**Total**
Cash in banks	**₱1,418,128,020**	**₱-**	**₱-**	**₱-**	**₱-**	**₱1,418,128,020**
Trade and other receivables*	**348,488,548**	**938,843**	**666,662**	**-**	**5,259,134**	**355,353,187**
	₱1,766,616,568	**₱938,843**	**₱666,662**	**₱-**	**₱5,259,134**	**₱1,773,481,207**

December 31, 2019

		Past due but not impaired				
	Neither past due nor impaired	Less than 30 days	31-60 days	61-90 days	Impaired	Total
Cash in banks	₱957,568,837	₱-	₱-	₱-	₱-	₱957,568,837
Trade and other receivables*	345,564,489	3,239,546	412,189	311,583	-	349,527,807
Advances to related parties	50,343,485	-	-	-	-	50,343,485
	₱1,353,476,811	₱3,239,546	₱412,189	₱311,583	₱-	₱1,357,440,129

The expected loss rates are based on the payment profiles over a period of 24 months before December 31, 2020 and 2019 and the corresponding historical credit losses experienced within this period. The historical observed default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. In 2020 and 2019, the Group's ECL rate is zero for accounts that are current because there has been no experience of loss or default from customers in the past. Moreover, the estimated ECL on past due receivables were deemed immaterial.

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.

Presented in this table is the maturity profile of Group's financial liabilities based on contractual undiscounted payments:

December 31, 2020

	Within 1 year	**Later than 1 year but not more than 5 years**	**Total**
Trade and other payables*	**₱1,708,167,111**	**₱-**	**₱1,708,167,111**
Short-term debts	**1,396,793,723**	**-**	**1,396,793,723**
Dividends payable	**253,396,393**	**-**	**253,396,393**
Lease liabilities	**24,165,594**	**96,473,049**	**120,638,643**
Total	**₱3,382,522,821**	**₱96,473,049**	**₱3,478,995,870**

**Trade and other payables exclude deposit for park internment services amounting to ₱132.71 million and amount payable to government agencies amounting to ₱56.95 million as at December 31, 2020.*

December 31, 2019

	Within 1 year	Later than 1 year but not more than 5 years	Total
Trade and other payables*	₱ 1,056,473,202	₱-	₱1,056,473,202
Short-term debts	1,320,612,069	-	1,320,612,069
Dividends payable	251,486,815	-	251,486,815
Lease liabilities	13,616,354	66,344,820	79,961,174
	₱2,642,188,440	₱66,344,820	₱2,708,533,260

**Trade and other payables exclude deposit for park internment services amounting to ₱105.76 million and amount payable to government agencies amounting to ₱50.68 million as at December 31, 2019.*

36. CAPITAL RISK OBJECTIVE AND MANAGEMENT

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 Group's ratio of interest-bearing debt to total capital as at December 31 is as follows:

	2020	2019
Total interest-bearing debt (a)	**₱1,396,793,723**	₱1,320,612,069
Total equity (b)	**10,123,093,133**	9,192,809,791
	11,519,886,856	₱10,513,421,860
Gearing ratio (a/b)	**14%**	14%

The Group's ratio of net interest-bearing debt to total capital as at December 31 is as follows:

	2020	2019
Total interest-bearing debt	**₱1,396,793,723**	₱1,320,612,069
Less: Cash in banks	**1,418,128,020**	957,568,837
Financial assets at FVPL	**1,375,368,595**	1,042,561,957
Net interest-bearing debt (a)	**(1,396,702,892)**	(679,518,725)
Total equity	**10,123,093,133**	9,192,809,791
Net interest-bearing debt and equity (b)	**₱8,726,390,241**	₱8,513,291,066
Gearing ratio (a/b)	**(16.01%)**	(7.98%)

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

37. 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 at the end of each reporting period, are determined in particular, the valuation technique(s) and inputs used.

	Fair value as at December 31		Fair value	
	2020	2019	hierarchy	Valuation technique
Financial assets at FVPL	**₱1,375,368,595**	₱1,042,561,957	Level 1	Quoted prices in an active market
Property, plant and equipment at revalued amounts	**6,617,758,138**	6,349,382,689	Level 2	Market data approach
	₱7,993,126,733	₱7,391,944,646		

Fair value of financial assets at FVPL is measured at quoted prices in an active market. The property, plant and equipment were appraised on various dates from June to September 2016 by an independent appraiser accredited by the SEC. The value of the properties was determined using the Market Data Approach. In this method of valuation, the value is based on sales, listings and other market data of comparable properties registered within the vicinity of subject properties.

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:

	2020		2019			
	Fair Value	**Carrying value**	Fair value	Carrying value	Fair value hierarchy	Valuation technique
Financial asset						
Advances to related parties	**₱-**	**₱-**	₱ 44,975,367	₱50,343,485	Level 3	(b)
Refundable deposits	**16,886,852**	**19,108,719**	13,561,891	16,548,561	Level 3	(c)
	₱16,886,852	**₱19,108,719**	₱58,537,258	₱66,892,046		
Non-financial asset						
Investment properties	**₱868,403,880**	**₱389,328,616**	₱847,028,856	₱389,328,616	Level 2	(a)
Financial liabilities						
Lease liabilities	**₱96,473,049**	**₱96,473,049**	₱66,344,820	₱66,344,820	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 parcels of land are located and the recent selling price of the memorial lawn lots of the Parent Company.

(b) Advances to related parties

Significant unobservable input	Relationship of unobservable inputs to fair value
Discounted cash flows from related parties determined by reference to prevailing market lending rate of % in 2020 and 3.83% in 2019.	The higher the discount rate, the lower the fair value.

(c) Refundable deposits

Significant unobservable input	Relationship of unobservable inputs to fair value
Discounted cash flows are determined by reference to prevailing market lending rate of 2.503% in 2020 and 4.061% in 2019.	The higher the discount rate, the lower the fair value.

(d) Lease liabilities

Significant unobservable input	Relationship of unobservable inputs to fair value
Discounted cash flows are determined by reference to prevailing market lending rate of _ ranging from 3.83% to 7.53% in 2020 and	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.

38. 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 financial position and results of operations of the Group.

* * *

Diaz Murillo
Dalupan and Company

WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

Independent Auditor's Report on Supplementary Schedules

To the Board of Directors and Stockholders of
PRYCE CORPORATION AND SUBSIDIARIES
17th Floor Pryce Center, 1179 Don Chino Roces Avenue
cor. Bagtikan Street, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **Pryce Corporation and Subsidiaries** (the Group) as at December 31, 2020 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated May 8, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

Diaz Murillo Dalupan and Company
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 4, 2023
SEC Accreditation No. 0192-FR-3, Group A, effective until April 2, 2022
BIR Accreditation No. 08-001911-000-2019, effective until March 27, 2022
By:

Elirie S. Arañas
Partner
CPA Certificate No. 0101773
SEC Accreditation No. 1679-A, Group A, effective until May 9, 2021
Tax Identification No. 207-051-549
PTR No. 8555600 January 15, 2021, Makati City
BIR Accreditation No. 08-001911-011-2019, effective until March 27, 2022

May 8, 2021

Diaz Murillo Dalupan and Company

WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

Independent Auditor's Report on Components of Financial Soundness Indicators

To the Board of Directors and Stockholders of
PRYCE CORPORATION AND SUBSIDIARIES
17th Floor Pryce Center, 1179 Chino Roces Avenue
cor. Bagtikan Street, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **Pryce Corporation and Subsidiaries** (the Group) as at December 31, 2020 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated May 8, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

Diaz Murillo Dalupan and Company
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 4, 2023
SEC Accreditation No. 0192-FR-3, Group A, effective until April 2, 2022
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May 8, 2021

PRYCE CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2020

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
DECEMBER 31, 2020

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
San Miguel Corp. Series 2-C Preference	5,563,860	₱433,981,080	₱433,981,080	₱-
Philippine National Bank	10,952,600	321,458,810	321,458,810	-
First Philippine Holdings Corp.	3,359,055	258,647,235	258,647,235	-
Global-Estate Resorts, Inc.	138,967,000	127,849,640	127,849,640	-
Ginebra San Miguel Inc.	1,203,400	59,447,960	59,447,960	-
Atlas Consolidated Mining and Development C	7,323,100	47,307,226	47,307,226	-
Global Ferronickel Holdings, Inc.	14,857,000	40,411,040	40,411,040	-
San Miguel Corp. Sub Series 2-E Preference	271,250	20,452,250	20,452,250	-
Filinvest Land, Inc.	16,832,000	18,851,840	18,851,840	-
San Miguel Corp. Sub Series 2-F Preference	212,630	16,436,299	16,436,299	-
Lopez Holdings Corporation	4,346,000	16,167,120	16,167,120	-
San Miguel Corp. Sub Series 2-G Preference	170,000	12,886,000	12,886,000	-
Metropolitan Bank & Trust Company	30,000	1,471,500	1,471,500	-
GMA Holdings, Inc.	100	595	595	-
Total	204,087,995	₱1,375,368,595	₱1,375,368,595	₱-

