

COVER SHEET

168063
S.E.C. Registration Number

PRYCE
CORPORATION

(Company's Full Name)

17 / F PRYCE CENTER CHINO
ROCES AVENUE MAKATI CITY
(Business Address: No. Street City/ Town / Province)

Paul Vincent M. Casilla /
John Vherlin C. Magday
Contact Person

(02) 8 899-4401
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

1 7 - Q
FORM TYPE

0 6 2 3
Month Day
ANNUAL MEETING

Secondary License Type, if Applicable

M S R D
Dept. Requiring this Doc.

Amended Articles Number/Section

362 (as of October 31, 2023)
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

LCU

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2023
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 September 30, 2023.

<u>Title of Each Class</u>	<u>No. of Outstanding shares</u>
Common Shares	1,895,488,669
Treasury Shares	129,011,331

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

Pryce Corporation's ("PPC") aggregate net income grew by 28.40% for the first nine months of 2023, from a year-ago net income of Php1.229 Billion to Php1.578 Billion. By far, this is the highest first 9-month period net income that is recorded by PPC. This increase in net income is mainly attributable to the 7.50% growth in sales volume of Liquefied Petroleum Gas ("LPG") and the improvement in the gross margins. However, consolidated revenues declined by 2.29% from last year's revenue of Php14.327 billion to this year's Php13.999 billion.

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

Revenue and Volume Growth

The consolidated revenues declined by 2.29% due to the 27.44% drop in the average Contract Price (CP) of LPG, from US\$776.83 per metric ton (MT) in 2022 to US\$563.67 per MT in 2023. The LPG's sales revenue would have been much higher if the CP had not declined. The 7.5% growth of sales volume of LPG was not sufficient to compensate the drop in the CP.

Revenues from LPG products (consisting of cooking gas, cylinders, LPG generator sets, stoves & accessories) had gone down by 2.49% from Php13.526 billion last year to this year's Php13.189 billion, which is due to the drop in CP, as explained above. Industrial gas revenues, however, increased by 9.03% from Php547.730 million to Php597.171 million.

Sales from real estate and pharmaceutical products decreased by 17.26% from Php214.777 million to Php177.708 million, and 10.52% from Php39.014 Million to Php34.909 million, respectively.

Market Demand and Price Movement

The movement in CP (international contract price) of LPG directly affects local LPG prices. As mentioned above, the CP dropped by 27.44% from US\$776.83 per MT in 2022 to US\$563.67 per MT in 2023. The average CP in the first quarter this year was US\$708.17 per MT, while average CP in the 2nd quarter went down to US\$611.75 per MT.

Competition

Based on the latest DOE data for 1H-2023, PGI has a market share of 15.57%, an improvement from last year's 14% market share. This shows that PGI's LPG business has been evolving and improving as its brand is now emerging in Luzon area, and remains a strong player in Visayas and Mindanao.

As previously reported, the company had forecasted that it will improve its market share in 2023. This optimistic forecast is due to nationwide expansions in its marine-fed terminals, refilling plants, and sales centers. It is expected that its market share will grow further in 2024.

Profitability

Gross margin expanded by 18.50% from Php3.114 billion to Php3.690 billion, due to the improvement in margins in Luzon and growth in sales volume.

Operating expenses escalated by 6.1% this year, from Php1.456 billion to Php1.545 billion because of inflation and higher cost of logistics, salaries & wages, fuel, and other expenses. The resulting net income after-tax posted a 28.40% increase, from Php1.229 billion to Php1.578 billion.

Earnings per share ("EPS") of the company grew by 28.81% from Php0.5912 to Php0.7603.

Liquidity

As of September 30, 2023, PPC's liquid assets totalled Php4.215 billion, consisting of Php3.236 billion of cash and Php 979.543 million of financial assets at FVPL. Trade and Other Receivables amounted to Php 594.361 million.

Current ratio as of September 30, 2023 was at 1.84:1 while total debt-to-equity ratio stood at 0.44:1.

Balance Sheet Changes

Compared to the December 31, 2022 audited accounts, the substantial movements in balance sheet accounts are as shown below.