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 DECEMBER 31, 2020

	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
1 .	Deguit, Ethelbert	Officer	1,584,664	126,232	485,480	-	1,172,671	52,745	1,225,416
2 .	Baco, Michael	Officer	260,542	1,581,220	852,693	-	392,852	596,216	989,068
3 .	Isog, Renante	Staff	-	898,586	-	-	898,586	-	898,586
4 .	Sulatre, Alexis	Officer	1,126,266	-	233,021	-	233,021	660,225	893,245
5 .	Simba, Frances	Staff	-	837,933	-	-	837,933	-	837,933
6 .	Gubalani, Concepcion	Officer	-	843,893	86,692	-	757,201	-	757,201
7 .	Competente, Roque	Officer	970,886	-	270,952	-	276,414	423,520	699,934
8 .	Gomez, Roger	Officer	-	1,066,279	419,000	-	163,977	483,302	647,279
9 .	Pongos, Zachary	Staff	101,620	725,708	187,625	-	205,595	434,108	639,703
10 .	Leung, Carmen	Officer	723,587	85,750	191,041	-	252,494	365,802	618,296
11 .	Padernal, Kyle	Officer	-	655,279	61,940	-	123,880	469,459	593,339
12 .	Isidro, Joy	Officer	569,289	564,088	574,985	-	289,410	268,981	558,391
13 .	Ragas, Ma. Christa	Officer	-	572,195	19,073	-	118,219	434,903	553,122
14 .	Avila, Manuel	Officer	709,944	38,916	240,245	-	225,538	283,077	508,615
15 .	Seraña, Clefford	Staff	-	479,463	-	-	479,463	-	479,463
16 .	Arquillano, Mitchell	Staff	-	457,733	-	-	457,733	-	457,733
17 .	Aguadera, Jonax	Staff	-	454,611	-	-	454,611	-	454,611
18 .	Pingli, Allian	Staff	310,133	199,890	71,708	-	438,315	-	438,315
19 .	Espino, Ethel	Officer	533,293	-	156,217	-	156,217	220,859	377,076
20 .	Gabunas, Heide	Staff	-	787,870	421,079	-	94,934	271,858	366,792
21 .	Ascaño, Mark Alf	Officer	994,056	-	630,506	-	100,191	263,359	363,549
22 .	Fernandez, Julie Ann	Officer	468,199	-	107,017	-	107,017	254,165	361,182
23 .	Gojeling, Rhey	Staff	-	358,737	-	-	94,934	263,802	358,737
24 .	Sangalang, Alexander	Staff	-	355,145	-	-	355,145	-	355,145
25 .	Luzano, Jun Ray	Staff	-	345,935	-	-	345,935	-	345,935
26 .	Eco, Servillano Jr.	Officer	524,497	153,570	335,987	-	225,570	116,510	342,080
27 .	Rafisura, Reynante	Staff	-	418,862	112,771	-	105,290	200,801	306,091

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
28 . Tabada, Bryan Jade J.	Staff	-	345,361	45,848	-	299,513	-	299,513
29 . Coopera, Roiza	Officer	-	498,917	205,311	-	94,934	198,672	293,606
30 . Morales, Ellen	Staff	-	2,659,370	2,380,886	-	278,485	-	278,485
31 . Limba, Elmer	Staff	-	763,624	485,286	-	278,338	-	278,338
32 . Paasa, Christy Ann	Officer	331,790	99,729	155,347	-	155,347	120,826	276,172
33 . Campos, Rogelio	Staff	129,748	1,669,293	1,539,379	-	259,662	-	259,662
34 . Querol, Stephanie	Staff	-	670,294	427,322	-	242,972	-	242,972
35 . Veloso, Rolando	Officer	358,444	210,955	331,773	-	120,819	116,807	237,625
36 . Villegas, Franz Jonas	Officer	379,382	83,136	238,483	-	224,035	-	224,035
37 . Lagunay, Jose Jr.	Staff	490,764	61,218	336,222	-	105,290	110,470	215,760
38 . Cuady IV, Julius	Staff	244,873	53,829	122,091	-	176,610	-	176,610
39 . Yucot, Jimrey	Staff	-	175,107	-	-	175,107	-	175,107
40 . Eslit, Anthony	Staff	196,696	108,706	153,211	-	152,191	-	152,191
41 . Soriano, Ariel	Staff	-	145,155	-	-	145,155	-	145,155
42 . Solano, Jeffrey	Staff	-	145,000	-	-	145,000	-	145,000
43 . Sierras, Rowell	Staff	-	381,922	244,142	-	137,781	-	137,781
44 . Lumahang, Enrique	Staff	182,601	13,073	61,926	-	133,748	-	133,748
45 . Abad, Princesliane	Staff	-	123,063	-	-	123,063	-	123,063
46 . Caronia, Andrew	Staff	-	149,853	28,372	-	121,481	-	121,481
47 . Del Rosario, Daisy	Staff	-	165,541	50,977	-	114,564	-	114,564
48 . Amador, Roxly	Staff	-	108,050	-	-	108,050	-	108,050
49 . Tudio, Cristopher	Staff	-	173,896	68,979	-	104,916	-	104,916
50 . Various Employees	Staff	10,697,495	86,157,337	41,317,753	-	42,378,792	13,158,288	55,537,080
TOTAL		**21,888,767**	**106,970,323**	**53,651,340**	**-**	**55,438,997**	**19,768,752**	**75,207,750**

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2020

Name and designation of creditor	Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written-off (ii)	Current	Non-Current	Balance at end of period
Pryce Gases, Inc.	Oro Oxygen Corporation	₱1,216,093,451	₱337,407,232	₱-	₱-	₱-	₱1,553,500,683	₱1,553,500,683
Pryce Gases, Inc.	Pryce Corporation	74,688,928	-	5,674,182	-	-	69,014,746	69,014,746
Pryce Gases, Inc.	Pryce Pharmaceuticals, Inc.	2,607,771		(2,607,771)	-	-	-	-
Pryce Pharmaceuticals, Inc.	Pryce Gases, Inc.	-	510,907	-	-	-	510,907	510,907
Pryce Corporation	Pryce Gases, Inc.	124,884,926	-	100,580,250	-	-	24,304,676	24,304,676
		₱1,418,275,076	₱337,918,139	₱103,646,661	₱-	₱-	₱1,647,331,012	₱1,647,331,012

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE D – LONG-TERM DEBT
DECEMBER 31, 2020

Title of Issue and Type of Obligation (i)	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-term Debt" in related Statement of Financial Position (ii)	Amounnt shown under Caption "Long-Term Debt" in related Statement of Financial Position (iii)

Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2020

Name of related parties	Balance at beginning of period	Balance at end of period

Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2020

Name of issuing entity of securities guaranteed by the	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 (ii)

Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2020

Title of issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common shares	2,098,000,000	2,024,500,000	-	422,693,622	60,411,516	1,541,394,862

ANNEX 68-D

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2020

PRYCE CORPORATION
17th Floor Pryce Center, 1179 Chino Roces Avenue Corner Bagtikan Street, Makati City, Philippines

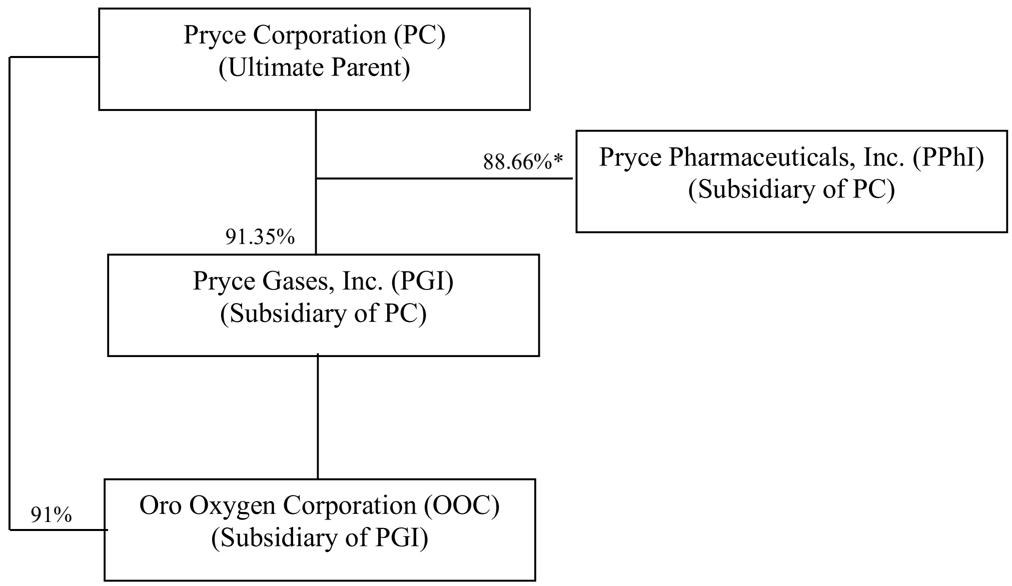
Retained earnings available for declaration of dividend as at December 31, 2020 is computed as follows:

Unappropriated Retained Earnings, based on audited financial statements, beginning of the year			₱770,644,177
Add:	**Net income actually earned/realized during the year**		
	Net income during the period closed to Retained Earnings		722,415,944
Less:	**Non-actual/unrealized income net of tax:**		
	Fair value adjustment (mark-to-market gains)		(60,632,915)
Add:	**Non-actual losses**		
	Depreciation on revaluation increment (after tax)		6,407,485
Net income actually earned during the year			**1,438,834,691**
Add (Less):			
	Dividend declarations during the year	(₱468,500,212)	
	Treasury shares	(391,853,806)	
	Sub-Total		(860,354,018)
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND			**₱578,480,673**

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX 68-E - SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2020

Ratio	Formula		2020	2019	2018
A. Current and liquidity ratios					
Current ratio	Total current assets	6,015,689,264	1.56	1.53	1.66
	Divided by: Total current liabilities	3,855,967,345			
	Current ratio	1.56			
Acid test ratio	Total current assets	6,015,689,264	0.85	0.81	0.94
	Less: Prepayments and other current assets	106,730,776			
	Inventories (including real estate projects)	2,632,002,357			
	Total quick assets	3,276,956,131			
	Divided by: Total current liabilities	3,855,967,345			
	Acid test ratio	0.85			
B. Solvency ratio	Total assets	14,863,527,687	3.14	3.31	3.59
	Divided by: Total liabilities	4,740,434,554			
	Solvency ratio	3.14			
C. Debt-to-equity ratio	Total liabilities	4,740,434,554	0.47	0.43	0.40
	Divided by: Total consolidated stockholders' equity	10,123,093,133			
	Debt-to-equity ratio	0.47			
D. Asset-to-equity ratio	Total assets	14,863,527,687	1.47	1.43	1.43
	Divided by: Total consolidated stockholders' equity	10,123,093,133			
	Asset-to-equity ratio	1.47			
E. Interest rate coverage ratio	Net income before tax	2,048,302,895	33.62	38.22	51.29
	Add: Interest expense	62,792,160			
		2,111,095,055			
	Divided by: Interest expense	62,792,160			
	Interest rate coverage ratio	33.62			
F. Profitability ratios					
Return on equity	Net income before tax	2,048,302,895	0.21	0.22	0.22
	Divided by: Average total stockholders' equity	9,657,951,462			
	Return on equity	0.21			
	Total shareholders' equity, beginning	9,192,809,791			
	Total shareholders' equity, ending	10,123,093,133			
	Average total shareholders' equity	9,657,951,462			
Return on assets	Net income before tax	2,048,302,895	0.15	0.16	0.16
	Divided by: Average total assets	14,020,703,600			
	Return on assets	0.15			
	Total assets, beginning	13,177,879,512			
	Total assets, ending	14,863,527,687			
	Average total assets	14,020,703,600			
Net profit margin	Net income before tax	2,048,302,895	0.17	0.18	0.17
	Divided by: Total consolidated revenue	11,708,642,164			
	Net profit margin	0.17			

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX "A" – MAP OF CONGLOMERATE OR GROUP
OF COMPANIES WITHIN WHICH THE COMPANY BELONGS
DECEMBER 31, 2020



** Includes indirect equity ownership of 13.66%*

Josema Ordenes <josema.ordenes@prycecorp.com>

Pryce Corporation_SEC 17Q (2nd Qtr-2021)_August 10, 2021

2 messages

Josema Ordenes <josema.ordenes@prycecorp.com> Tue, Aug 10, 2021 at 4:59 PM
To: MSRD COVID19 <msrd_covid19@sec.gov.ph>, ictdsubmission@sec.gov.ph
Cc: Efren Palma <efren.palma@prycegases.com>, Earl Christian Lerio <earl.lerio@prycegases.com>, Feliciano Hatud <feliciano.hatud@prycegases.com>, Paul Casilla <paul.casilla@prycegases.com>, Alan Ascabano <alan.ascabano@prycecorp.com>, Elvira Clemente <elvira.clemente@prycecorp.com>, Christine Desiree Caina <christine.caina@prycegases.com>

August 10, 2021

Securities & Exchange Commission (SEC)
Secretariat Bldg., PICC Complex
Roxas Blvd., Pasay City

Attention : Market Securities Regulation Dept. and Corporate Governance & Finance Dept.

Subject : Pryce Corporation's SEC 17-Q (Quarterly Report for 2nd Qtr-2021)

Gentlemen:

In relation to the above-captioned subject, Pryce Corporation hereby submits to the SEC via email the attached documents consisting of the SEC 17-Q report for the 2nd Qtr of 2021, along with the interim financial statements and notes thereto and the relevant annexes & supplementary schedules. Included as well is the notarized Online Certification, appearing as the first page of the attachment.

Respectfully,

Pryce Corporation

Jose Ma. C. Ordenes
Corporate Information & Compliance Officer
Sr. Vice President

Pryce Corp._SEC 17Q (2nd Qtr-2021)_August 10, 2021.pdf
4671K

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Tue, Aug 10, 2021 at 5:02 PM
To: josema.ordenes@prycecorp.com

Dear Customer,

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.

(Subject to Verification and Review of the Quality of the Attached Document)

Official copy of the submitted document/report with Bar Code Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

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NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, FS-P, FS-C, Monthly Reports, Quarterly Reports, Letters, etc... through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail or over- the- counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as:

AFS, GIS, GFFS, SFFS, LCFS, LCIF, FCFS. FCIF ANO, ANHAM. All submissions through OST are no longer required to submit the hard copy thru mail or over- the- counter.

FOR MC28, please email to:

(MC28_S2020@sec.gov.ph)

For your information and guidance.

Thank you and keep safe.

PRYCE CORPORATION
website: www.pryce.com.ph

CERTIFICATION

I, Jose Ma. C. Ordenes, Corporate Information & Compliance Officer, is a duly authorized representative of Pryce Corporation with SEC registration number 168063 and with principal office at 17th Floor Pryce Center, 1179 Chino Roces Ave., Makati City, do hereby certify and state that:

1. On behalf of Pryce Corporation, I have caused the preparation of the company's Quarterly Report for the period ended June 30, 2021 (**SEC 17-Q Report: H1-2021**).
2. I have read and understood its content which are true and correct, of my own personal knowledge and/or based on true records;
3. Pryce Corporation hereby complies with the requirements and guidelines set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports, and/or documents through electronic mail;
4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fees shall be considered complete and officially received only upon payment of a filing fee, if applicable.

IN WITNESS WHEREOF, I have hereunto set my hands this ____ day of AUG 10 2021, 2021.

Jose Ma. C. Ordenes
Corporate Information & Compliance Officer

SUBSCRIBED AND SWORN to before me, a notary public, in the City of MAKATI CITY, this ____ day of AUG 10 2021, ______. Affiant personally came and appeared with Government Issued LTO ID No N26-08-001284, known to me as the same person who personally signed the foregoing instrument before me.

Doc. No. 147;
Page No. 30;
Book No. IV;
Series of 2021.

ATTY. GIENAH M. SORIANO
Notary Public / Makati City / Until December 31, 2021
Appointment No. M-395
PTR No. 8533006 / Jan. 04, 2021 / Makati City
IBP No 150673 / Jan. 12, 2021 / PPLM
Roll of Attorney's No. 74409
MCLE Exempt
(Admitted to the Bar on July 10, 2020)
17th Floor, Pryce Center
1179 Chino Roces Avenue, Makati City
8899-9407 / 8899-4401

COVER SHEET

				1	6	8	0	6	3

S.E.C. Registration Number

P R Y C E

C O R P O R A T I O N

(Company's Full Name)

1 7 / F P R Y C E C E N T E R C H I N O

R O C E S A V E N U E M A K A T I C I T Y

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

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

Contact Person

(02) 8 899-4401

Company Telephone Number

1	2		3	1
Month			*Day*	

Fiscal Year

1	7	-	Q	

FORM TYPE

0	9		1	7
Month			*Day*	

ANNUAL MEETING

Secondary License Type, if Applicable

M	S	R	D

Dept. Requiring this Doc.

Amended Articles Number/Section

359 (as of Jul. 30, 2021)

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 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) 899-44-01 (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 of June 30, 2021.

Title of Each Class	No. of Outstanding shares
Common Shares	1,927,246,969
Treasury Shares	97,253,031

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

During the first half of 2021, Pryce Corporation's (PPC's) consolidated revenues grew from P 5.9 billion to P 7.119 billion, recording a growth of 20.66%. Consolidated net income slightly decreased by 1.76%, from P 759.25 million to this year's P 745.92 million. Sale of liquefied petroleum gas (LPG) and LPG-related products accounted for 93.81% of the group's total revenues, while sale of industrial gases, real estate, and pharmaceutical products accounted for the balance.

Liquefied Petroleum Gas (LPG) and industrial gases are products of Pryce Gases, Inc. (PGI) – a subsidiary of the parent company Pryce Corporation (PC). Real estate sales is under Pryce Corporation (PC); while vitamins and supplements are handled by Pryce Pharmaceuticals, Inc. (PPhI), also a subsidiary of PC. Oro Oxygen Corporation (OOC) is a subsidiary of PGI, which distributes LPG and industrial gases in Luzon.

Revenue and Volume Growth

The growth of 20.66% in consolidated revenues from P 5.90 billion to P 7.119 billion is mainly attributable to the 20.71% increase in sales of PGI's LPG and industrial gas products. Also contributing to said revenue growth is the higher retail price due to the escalation of the average international price of LPG during the period under review (see discussion below).

Revenues from LPG products (consisting of sales of cooking gas, cylinders, LPG gensets, and accessories) provided the biggest contribution at P6.678 billion or 93.81% of consolidated revenues. Revenues from the rest of the product lines such as industrial gases, real estate, and pharmaceutical products aggregated to P 440.85 million in 2021. The contribution from other products is broken down as follows: industrial gases, P334.511 million (4.70%); real estate, P82.971 million (1.17%); and pharmaceutical, P23.370 million (0.33%).

LPG (cooking gas) sales volume increased by 19.11% in the first half of 2021, from 118,291 metric tons to 140,895 metric tons. On a regional basis, LPG sales volume rose by 24.27% in Luzon and 12.05% in the Vis-Min region.

Total volume sold for all types of industrial gases (consisting of oxygen, acetylene and other gases) during the first semester reached 834,196 cylinders, a significant 61.10% growth from the previous year's figure of 517,902 cylinders. Consequently, industrial gas revenues increased by 68.55% from P198.46 million to P334.51 million.