Account Name	% Increase or (Decrease)	Reason for Change
Cash	41.95%	Increase in income and availment of long term loan
Financial assets	15.53%	Increase in value of marketable securities
Trade and other receivables	(23.85%)	Collection of receivables
Prepayments and other current assets	(46.57%)	Application of creditable withholding tax and amortization of prepayments
Right –of-use asset	(5.27%)	Amortization of right-of-use asset on leasehold

Other non-current asset	61.26%	Increase in advances of contractors and suppliers
Trade and other payables	(13.12%)	Payment of account payables
Dividends payable	(86.64%)	Payment of dividends
Income tax payable	41.06%	Increase in net income
Customers' deposits	114.14%	Additional deposits for real estate products
Lease liabilities (current)	(14.67%)	Payment of lease liabilities
Short-term debts	(16.66%)	Payment of short term loan
Long-term debts	100%	Availment of long-term loans
Retirement benefit obligations	(30.30%)	Additional cash contribution to the retirement fund
Retained earnings	16.64%	Due to net income for the period
Other Comprehensive income	(5.54%)	Transfer of revaluation reserve
Non-controlling interest	7.46%	Share in net income 2023

Numerical Performance Indicators

The measures of revenue growth are presented below.

REVENUE GROWTH			
Pryce Corporation & Subsidiaries			
	2023 (September 30, 2023)	2022 (September 30, 2022)	Percent Growth/ (Decline)
REVENUE	13,999,095,711	14,327,667,958	(2.29%)

VOLUME GROWTH			
Principal Product – Liquefied Petroleum Gas			
	2023 (September 30, 2023)	2022 (September 30, 2022)	Percent Growth/ (Decline)
LPG (in MT)	225,283	209,491	7.54%

The measurements of profitability are shown below.

	2023 (September 30, 2023)	2022 (September 30, 2022)
Return on Assets (%)	8.85%	7.15%
Return on Equity (%)	12.91%	10.35%
Net profit margin (%)	14.54%	10.53%

The liquidity measurements are shown below:

LIQUIDITY		
Pryce Corporation & Subsidiaries		
	2023 (September 30, 2023)	2022 (September 30, 2022)
Current ratio	1.84	1.62
Debt to equity ratio	0.44	0.41

PART II – OTHER INFORMATION

The reports filed with the SEC under SEC 17-C during the third quarter of 2023 pertain to the following: a) Press Release on financial performance of the Company for 3Q-2023; b) Change in Shareholdings of Directors and Principal Officers; c) Cash Dividend Declaration; and d) Share buy-back Program.

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:


PAUL VINCENT M. CASILLA
Treasurer


SALVADOR P. ESCANO
Chairman & CEO

PRYCE CORPORATION and Subsidiaries

*Consolidated Financial Statements
September 30, 2023 and December 31, 2022
with
Income Statements July 1, to September 30, 2023 and 2022*

PRYCE CORPORATION and SUBSIDIARIES
Consolidated Statements of Financial Position
As at September 30, 2023 (Unaudited) and December 31, 2022 (Audited)

	2023	Audited 2022
ASSETS		
Current assets		
Cash - note 4	3,236,244,785	2,279,811,108
Financial assets at fair value through profit or loss (FVPL) - note 5	979,543,323	847,869,429
Trade and other receivables (net) - note 6	594,361,073	780,563,520
Inventories - note 7	2,871,435,480	2,780,434,196
Real estate projects - note 8	1,202,201,086	1,157,784,998
Prepayments and other current assets - note 9	56,350,433	105,465,208
	8,940,136,180	7,951,928,459
Noncurrent assets		
Property, plant and equipment (net) - notes 10 and 11	13,899,723,341	13,720,811,665
Right-of-use asset (net) - note 32	143,716,324	151,711,111
Investment properties - note 12	389,328,616	389,328,616
Deferred tax assets	79,062,608	79,062,608
Goodwill - note 13	70,668,305	70,668,305
Other noncurrent assets - note 14	72,294,915	44,831,311
	14,654,794,109	14,456,413,616
TOTAL ASSETS	23,594,930,289	22,408,342,075
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables - note 15	2,123,515,993	2,444,190,548
Income tax payable	207,193,615	146,883,007
Customers' deposits - note 16	260,901,865	121,835,914
Lease liabilities (current) - note 32	22,583,029	26,464,935
Short-term debts - note 17	2,212,609,795	2,654,768,788
Dividends payable - note 21	39,749,851	297,469,055
	4,866,554,149	5,691,612,247
Noncurrent liabilities		
Retirement benefit obligation - note 29	46,754,194	67,078,565
Long-term debts - note 18	800,000,000	-
Lease liabilities (net of current portion) - note 32	131,112,499	131,112,499
Deferred tax liabilities	1,340,909,927	1,380,789,320
	2,318,776,620	1,578,980,384
TOTAL LIABILITIES	7,185,330,769	7,270,592,631
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock - note 19	2,024,500,000	2,024,500,000
Additional paid-in capital	369,834,820	369,834,820
Retained earnings - note 21	10,066,741,615	8,630,395,116
Other comprehensive income - note 28	3,762,018,431	3,982,680,400
Treasury stock - note 20	(637,751,133)	(636,703,363)
	15,585,343,733	14,370,706,973
Non-controlling interest	824,255,786	767,042,471
TOTAL EQUITY	16,409,599,520	15,137,749,444
TOTAL LIABILITIES AND EQUITY	23,594,930,289	22,408,342,075