Revenues from real estate products was P82.97 million, higher by 35.04% compared to last year's sales of P61.44 million. Sales of pharmaceutical products, however, went down by 19.17% to P23.37 million.

Market Demand and Price Movement

A report from the Department of Energy (DOE) showed that during the first-quarter of 2021, there was a 6.8% overall decrease in LPG demand to 445,000 metric tons from 478,000 metric tons of the same period in 2020. This decrease is largely due to the lower sale performances of Petron, the biggest LPG player, and many independent players; whereas the rest, including PGI, registered respective sales growths.

The international price of LPG (or Contract Price or "CP") is influenced by oil prices. The CP in turn affects the local LPG prices. The average CP during the first six months of this year rebounded to pre-pandemic levels at US$546.25 per metric ton. This is 31.44% higher than the average CP of US$415.58 per metric ton during the same period last year. Such rebound in CP came as a result of higher oil prices driven by oil production cuts by OPEC+ countries and the recovery in worldwide oil demand.

LPG consumption on a nationwide scale became weak due to the negative effects of the pandemic. In particular, the commercial and industrial consumers were the ones most affected.

Competition

Based on the latest DOE report for the first quarter of 2021, PGI had a 12.4% market share nationwide – a 1.5% increase compared to the same quarter in 2020. Extrapolation from the same report indicated that PGI's combined Visayas-Mindanao market share reached 25.7% in Q1-2021, which is slightly higher compared to 25.1% in Q1-2020. PGI thus remains the 2nd largest player in the Vis-Min market. In the same report, PGI's countrywide LPG sales volume in the first quarter of 2021 increased by 3.8% to 55,000 metric tons compared to year-ago sales of 53,000 metric tons. As had been mentioned above, PGI was among those which registered positive growths in terms of LPG sales, with the exception of Petron and a group of certain independent players, which registered negative sales growths.

Despite elevated LPG prices, amid the adverse effects of the COVID-19 pandemic, the company nonetheless managed to raise its market share and achieve growths in revenues.

Profitability

Total income from operations amounted to P757.96 million, 20.60% down from the year-ago figure of P954.60 million. Other income, however, grew to P154.59 million from last year's negative value of P27.35 million. After adjustments for Other income and provision for income tax, net income after tax declined marginally by 1.76% to P 745.92 million in 2021 from P 759.25 million in 2020.

Higher operating expenses caused a minor drop in net income as the company continued its expansion mode, particularly in the putting up of many refilling plants and sales centers nationwide. This entailed recruitment of personnel and purchases of relevant equipment, including transport vehicles, which are necessary for such expansions. Two additional import-marine terminals will become operational within the next 1 to 2 years, one each in Mindanao and Visayas. These and similar actions in the future, coupled with aggressive marketing efforts, will enable the company to reach an even greater number of customers, thereby allowing it to set higher target growths in sales volume. Stiff competition in Luzon, which drove profits to marginal levels in that region, was also a contributing factor to said drop in net income.

Earnings per share improved slightly by 0.91% from P 0.3557 per share to P 0.3589 per share. This numerical improvement is due to the parent company's continuing shares buyback program.

Liquidity

As of June 30, 2021, the liquid assets of the company, consisting of Cash and marketable securities, amounted to P3.366 billion. This is an increase of 15.0% from the audited figure of P2.927 billion as of December 31, 2020. Trade and Other Receivables reached P592.98 million, a significant improvement from the audited figure of P350.09 million as of December 31, 2020.

Current ratio as of June 30, 2021 was at 1.52 while total debt-to-equity ratio was at 0.50.

Balance Sheet Changes

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

Account Name	% Increase or (Decrease)	Reason for Change
Cash	33.98%	Due to net income and availment of loans
Financial assets at fair value	(6.42%)	Decrease in value and disposal of marketable securities
Trade and other receivables	69.38%	Increase in credit sales
Prepayments and other current assets	(28.64%)	Application of creditable withholding tax and input VAT
Other non-current assets	36.16%	Increase in deposit for rentals for new sales centers
Trade and other payables	11.32%	Increase in purchases and various accruals
Income tax payable	(60.82%)	Payment of income tax
Lease liabilities (current)	(10.63)%	Due to payments of lease
Short-term debts	28.15%	Additional short term loan
Retirement benefit obligation	18.17%	Additional recognition of retirement benefit
Retained earnings	8.62%	Due to net income of 2021
Treasury stock	18.33%	Continued buyback of shares by parent company

Numerical Performance Indicators

The measures of revenue growth are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2021 (June 30, 2021)	**2020 (June 30, 2020)**	Percent Growth/ (Decline)
REVENUES	7,118,646,183	5,899,694,538	20.66%

VOLUME GROWTH
Principal Product – Liquefied Petroleum Gas

	2021 (June 30, 2021)	2020 (June 30, 2020)	Percent Growth/ (Decline)
LPG (in MT)	140,895	118,291	19.10%

The measurements of profitability are shown below.

	2021 (June 30, 2021)	2020 (June 30, 2020)
Return on Assets (%)	5.95%	6.99%
Return on Equity (%)	8.83%	9.90%
Net profit margin (%)	12.82%	15.72%

The liquidity measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2021 (June 30, 2021)	2020 (June 30, 2020)
Current ratio	1.52	1.56
Debt to equity ratio	0.50	0.47

PART II – OTHER INFORMATION

During the 2nd quarter of 2021, the reports filed with the SEC by way of SEC 17-C pertain to various share buy-back transactions and postponement of annual stockholders' meeting.

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

SALVADOR P. ESCAÑO
Chairman & CEO

10 August 2021

PRYCE CORPORATION and Subsidiaries

Consolidate Financial Statements
June 30, 2021 and December 31, 2021,
with
Income Statements April 1 to June 30 2021, and 2020

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

	2021	Audited 2020
ASSETS		
Current assets		
Cash - note 4	**2,078,676,606**	1,551,493,483
Financial assets at fair value through profit or loss (FVPL) - note 5	**1,287,107,562**	1,375,368,595
Trade and other receivables (net) - note 6	**592,976,272**	350,094,053
Inventories - note 7	**1,765,527,232**	1,779,961,126
Real estate projects - note 8	**841,503,020**	852,041,231
Prepayments and other current assets - note 9	**76,163,550**	106,730,776
	6,641,954,242	6,015,689,264
Noncurrent assets		
Property, plant and equipment (net) - notes 10 and 11	**8,424,300,849**	8,123,136,330
Right-of-use asset (net) - note 31	**109,067,832**	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	**111,615,031**	81,971,926
	9,172,982,413	8,847,838,423
TOTAL ASSETS	**15,814,936,655**	14,863,527,687
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables - note 15	**2,112,696,495**	1,897,833,608
Income tax payable	**53,070,063**	135,451,889
Customers' deposits - note 16	**149,082,220**	148,326,138
Lease liabilities (current) - note 31	**21,597,959**	24,165,594
Short-term debts - note 17	**1,789,931,825**	1,396,793,723
Dividends payable - note 20	**255,411,066**	253,396,393
	4,381,789,628	3,855,967,345
Noncurrent liabilities		
Retirement benefit obligation - note 28	**122,500,005**	103,664,475
Lease liabilities (net of current portion) - note 31	**94,403,156**	96,473,049
Deferred tax liabilities	**666,743,575**	684,329,685
	883,646,736	884,467,209
TOTAL LIABILITIES	**5,265,436,364**	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	**6,550,745,745**	6,031,009,241
Other comprehensive income - note 27	**1,442,191,796**	1,483,928,847
Treasury stock - note 19	**(463,688,491)**	(391,853,806)
	9,923,583,870	9,517,419,102
Non-controlling interest	**625,916,422**	605,674,031
TOTAL EQUITY	**10,549,500,291**	10,123,093,133
TOTAL LIABILITIES AND EQUITY	**15,814,936,655**	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 June 30, 2021 and 2020

	2021	2020
REVENUES - note 22		
Liquefied petroleum and industrial gases	**7,012,305,177**	5,809,338,765
Real estate	**82,971,183**	61,442,867
Pharmaceutical products	**23,369,823**	28,912,906
	7,118,646,183	5,899,694,538
COST OF SALES - note 23		
Liquefied petroleum and industrial gases	**5,461,147,599**	4,282,703,859
Real estate	**22,784,661**	10,248,302
Pharmaceutical products	**15,190,385**	19,082,518
	5,499,122,645	4,312,034,679
GROSS INCOME	**1,619,523,539**	1,587,659,859
OPERATING EXPENSES - note 24	**861,566,684**	633,059,182
INCOME FROM OPERATIONS	**757,956,855**	954,600,676
OTHER INCOME (CHARGES) - Net		
Finance costs - note 25	**(29,497,221)**	(31,247,023)
Fair value gain (loss) on financial assets at FVPL	**(69,462,443)**	(41,354,845)
Other income (net) - note 26	**253,547,899**	45,256,345
	154,588,235	(27,345,523)
NET INCOME BEFORE TAX	**912,545,089**	927,255,154
Provision for Income Tax	**(166,627,246)**	(168,000,732)
NET INCOME	**745,917,843**	759,254,422
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**691,773,441**	692,647,000
Non-controlling interests	**54,144,403**	66,607,422
	745,917,843	759,254,422
EARNINGS PER SHARE - note 29	**0.3589**	0.3557

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

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	Period April 1 to June 30	
	2021	2020
REVENUES		
Liquefied petroleum and industrial gases	**3,596,284,743**	2,675,773,244
Real estate	**39,655,224**	37,213,315
Pharmaceutical products	**12,672,864**	11,403,170
	3,648,612,831	2,724,389,729
COST OF SALES		
Liquefied petroleum and industrial gases	**3,075,210,855**	2,077,142,529
Real estate	**15,339,582**	6,081,009
Pharmaceutical products	**8,468,348**	7,526,092
	3,099,018,785	2,090,749,630
GROSS PROFIT	**549,594,046**	633,640,099
OPERATING EXPENSES	**386,673,813**	272,162,685
INCOME FROM OPERATIONS	**162,920,233**	361,477,415
OTHER INCOME (CHARGES)	**238,569,674**	61,366,870
NET INCOME BEFORE TAX	**401,489,906**	422,844,285
Provision for Income Tax	**(78,789,749)**	(62,566,970)
NET INCOME	**322,700,158**	360,277,315
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**308,310,527**	333,712,676
Non-controlling interests	**14,389,631**	26,564,638
	322,700,158	360,277,315
EARNINGS PER SHARE	**0.1600**	0.1714

(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 June 30, 2021 and 2020 and December 31, 2020

	June 30 2021	June 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	**1,442,191,796**	1,515,350,672	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	**691,773,441**	692,647,000	1,480,711,834
Transfer of revaluation reserve deducted from operations through additional depreciation charges	**59,323,168**	58,789,711	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	**6,550,745,745**	5,420,443,833	6,031,009,241
TREASURY STOCK	**(463,688,491)**	(364,530,547)	(391,853,806)
	9,923,583,870	8,965,598,778	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	**54,144,403**	66,607,422	134,820,733
Declaration of cash dividends	**(33,902,012)**	(29,058,843)	(58,117,711)
At end of period	**625,916,422**	566,519,588	605,674,031
TOTAL EQUITY	**10,549,500,291**	9,532,118,366	10,123,093,133

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

	June 30 2021	June 30 2020	December 31 2020 Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**912,545,089**	927,255,154	2,048,302,895
Adjustments for :			
Depreciation - notes 10, 11 and 31	**287,698,030**	219,337,909	547,697,853
Retirement benefit expense	**18,835,530**	16,884,041	40,488,528
Finance costs - note 25	**29,497,221**	31,247,023	62,792,160
Unrealized loss (gain) on financial assets at FVPL - note 5	**69,462,443**	41,354,845	(139,419,322)
Loss (gain) on sale of financial assets at FVPL - note 26	**(11,937,767)**	9,009,388	(16,913,946)
Cash dividend income - note 26	**(18,997,960)**	(21,023,843)	(48,950,372)
Interest income - note 26	**(746,841)**	(895,115)	(1,876,957)
Unrealized foreign exchange gain	**-**	-	(50,721,289)
Gain on sale of property, plant and equipment	**(747,319)**	(482,140)	(936,142)
Provision for doubtful accounts	**-**	-	5,259,134
Operating income before working capital changes	**1,285,608,428**	1,222,687,260	2,445,722,542
Decrease (increase) in assets:			
Trade and other receivables	**(242,882,219)**	(134,661,744)	(5,825,380)
Inventories	**14,433,894**	(54,867,099)	(548,597,388)
Prepayments and other current assets	**30,567,226**	33,560,032	22,926,297
Real estate projects	**10,538,211**	(45,291,674)	(9,474,940)
Increase (decrease) in liabilities:			
Trade and other payables	**214,862,893**	87,292,757	684,923,863
Customers' deposits	**756,082**	(24,759,438)	43,452,785
Net cash from operations	**1,313,884,515**	1,083,960,094	2,633,127,779
Additions to financial assets at FVPL - note 5	**(147,746,471)**	(263,628,124)	(512,059,097)
Proceeds from sale of financial assets at FVPL	**178,482,828**	339,163,669	335,585,727
Cash dividends received - note 26	**18,997,960**	21,023,843	48,950,372
Interest received	**746,841**	895,115	1,876,957
Income taxes paid	**(249,009,072)**	(252,394,002)	(478,149,648)
Contributions and retirement benefits paid	**-**	(50,000,000)	(41,242,000)
Net cash from operating activities	**1,115,356,600**	879,020,596	1,988,090,090
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment - notes 10 and 11	**(584,225,864)**	(495,971,710)	(932,422,322)
Proceeds from sale of property, plant and equipment	**1,774,267**	1,000,345	6,299,673
Collection of advances to related parties	**-**	-	50,343,485
Grant of advances to related parties	**-**	(42,396,900)	-
Decrease (increase) in deferred tax and other assets	**-**	(93,329)	-
Decrease (increase) in other noncurrent assets	**(29,643,105)**	26,557,343	(6,277,053)
Net cash used in investing activities	**(612,094,701)**	(510,904,250)	(882,056,217)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of short-term debts	**3,404,902,746**	2,748,503,290	5,309,186,813
Finance costs paid	**(27,767,697)**	(28,008,381)	(54,718,221)
Payment of short-term debts	**(3,011,764,643)**	(2,847,541,667)	(5,227,265,507)
Payment of dividends	**(263,247,443)**	(264,211,111)	(524,708,346)
Acquisition of treasury stocks	**(71,834,685)**	(172,907,850)	(200,231,109)
Payment of lease liabilities	**(6,367,052)**	(5,367,614)	(16,349,283)
Net cash from (used in) financing activities	**23,921,224**	(569,533,333)	(714,085,653)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**-**	-	44,981,637
NET INCREASE (DECREASE) IN CASH	**527,183,123**	(201,416,987)	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	**2,078,676,606**	913,146,639	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 June 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 June 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 June 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%.

OOC

OOC 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, OOC has forty (40) LPG refilling plants of varying storage capacities. As at June 30, 2021, OOC's number of refilling plants increased to 41.

OOC'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 OOC. 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 OOC 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 June 30, 2021 and December 31, 2020 are as follows:

	Ownership and voting interest	
Name of subsidiary	**2021**	2020
PGI	**91.35%**	91.35%
OOC	**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 June 30, 2021 and December 31, 2020 are as follows:

	2021			2020		
	PGI	**OOC**	**PPhI**	PGI	OOC	PPhI
Total current assets	**₱3,285,160,834**	**₱1,013,714,814**	**₱22,688,453**	₱3,153,858,963	₱944,186,183	₱23,482,803
Total noncurrent assets	**9,093,595,128**	**1,452,082,948**	**536,179**	8,503,219,003	1,400,131,684	1,113,901
Total assets	**12,378,755,962**	**2,465,797,762**	**23,224,632**	11,657,077,966	2,344,317,867	24,596,704
Current liabilities	**3,544,598,514**	**166,309,194**	**9,661,554**	3,034,993,601	175,699,741	11,624,061
Noncurrent liabilities	**525,086,507**	**1,703,112,891**	**-**	555,160,353	1,579,419,615	-
Total liabilities	**4,069,685,021**	**1,869,422,085**	**9,661,554**	3,590,153,954	1,755,119,356	11,624,061
Equity	**₱8,309,070,941**	**₱596,375,677**	**₱13,563,078**	₱8,066,924,012	₱589,198,511	₱12,972,643

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

	2021			2020		
	PGI	**OOC**	**PPhI**	PGI	OOC	PPhI
Revenues	**₱6,762,805,715**	**₱2,528,782,703**	**₱23,369,855**	₱5,475,283,301	₱2,302,442,142	₱28,912,906
Expenses	**(5,988,413,739)**	**(2,519,283,129)**	**(22,631,819)**	(4,571,447,619)	(2,274,459,696)	(28,156,138)
Income tax expense	**(156,686,964)**	**(2,322,408)**	**(147,601)**	(154,959,072)	(8,321,262)	(227,030)
Net income	**617,705,012**	**7,177,166**	**590,435**	748,876,610	19,661,184	529,738
Other comprehensive income	**-**	**-**	**-**	-	-	-
	₱617,705,012	**₱7,177,166**	**₱590,435**	₱748,876,610	₱19,661,184	₱529,738
Net income attributable to:						
Equity holders of the Parent Company	**564,273,528**	**6,531,221**	**523,461**	684,098,783	17,891,677	469,649
Non-controlling interest	**53,431,484**	**645,945**	**66,974**	64,777,827	1,769,507	60,089
	₱617,705,012	**₱7,177,166**	**₱590,435**	₱748,876,610	₱19,661,184	₱529,738

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 waver 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 June 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 June 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 June 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.

<u>Investment properties</u>

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 June 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:

	In Years
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.

<u>Expense recognition</u>

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 mount 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.

<u>Significant accounting estimates and assumptions</u>

(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 June 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 June 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 June 30, 2021 and December 31, 2020 amounted to ₱592.98 million and ₱350.09 million, respectively (see Note 6). Advances to related parties amounted to nil as at June 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 June 30, 2021 and December 31, 2020 amounted to ₱1.77 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 June 30, 2021 and December 31, 2020 amounted to ₱841.50 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 June 30, 2021 and December 31, 2020, the carrying amounts of property, plant and equipment, net of accumulated depreciation of ₱5.44 billion and ₱5.16 billion, amounted to ₱8.42 billion and ₱8.12 billion, respectively (see Notes 10 and 11).

As at June 30, 2021 and December 31, 2020, the carrying amount of right-of-use assets, net of accumulated depreciation of ₱55.52 million and ₱49.86 million, amounted to ₱109.07 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 ₱122.50 million and ₱103.66 million as at June 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 June 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 June 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 June 30, 2021 and December 31, 2020 consists of:

	2021	2020
Cash on hand	**₱12,577,994**	₱133,365,463
Cash in banks	**2,066,098,612**	1,418,128,020
	₱2,078,676,606	₱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 ₱746,841 and ₱895,115 for the periods ended June 30, 2021 and 2020, respectively (see Note 26).