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

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Period Ended September 30, 2023 and 2022

	2023	2022
REVENUES - note 23		
Liquefied petroleum and industrial gases	13,786,477,043	14,073,875,073
Real estate	177,708,746	214,777,928
Pharmaceutical products	34,909,922	39,014,957
	13,999,095,711	14,327,667,958
COST OF SALES - note 24		
Liquefied petroleum and industrial gases	10,240,183,487	11,128,345,686
Real estate	46,211,198	59,476,415
Pharmaceutical products	22,666,950	25,359,722
	10,309,061,636	11,213,181,822
GROSS INCOME	3,690,034,076	3,114,486,136
OPERATING EXPENSES - note 25	1,545,859,976	1,456,155,976
INCOME FROM OPERATIONS	2,144,174,100	1,658,330,160
OTHER INCOME (CHARGES) - Net		
Finance costs - note 26	(113,350,241)	(61,997,649)
Fair value gain (loss) on financial assets at FVPL	(72,120,097)	(122,374,599)
Other income (net) - note 27	77,139,174	34,065,704
	(108,331,164)	(150,306,544)
NET INCOME BEFORE TAX	2,035,842,936	1,508,023,616
Provision for Income Tax	(457,515,974)	(278,572,955)
NET INCOME	1,578,326,961	1,229,450,661
Net income attributable to:		
Equity holders of the Parent Company	1,441,201,761	1,120,559,914
Non-controlling interests	137,125,200	108,890,747
	1,578,326,961	1,229,450,661
EARNINGS PER SHARE - note 30	0.7603	0.5912

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

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	Period July 1 to September 30	
	2023	2022
REVENUES		
Liquefied petroleum and industrial gases	4,351,539,387	4,312,010,544
Real estate	52,582,239	93,395,483
Pharmaceutical products	10,281,006	15,334,346
	4,414,402,632	4,420,740,373
COST OF SALES		
Liquefied petroleum and industrial gases	3,018,959,753	3,308,944,961
Real estate	11,930,314	27,019,663
Pharmaceutical products	6,682,654	9,967,325
	3,037,572,721	3,345,931,949
GROSS PROFIT	1,376,829,910	1,074,808,425
OPERATING EXPENSES	349,545,622	449,530,331
INCOME FROM OPERATIONS	1,027,284,289	625,278,094
OTHER INCOME (CHARGES)	(36,937,846)	(452,690)
NET INCOME BEFORE TAX	990,346,443	624,825,404
Provision for Income Tax	(231,702,344)	(104,160,696)
NET INCOME	758,644,099	520,664,708
Total comprehensive income attributable to:		
Equity holders of the Parent Company	692,275,311	477,816,404
Non-controlling interests	66,368,788	42,848,305
	758,644,099	520,664,708
EARNINGS PER SHARE	0.3652	0.2521

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

PRYCE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Period Ended September 30, 2023 and 2022 and December 31, 2022

	September 30 2023	September 30 2022	December 31 2022 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	3,762,018,431	4,035,090,149	3,982,680,400
RETAINED EARNINGS (DEFICIT)			
At beginning of period	8,630,395,116	7,433,599,954	7,433,599,954
Net income for the period	1,441,201,761	1,120,559,914	1,537,342,777
Transfer of revaluation reserve deducted from operations through additional depreciation charges	260,541,362	152,851,790	190,289,732
Declaration of cash dividends	(265,396,624)	(265,440,724)	(530,837,347)
At end of period	10,066,741,615	8,441,570,933	8,630,395,116
TREASURY STOCK	(637,751,133)	(636,625,363)	(636,703,363)
	15,585,343,733	14,234,370,539	14,370,706,973
NON-CONTROLLING INTEREST			
At beginning of period	767,042,471	690,455,765	690,455,765
Net income for the period	137,125,200	108,890,747	149,233,875
Declaration of cash dividends	(79,911,886)	(36,323,584)	(72,647,169)
At end of period	824,255,786	763,022,927	767,042,471
TOTAL EQUITY	16,409,599,520	14,997,393,467	15,137,749,444

PRYCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Period Ended September 30, 2023 and 2022 and December 31, 2022

	September 30 2023	September 30 2022	December 31 2022 Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	2,035,842,936	1,508,023,616	2,059,107,440
Adjustments for :			
Depreciation - notes 10, 11 and 32	561,441,544	533,836,074	757,189,636
Retirement benefit expense	31,675,630	32,640,647	40,915,092
Finance costs - note 26	113,350,241	61,997,649	91,001,086
Unrealized loss (gain) on financial assets at FVPL - note 5	72,120,097	122,374,599	104,873,344
Loss (gain) on sale of financial assets at FVPL - note 27	(13,324,473)	122,852	122,852
Dividend income - note 27	(16,873,351)	(9,781,741)	(13,943,151)
Interest income - note 27	(851,151)	(957,634)	(1,511,866)
Unrealized foreign exchange gain	-	-	(34,470,101)
Gain on sale of property, plant and equipment	(8,800,397)	(2,559,590)	(5,172,707)
Operating income before working capital changes	2,774,581,077	2,245,696,472	2,998,111,625
Decrease (increase) in assets:			
Trade and other receivables	186,202,447	(516,658,684)	(566,548,928)
Inventories	(91,001,284)	(177,952,171)	(165,452,623)
Prepayments and other current assets	49,114,775	122,429,230	78,906,046
Real estate projects	(44,416,088)	(84,327,696)	(267,326,395)
Increase (decrease) in liabilities:			
Trade and other payables	(320,674,553)	(839,700,685)	(75,423,801)
Customers' deposits	139,065,951	(78,946,251)	(151,614,766)
Net cash from operations	2,692,872,325	670,540,216	1,850,651,158
Additions to financial assets at FVPL - note 5	(425,815,511)	(107,091,713)	(174,123,314)
Proceeds from sale of financial assets at FVPL	235,345,993	94,924,810	26,391,737
Dividends received - note 27	16,873,351	9,781,741	226,876,353
Interest received	851,151	957,634	1,511,866
Income taxes paid	(397,205,366)	(193,083,550)	(302,731,333)
Contributions and retirement benefits paid	(52,000,000)	(103,500,000)	(109,500,000)
Net cash from operating activities	2,070,921,942	372,529,137	1,519,076,467
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment - notes 10 and 11	(771,022,233)	(755,601,029)	(1,739,858,595)
Proceeds from sale of property, plant and equipment	47,464,195	5,486,643	48,373,702
Decrease (increase) in other noncurrent assets	(27,463,604)	(18,748,382)	7,600,455
Net cash used in investing activities	(751,021,642)	(768,862,768)	(1,683,884,438)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of short-term debts	7,399,669,518	5,440,691,012	10,050,888,698
Proceeds from availment of long-term debts	800,000,000	-	-
Finance costs paid	(111,576,952)	(59,812,173)	(91,001,086)
Payment of short-term debts	(7,841,828,511)	(5,049,949,202)	(9,487,580,231)
Payment of dividends	(603,027,713)	(536,503,739)	(563,860,495)
Acquisition of treasury stocks	(1,047,770)	(124,014,900)	(124,092,900)
Payment of lease liabilities	(5,655,194)	(13,678,513)	(1,188,502)
Net cash used in financing activities	(363,466,623)	(343,267,516)	(216,834,516)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	-	34,470,101
NET INCREASE (DECREASE) IN CASH	956,433,677	(739,601,147)	(347,172,386)
CASH - note 4			
AT BEGINNING OF PERIOD	2,279,811,108	2,626,983,494	2,626,983,494
AT END OF PERIOD	3,236,244,785	1,887,382,347	2,279,811,108

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

PRYCE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

As at and for the periods ended September 30, 2023 and December 31, 2022

(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
San Fabian Oxygen Corporation	March 8, 2022
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 52.98% owned by Guild Securities, Inc., and 47.02% owned by PCD Nominee Corporation and other entities and individuals. The Parent Company’s stock price amounted to ₱5.20 and ₱5.05 per share as at September 30, 2023 and December 31, 2022, respectively.