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

5. FINANCIAL ASSETS AT FVPL

The movements of the account as at June 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	**147,746,471**	512,059,097
Disposals	**(166,545,061)**	(318,671,781)
	1,110,473,270	1,129,271,860
Fair value gain	**176,634,292**	246,096,735
Balance at end of period	**1,287,107,562**	₱1,375,368,595

The movements of the fair value gain as at June 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	**(69,462,443)**	139,419,322
Balance at end of period	**₱176,634,292**	₱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 June 30, 2021 and 2020 amounted to ₱178.48 million and ₱339.16 million, which resulted to gain on sale of ₱11.94 million and loss on sale of ₱9.01 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 ₱19 million and ₱21.02 million for the periods ended June 30, 2021 and 2020, respectively (see Note 26).

6. TRADE AND OTHER RECEIVABLES

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

	2021	2020
Trade	**₱189,905,116**	₱214,526,165
Advances to officers and employees	**56,824,579**	75,207,750
Receivables from memorial lot owners	**11,043,255**	11,043,255
Others	**340,462,456**	54,576,017
	598,235,406	355,353,187
Allowance for doubtful accounts	**(5,259,134)**	(5,259,134)
	₱592,976,272	₱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 June 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 June 30, 2021 and December 31, 2020 consists of:

	2021	2020
Finished goods		
LPG, cylinders, stoves and accessories	**₱1,601,499,238**	₱1,590,803,632
Industrial gases	**30,862,883**	20,386,997
Pharmaceutical products	**4,772,629**	7,830,103
	1,637,134,750	1,619,020,732
Material and supplies	**121,787,604**	119,636,150
In-transit LPG	**-**	24,662,970
Raw materials	**6,604,878**	16,641,274
	₱1,765,527,232	₱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 June 30, 2021 and December 31, 2020.

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

	2021	2020
LPG, cylinders, stoves and accessories	**₱5,310,483,923**	₱4,179,478,846
Industrial gases	**150,663,675**	103,225,013
Pharmaceutical products	**15,190,385**	19,082,518
	₱5,476,337,983	₱4,301,786,377

8. REAL ESTATE PROJECTS

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

	2021	2020
Memorial park lots	**₱443,882,493**	₱450,458,343
Land held for future development	**314,002,698**	301,756,248
Office units	**13,155,030**	13,155,030
Subdivision lots	**70,462,799**	86,671,610
	₱841,503,020	₱852,041,231

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

As at June 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 ₱22.78 million and ₱10.25 million for the periods ended June 30, 2021 and 2020, respectively (see Note 23).

9. PREPAYMENTS AND OTHER CURRENT ASSETS

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

	2021	2020
Prepayments		
Rent	**₱31,630,992**	₱20,099,055
Taxes and licenses	**20,353,679**	19,266,293
Insurance	**3,758,996**	9,903,477
Maintenance	**-**	1,165,607
Input VAT	**523,481**	43,540,909
Creditable withholding tax	**-**	4,287,730
Others	**19,896,402**	8,467,705
	₱76,163,550	₱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 June 30, 2021 and December 31, 2020 and the gross carrying amounts and the accumulated depreciation of revalued property, plant and equipment are as follows:

June 30, 2021

	Net carrying amounts, January 1, 2021	**Additions**	**Depreciation**	**Reclassification**	**Disposals**	**Net carrying amounts, June 30, 2021**
Land and land improvements	**₱1,662,274,886**	**₱47,070,265**	**(₱606,806)**	**₱-**	**₱-**	**₱1,708,738,345**
Buildings and structures	**1,064,754,671**	**2,297,978**	**(34,640,890)**	**(352,143,523)**	**-**	**680,268,236**
LPG plant, machinery and equipment	**3,583,841,434**	**11,675,958**	**(102,310,610)**	**(540,314,960)**	**-**	**2,952,891,823**
Oxygen and acetylene cylinders	**303,568,308**	**11,754,522**	**(20,354,381)**	**(6,150,406)**	**(187,959)**	**288,630,084**
Office equipment	**3,318,839**	**-**	**(818,500)**	**-**	**-**	**2,500,339**
	₱6,617,758,138	**₱72,798,724**	**(₱158,731,187)**	**(₱898,608,888)**	**(₱187,959)**	**₱5,633,028,827**

	Revalued cost	**Accumulated depreciation**	**Net carrying amounts, June 30, 2021**
Land and land improvements	**₱1,730,881,727**	**(₱22,143,382)**	**₱1,708,738,345**
Buildings and structures	**1,436,253,711**	**(755,985,475)**	**680,268,236**
LPG plant, machinery and equipment	**5,583,008,638**	**(2,630,116,815)**	**2,952,891,823**
Oxygen and acetylene cylinders	**1,070,290,033**	**(781,659,949)**	**288,630,084**
Office equipment	**73,278,237**	**(70,777,898)**	**2,500,339**
	₱9,893,712,346	**(₱4,260,683,519)**	**₱5,633,028,827**

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:

	Jun. 30, 2021	Jun. 30, 2020
Cost of sales	**₱84,092,162**	₱80,408,456
Operating expenses	**74,639,025**	71,369,419
	₱158,731,187	₱151,777,875

The above depreciation includes depreciation on appraisal increase amounting to₱59.32 million and ₱58.79 million for the periods ended June 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 June 30, 2021 and December 31, 2020, the revaluation reserve on the property, plant and equipment carried at revalued amount is ₱1.41 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:

June 30, 2021

	Net carrying amounts, January 1, 2021	**Additions**	**Depreciation**	**Reclassification**	**Disposals**	**Net carrying amounts, June 30, 2021**
LPG cylinders	**₱176,979,556**	**₱6,826,251**	**(₱18,752,610)**	**₱915,354,934**	**(₱838,990)**	**₱1,079,569,141**
Transportation equipment	**387,206,848**	**219,321,364**	**(81,109,716)**	**-**	**-**	**525,418,496**
Leasehold improvement	**2,451,311**	**-**	**(45,490)**	**-**	**-**	**2,405,822**
Furniture, fixtures and equipment	**65,504,898**	**29,376,388**	**(23,395,393)**	**-**	**-**	**71,485,892**
CIP	**873,235,579**	**255,903,138**	**-**	**(16,746,045)**	**-**	**1,112,392,672**
	₱1,505,378,192	**₱511,427,141**	**(₱123,303,209)**	**₱898,608,888**	**(₱838,990)**	**₱2,791,272,023**

	Cost	**Accumulated depreciation**	**Net carrying amounts, June 30, 2021**
LPG cylinders	**₱1,478,719,883**	**(₱399,150,742)**	**₱1,079,569,141**
Transportation equipment	**1,100,621,006**	**(575,202,510)**	**525,418,496**
Leasehold improvement	**19,770,435**	**(17,364,614)**	**2,405,822**
Furniture, fixtures and equipment	**257,208,417**	**(185,722,524)**	**71,485,892**
CIP	**1,112,392,672**	**-**	**1,112,392,672**
	₱3,968,712,412	**(₱1,177,440,389)**	**₱2,791,272,023**

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:

	Jun. 30, 2021	Jun. 30, 2020
Cost of sales	**₱75,348,945**	₱40,368,374
Operating expenses	**47,954,264**	22,769,781
	₱123,303,209	₱63,138,155

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

For the periods ended June 30, 2021 and 2020, certain property, plant and equipment was disposed of for a total consideration of ₱1.77 million and ₱1 million resulting into a gain of ₱747 thousand and ₱482 thousand, respectively. The gain on disposal was under Other income (net) in the consolidated statements of comprehensive income (see Note 26).

As at June 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 June 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 June 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 June 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 June 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	**₱41,210,185**	₱62,863,208
Refundable deposits	**31,300,616**	19,108,718
Others	**39,104,230**	-
	₱111,615,031	₱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 June 30, 2021 and December 31, 2020 consists of:

	2021	2020
Accounts payable:		
Trade	**₱1,565,783,206**	₱1,478,413,947
Nontrade	**7,561,634**	5,422,700
Deposits for park interment services	**148,779,027**	132,713,324
Accrued expenses	**121,323,295**	76,730,931
Cylinder deposits	**199,157,086**	76,371,852
Due to government agencies	**1,360,338**	56,953,173
Due to park maintenance fund	**23,654,722**	49,306,274
Reserve fund liability	**7,478,605**	6,228,660
Deferred income	**-**	3,466,695
Others	**37,598,582**	12,226,052
	₱2,112,696,495	₱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 ₱149.08 million and ₱148.33 million as at June 30, 2021 and December 31, 2020, respectively.

17. SHORT-TERM DEBTS

Short-term debts consist of:

(a) Parent Company

In the first half of 2021, the Parent Company obtained credit facilities amounting to ₱50 million from a commercial bank at an interest rate of 4.25% with tenure of 60 days.

(b) PGI

In the first half of 2021, PGI obtained credit facilities amounting to ₱3.35 billion from various commercial banks at interest rates ranging from 3.50% to 4.50% with tenures of 90 to 120 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.

(c) 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 June 30, 2021 and December 31, 2020, the outstanding balance of short-term debts amounted to ₱1.79 billion and ₱1.40 billion, respectively. Total interest incurred charged to operations amounted to ₱25.55 million and ₱27.54 million for the periods ended June 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 June 30, 2021 and December 31, 2020, the Parent Company's stock price amounted to ₱5.40 and ₱5.01 per share, respectively.

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

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 June 30, 2021 and December 31, 2020, the Group has treasury stocks amounting to 97,253,031 shares with cost of ₱463.69 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 June 30, 2021 and December 31, 2020, dividends payable amounted to ₱255.41 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	**₱6,677,793,224**	₱5,610,875,085
Industrial gases	**334,511,953**	198,463,680
	₱7,012,305,177	₱5,809,338,765

b) Real estate

Revenue from sale of real estate amounted to ₱82.97 million and ₱61.44 million for the periods ended June 30, 2021 and 2020, respectively.

c) Pharmaceutical products

Revenue from sale of pharmaceutical products amounted to ₱23.37 million and ₱28.91 million for the periods ended June 30, 2021 and 2020, respectively.

23. COST OF SALES

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

	2021	2020
LPG, cylinders, stoves and accessories	**₱5,310,483,924**	₱4,179,478,846
Industrial gases	**150,663,675**	103,225,013
	₱5,461,147,599	₱4,282,703,859

b) Cost of real estate amounted to ₱22.78 million and ₱10.25 million for the periods ended June 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 June 30 are as follows:

	2021	2020
Beginning inventory – note 7	**₱7,830,103**	₱5,228,166
Add: Purchases	**12,132,911**	20,097,100
Total good available for sale	**19,963,014**	25,325,266
Less: Ending inventory – note 7	**4,772,629**	6,242,748
	₱15,190,385	₱19,082,518

24. OPERATING EXPENSES

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

	2021	2020
Selling expenses	**₱465,158,912**	₱307,235,178
General and administrative expenses	**396,407,772**	325,824,004
	₱861,566,684	₱633,059,182

25. FINANCE COSTS

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

	2021	2020
Short-term – note 17	**₱25,547,349**	₱27,538,745
Lease liabilities	**1,729,524**	3,238,642
Others	**2,220,348**	469,636
	₱29,497,221	₱31,247,023

26. OTHER INCOME

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

	2021	2020
Cash dividend income - note 5	**₱18,997,960**	₱21,023,843
Accrued property dividend income	**212,933,202**	-
Gain (Loss) on sale of financial assets at FVPL – note 5	**11,937,767**	(9,009,388)
Sale of scrap and junked materials	**12,596,425**	27,667,275
Gain on sale of property, plant and equipment – note 11	**747,319**	482,140
Interest income from banks – note 4	**746,841**	895,115
Others	**(4,411,615)**	4,197,360
	₱253,547,899	₱45,256,345

27. OTHER COMPREHENSIVE INCOME

This account as at June 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	**(59,323,168)**	(114,174,425)
Deferred income tax effect on revaluation reserves charged to operations through additional depreciation	**17,586,117**	34,252,328
At end of period	**1,413,995,939**	1,455,732,990
Total other comprehensive income	**₱1,442,191,796**	₱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 June 30, 2021 and December 31, 2020 are as follows:

	2021	2020
Present value of defined benefit obligation	**₱355,474,935**	₱336,639,405
Fair value of plan assets	**(232,974,930)**	(232,974,930)
Net retirement benefits obligation	**₱122,500,005**	₱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 June 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	**₱691,773,441**	₱692,647,000
Number of common shares outstanding as of end of period	**1,927,246,969**	1,947,305,269
	₱ 0.359	₱ 0.356

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 June 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 June 30, 2021 and December 31, 2020 is as follows:

June 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	**3,654,950**	**2,008,684**	**5,663,634**
Balance at end of period	**37,913,169**	**17,609,324**	**55,522,493**
Carrying amount, Jun. 30, 2021	**₱31,289,724**	**₱77,778,108**	**₱109,067,832**

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 June 30, 2021 and December 31, 2020 consist of:

	2021	2020
Current	**₱21,597,959**	₱24,165,594
Noncurrent	**94,403,156**	96,473,049
	₱116,001,115	₱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**	**(₱178,993,183)**	**(₱125,295,228)**
	0.50	**(89,496,591)**	**(62,647,614)**
	(1.00)	**178,993,183**	**125,295,228**
	(0.50)	**89,496,591**	**62,647,614**
2020	1.00	(₱139,679,372)	(₱97,775,561)
	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 June 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 4.50%**	**₱1,789,931,825**
2020		
Variable rate		
Short-term debts	3.60% to 4.80%	₱1,396,793,723

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 June 30, 2021 and December 31, 2020 would increase/decrease by ₱64.36 million and ₱68.77 million, respectively, as a result of the changes in fair value of financial assets at FVPL. Equity as at June 30, 2021 and December 31, 2020 would increase/decrease by ₱45.05 million and ₱48.14 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 financial difficulty and the	Amount is written off	3

	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 June 30, 2021 and December 31, 2020 are as follows:

	2021	2020
Total equity (a)	**₱10,549,500,291**	₱10,123,093,133
Total assets (b)	**15,814,936,655**	14,863,527,687
Equity ratio (a/b)	**67%**	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 June 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	**₱1,287,107,562**	₱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	**29,205,269**	**31,300,616**	16,886,852	19,108,719	Level 3	(c)
	₱29,205,269	**₱31,300,616**	₱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	**₱94,403,156**	**₱94,403,156**	₱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 2.3365% 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. EVENT AFTER THE REPORTING DATE

On July 6, 2021, the Parent Company paid cash dividends equivalent to ₱0.12 per share to stockholders of record as of June 15, 2021 out of its unrestricted retained earnings as of December 31, 2020.

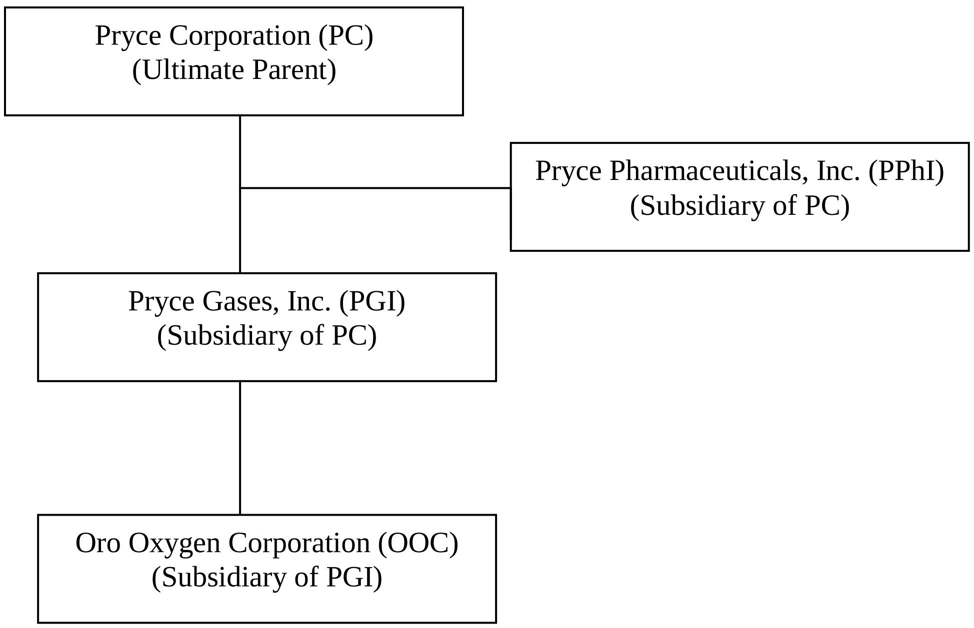
*   *   *

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX "A" - FINANCIAL SOUNDNESS

	Jan to Jun 2021	Jan to Jun 2020
Profitability ratios :		
Return on assets	**5.95%**	6.99%
Return on equity	**8.83%**	9.90%
Net profit margin	**12.82%**	15.72%

	Jun. 30 2021	Dec. 31 2020
Solvency and liquidity ratios:		
Current ratio	**1.516**	1.560
Debt to equity ratio	**0.499**	0.468
Financial leverage ratio:		
Asset to equity ratio	**1.499**	1.468
Debt to asset ratio	**0.333**	0.319
Interest rate coverage ratio	**31.937**	33.620

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



ANNEX C

PRYCE CORPORATION AND SUBSIDIARIES
JUNE 30, 2021

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2021		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics5w66w6		✔		
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 June 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 June 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 June 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 June 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
JUNE 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	₱ 69,762,824	₱ 69,762,824	₱ -
Filinvest Land, Inc.	15,032,000	16,535,200	16,535,200	
First Philippine Holdings	5,834,365	274,298,272	274,298,272	
Global-Estate Resort, Inc,	141,428,000	127,285,200	127,285,200	
GMA 7 Network	30,100	434,500	434,500	
Metrobank & Trust Co.	40,000	1,948,000	1,948,000	
Philippine National Bank	13,572,400	306,736,240	306,736,240	
Pilipinas Shell	667,100	13,342,000	13,342,000	
San Miguel Series 2-C Preference	5,563,860	438,988,554	438,988,554	
San Miguel Sub Series 2-E Preference	271,250	20,872,688	20,872,688	
San Miguel Sub Series 2-F Preference	212,630	16,904,085	16,904,085	
Total	193,655,305	₱ 1,287,107,562	₱ 1,287,107,562	₱ -

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 JUNE 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
1 .	Deguit, Ethelbert	Officer	1,225,416	116,275	128,934	-	1,065,077	147,680	1,212,757
2 .	Gubalani, Concepcion	Officer	757,201	975,444	672,900	-	983,744	76,000	1,059,744
3 .	Angcos, Agnes	Officer	-	885,000	-	-	-	885,000	885,000
4 .	Baco, Michael	Officer	989,068	175,225	316,129	-	178,591	669,573	848,165
5 .	Sulatre, Alexis	Officer	893,245	-	116,510	-	0	776,735	776,735
6 .	Simba, Francionni Frances	Staff	837,933	452,340	583,689	-	706,585	-	706,585
7 .	Competente, Roque	Officer	699,934	69,657	151,646	-	-	617,945	617,945
8 .	Ragas, Ma. Christa	Officer	553,122	223,960	163,798	-	117,382	495,902	613,284
9 .	Isidro, Joy	Officer	558,391	435,939	398,532	-	279,350	316,447	595,797
10 .	Gomez, Roger	Officer	647,279	-	64,728	-	-	582,551	582,551
11 .	Pongos, Zachary	Staff	639,703	26,869	86,465	-	105,073	475,034	580,108
12 .	Limba, Elmer	Staff	278,338	633,000	345,158	-	566,180		566,180
13 .	Leung, Carmen	Officer	618,296	-	52,645	-	147,203	418,448	565,651
14 .	Padernal, Kyle	Officer	593,339	-	64,728	-	-	528,611	528,611
15 .	Isog, Renante	Staff	898,586	582,789	996,445	-	484,930	-	484,930
16 .	Aguadera, Jonax	Officer	454,611	53,569	36,277	-	471,904		471,904
17 .	Arquillano, Mitchell	Staff	457,733	-	-	-	457,733		457,733
18 .	Avila, Manuel	Officer	508,615	40,823	117,746	-	116,470	315,222	431,692
19 .	Abuyog, Rudy	Officer	-	427,346	-	-	427,346		427,346
20 .	Rafisura, Reynante	Staff	306,091	149,415	48,672	-	141,018	265,816	406,834
21 .	Sangalang, Alexander	Staff	355,145	380,403	384,275	-	351,272		351,272
22 .	Seraña, Clefford	Staff	479,463	-	136,417	-	343,046		343,046
23 .	Gabunas, Heide	Staff	366,792	-	28,768	-	338,023		338,023
24 .	Namocot, Rey Anthony	Officer	-	345,405	15,661	-	329,745		329,745
25 .	Pingli, Allian	Staff	438,315	110,186	228,388	-	320,112		320,112
26 .	Espino, Ethel	Officer	377,076	-	64,642	-	-	312,434	312,434
27 .	Ascaño, Mark Alf	Officer	363,549	-	53,508	-	-	310,041	310,041
28 .	Querol, Stephanie	Staff	242,972	287,194	220,953	-	309,213		309,213
29 .	Gojeling, Rhey	Officer	358,737	-	50,057	-	-	308,680	308,680
30 .	Fernandez, Julie Ann	Officer	361,182	-	53,508	-	-	307,673	307,673
31 .	Tabada, Bryan Jade J.	Staff	299,513	2,592	29,449	-	272,656		272,656
32 .	Coopera, Roiza	Officer	293,606	-	41,944	-	0	251,662	251,662
33 .	Morales, Ellen	Staff	278,485	621,163	648,014	-	251,633		251,633
34 .	Luzano, Jun Ray	Staff	345,935	989,448	1,111,050	-	224,334		224,334
35 .	Campos, Rogelio	Staff	259,662	599,700	638,896	-	220,465		220,465
36 .	Cabiara, Claudy Boy	Staff	-	205,749	-	-	205,749		205,749
37 .	Noval, Rechie	Staff	-	213,570	14,890		198,680		198,680
38 .	Paasa, Christy Ann	Officer	276,172	-	77,673	-	-	198,499	198,499

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 JUNE 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
39 .	Collamat, Jeffry	Staff	-	214,593	16,684	-	197,909		197,909
40 .	Catingub, Nilo	Staff	-	213,888	16,250	-	197,638		197,638
41 .	Eco, Servillano Jr.	Officer	342,080	-	147,896	-	0	194,184	194,184
42 .	Eslais, Mavi Chiergie	Staff	-	355,369	175,365	-	180,004		180,004
43 .	Cuady IV, Julius	Staff	176,610	100	1,100	-	-	175,610	175,610
44 .	Lagunay, Jose Jr.	Staff	215,760	-	43,152	-	-	172,608	172,608
45 .	Dy, Carlitos Nazar	Officer	-	335,425	164,790	-	170,635		170,635
46 .	Yucot, Jimrey	Staff	175,107	520	27,882	-	147,745		147,745
47 .	Soriano, Jose Ariel	Staff	145,155	46,065	44,047	-	147,173		147,173
48 .	Eslit, Anthony	Staff	152,191	39,298	54,088	-	137,401		137,401
49 .	Cañete, Criston Mar	Staff	-	131,068	3,880	-	127,188		127,188
50 .	Dajes, Jessie	Staff	-	257,298	131,377	-	125,921		125,921
51 .	Galabit, German	Staff	-	150,636	24,895		125,741		125,741
52 .	Padayhag, George Nanojan	Staff	-	130,372	4,750		125,622		125,622
53 .	Paragas, Emelito	Staff	-	539,325	414,302	-	125,023		125,023
54 .	Abad, Princesliane	Staff	123,063	-	-	-	123,063		123,063
55 .	Caronia, Andrew	Staff	121,481	-	-	-	121,481		121,481
56 .	Sierras, Rowell	Staff	137,781	520	19,915	-	118,386		118,386
57 .	Valensona, Jovanne	Staff	-	128,254	11,325	-	116,930		116,930
58 .	Valenzona, Jovanne	Staff	-	128,254	11,325		116,930		116,930
59 .	Paradero, Jayson	Staff	-	670,502	553,979	-	116,523		116,523
60 .	Morales, Marivic	Staff	-	604,462	488,553	-	115,909		115,909
61 .	Lumahang, Enrique	Staff	133,748	1,915	21,257	-	114,406		114,406
62 .	Amador, Roxly	Staff	108,050	-	-	-	108,050		108,050
63 .	Abellon, Ricardo	Staff	-	184,446	79,768	-	104,677		104,677
64 .	Defeles, Maricel	Staff	-	582,264	477,684	-	104,580		104,580
65 .	Solano, jeffrey	Staff	145,000	104,600	145,900	-	103,700		103,700
66 .	Villanueva, Armando	Staff	-	180,598	76,944		103,654		103,654
67 .	Del Rosario, Daisy	Officer	114,564	6,115	35,113	-	85,566		85,566
68 .	Tudio, Cristopher	Officer	104,916	3,590	34,841	-	73,665		73,665
69 .	Villegas, Franz Jonas	Officer	224,035	-	211,089	-	(0)	12,946	12,946
70 .	Veloso, Rolando	Officer	237,625	-	237,625	-	(0)	-	(0)
71 .	Various Employees	Staff	55,537,080	34,767,251	55,344,089	-	27,081,348	7,878,893	34,960,242
	TOTAL		**75,207,750**	**48,779,789**	**67,162,960**	**-**	**40,130,383**	**16,694,196**	**56,824,579**

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
JUNE 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	₱2,183,394,496	₱2,058,966,327	-	-		₱1,677,928,851
Pryce Gases, Inc.	Pryce Corporation	69,014,746	-	2,302,363	-	-		66,712,383
Pryce Gases, Inc.	Pryce Corporation	24,304,676	297,862,045	138,545,675	-	-		183,621,046
Pryce Pharmaceuticals, Inc.	Pryce Gases, Inc.	510,907	1,376,640	1,887,547	-	-		-
		₱1,647,331,011	**₱2,482,633,181**	**₱2,201,701,913**	**-**	**-**	**-**	**₱1,928,262,280**

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE D – INTANGIBLE ASSETS - OTHER ASSETS
JUNE 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
JUNE 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
-N I L-	Not Applicable		

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

Name of related party	Balance at beginning of period	Balance at end of period
-N I L-	Not Applicable	Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE G – GUARANTEES OF SECURITIES OF OTHER ISSUERS
JUNE 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
JUNE 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	1,927,246,969	–	460,173,464	60,457,365	1,406,616,140

PRYCE CORPORATION (Parent Company)
Aging of Accounts Receivable
As of June 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	**2,537,274**	443,603	681,167	714,753	697,751	
2. Low-cost housing	**1,977,742**	287,271	344,397	408,455	439,719	497,900
3. Memorial Parks	**92,730,180**	8,588,203	9,818,187	10,435,152	14,104,985	49,783,653
4. Head Office	**-**					
Totals	**97,245,196**	**9,319,077**	**10,843,751**	**11,558,360**	**15,242,455**	**50,281,553**
Less: Allow. For Doubtful Acct.						
Sub Total	***97,245,196***	***9,319,077***	***10,843,751***	***11,558,360***	***15,242,455***	***50,281,553***
b. Non-trade Receivables						
Advances to Officers & Employees	**7,398,731**	2,180,609	1,741,483	1,642,211	1,834,428	
Advances to Suppliers & Contractors	**74,757**	20,230	23,879	30,648		
Others	**139,634,989**	139,634,989				
Totals	**147,108,477**	**141,835,828**	**1,765,362**	**1,672,859**	**1,834,428**	**-**
Less: Allow. For Doubtful Acct.						
Sub Total	***147,108,477***	***141,835,828***	***1,765,362***	***1,672,859***	***1,834,428***	**-**
Grand Total	***244,353,673***	***151,154,905***	***12,609,113***	***13,231,219***	***17,076,883***	***50,281,553***

Accounts Receivable Description

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