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

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

PGI

PGI is primarily engaged in the manufacture, production, purchase, sale and trade of all kinds of liquids and gases and other chemicals, other allied or related products, lease, operate, manage and construct and/or install for or on account of others, plants, equipment and machineries for the manufacture or production or distribution of the desired liquids and gases and other allied products. As at September 30, 2023 and December 31, 2022, PGI has ten (10) and nine (9) liquefied petroleum gas (LPG) marine-fed terminals, respectively. As at September 30, 2023 and December 31, 2022, PGI has twenty-nine(29) and twenty-eight (28) LPG refilling plants, respectively, 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 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 91.35%.

OOO

OOO is primarily engaged in the purchase, importation, sale and distribution and manufacture and/or production of all kinds of gases including LPG, industrial gases such as, oxygen, acetylene, hydrogen, nitrogen, argon, carbon dioxide, nitrous oxide, compressed air and helium and other allied or related products, including its containers, equipment and other receptacles. As at September 30, 2023 and December 31, 2022, OOO has forty-one (41) and forty-two (42) LPG refilling plants, respectively, of varying storage capacities.

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

On June 28, 2021, the BOD approved the conversion of advances amounting to ₱1.5 billion to equity through issuance of additional 1,499,999,800 shares of OOO. The conversion resulted in an increase of ownership by PGI to OOO from 99.62% in 2020 to 99.90% in 2021, and increase in indirect equity of the Parent Company to OOO from 91% to 91.26%.

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.

SFOC

SFOC is primarily engaged in the trade, purchase, importation, sale, distribution, manufacture and production of all kinds of gases including 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.

SFOC's registered business address and principal office is at 17th Floor, Pryce Center, 1179 Chino Roces corner Bagtikan Street, San Antonio Village, Makati City, Philippines.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Statement of compliance

The consolidated financial statements of the Group have been prepared in conformity with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all

applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Basis of preparation

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

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

Basis of consolidation

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

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

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

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

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

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

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

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

The percentage (%) of ownership of the Parent Company as at September 30, 2023 and December 31, 2022 are as follows:

Name of subsidiary	Ownership and voting interest	
	2023	2022
PGI	91.35%	91.35%
OOC	91.26%	91.26%
SFOC	91.33%	91.33%
PPhI*	88.66%	88.66%

* Includes indirect equity ownership of 13.66% in 2023 and 2022.

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

The summarized statements of financial position as at September 30, 2023 and December 31, 2022 are as follows:

	2023				2022			
	PGI	OOC	SFOC	PPhI	PGI	OOC	SFOC	PPhI
Total current assets	₱4,470,952,693	₱1,605,568,693	₱49,250,005	₱23,362,537	₱4,730,581,255	₱1,224,187,465	₱22,396,135	₱22,579,367
Total noncurrent assets	11,817,433,339	2,922,473,094	500,141,952	197,836	11,907,506,927	2,940,833,837	168,997,225	349,803
Total assets	16,288,386,032	4,528,041,787	549,391,957	23,560,373	16,638,088,182	4,165,021,302	191,393,360	22,929,170
Current liabilities	2,440,225,166	1,314,665,281	500,643,813	9,137,404	3,965,141,173	1,216,757,579	169,152,633	8,100,631
Noncurrent liabilities	1,751,095,178	211,950,496	46,875,000	-	1,008,170,153	211,950,496	20,000,000	-
Total liabilities	4,191,320,344	1,526,615,777	547,518,813	9,137,404	4,973,311,326	1,428,708,075	189,152,633	8,100,631
Equity	₱12,097,065,688	₱3,001,426,010	₱1,873,144	₱14,422,969	₱11,664,776,856	₱2,736,313,227	₱2,240,727	₱14,828,539

The summarized statements of comprehensive income for the periods ended September 30, 2023 and 2022 are as follows:

	2023				2022			
	PGI	OOO	SFOC	PPhI	PGI	OOO	SFOC	PPhI
Revenues	₱13,036,204,486	₱5,334,085,323	₱12,525	₱34,909,934	₱13,424,151,911	₱5,935,187,302	₱-	₱39,014,973
Expenses	(11,368,470,439)	(4,980,663,935)	(380,108)	(35,140,200)	(11,948,593,287)	(5,900,787,493)	-	(37,765,191)
Income tax expense	(349,483,967)	(88,308,605)	-	(175,305)	(243,839,433)	(8,847,411)	-	(249,953)
Net income	1,318,250,080	265,112,783	(367,583)	(405,571)	1,231,719,191	25,552,398	-	999,829
Other comprehensive income	-	-	-	-	-	-	-	-
	₱1,318,250,080	₱265,112,783	(₱367,583)	(₱405,571)	₱1,231,719,191	₱25,552,398	₱-	₱999,829
Net income attributable to:								
Equity holders of the Parent Company	1,204,221,448	241,938,347	(335,720)	(359,566)	1,125,175,481	23,318,773	-	886,417
Non-controlling interest	114,028,632	23,174,436	(31,863)	(46,005)	106,543,710	2,233,625	-	113,412
	₱1,318,250,080	₱265,112,783	(₱367,583)	(₱405,571)	₱1,231,719,191	₱25,552,398	₱-	₱999,829

Changes in accounting policies and disclosures

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. The amendments had no significant impact on the financial statements of the Group.

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 recognized at the acquisition date. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments had no significant impact on the financial statements of the Group.

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 recognizing a separate provision for an onerous contract, the entity recognizes 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. The amendments had no significant impact on the financial statements of the Group.

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 amendments had no significant impact on the financial statements of the Group.

New Accounting standards, Interpretations and Amendments to existing Standards effective subsequent to January 1, 2022

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.

Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1). The narrow-scope amendments to PAS 1, *Presentation of Financial Statements* clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual periods beginning on or after January 1, 2024, 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 recognized as income or expense in the current period. The effect, if any, on future periods is recognized 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 Tax Related to Assets and Liabilities arising form Single Transaction (Amendments to PAS 12). The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary difference arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Lease Liability in a Sale and Leaseback (Amendments to PFRS 16). The amendment clarifies the how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments to PFRS 16 specifies that, in subsequently measuring the lease liability, the seller-lessee determines ‘lease payments’ and ‘revised lease payments’ in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Noncurrent Liabilities with Covenants (Amendments to PAS 1). The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as either current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual periods beginning on or after January 1, 2024.

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, 2022 on its financial statements in the period of initial application.

Additional disclosures required by these amendments will be included in the 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 non-financial assets are represented in Note 35 to the consolidated financial statements.

“Day 1” Difference

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

Financial instruments

Initial recognition, measurement and classification

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

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

The Group classifies its financial assets as subsequently measured at amortized cost and FVPL. The classification of financial assets depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing the financial assets. The Group’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group’s business model determines

whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

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

Financial assets at amortized cost

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

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

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

As at September 30, 2023 and December 31, 2022, 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 22).

Cash includes cash on hand and demand deposits.

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

Financial assets at FVPL

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

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

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

As at September 30, 2023 and December 31, 2022, included under financial assets at FVPL are the Group's listed equity investments held for trading which the Group has not irrevocably elected to classify at FVOCI (see Note 5).

Financial liabilities at amortized cost

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

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

As at September 30, 2023 and December 31, 2022, 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, 21 and 32).

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	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.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Cost includes purchase price and any other cost directly attributable to bringing the assets to its working condition and location for its intended use. Subsequent to initial recognition, investment properties are measured at cost less impairment loss, if any. Subsequent expenditures relating to an item of investment properties that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future

cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of comprehensive income.

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

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

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

As at September 30, 2023 and December 31, 2022, 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

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one (1) of the following applies, (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specific asset; or (d) there is a substantial change to the asset. Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d), and at the date of renewal or extension period for scenario (b) above.

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

Right-of-use asset

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

suitable to the condition required by the terms and conditions of the lease. Subsequent to commencement date, the right-of-use asset shall be measured at cost less accumulated amortization and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

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

	<u>In Years</u>
Land	5 – 25
Commercial space	3 – 5

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) Revenue from rendering interment service

Revenue from rendering of interment service is recognized at the point of interment based on the actual services provided to the end of the reporting period.

(e) Interest income

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

(f) Dividend income

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

(g) Other comprehensive income

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

(h) Other income

Other income is recognized when earned.

Expense recognition

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

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

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

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

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for sale of memorial lots and subdivision lots. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions since the amortization period of the asset that the Group otherwise would have used is one (1) year or less. For contracts with payment terms of more than one (1) year, the 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 Group 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) Estimating fair value of property, plant and equipment at revalued amounts

To determine the fair value of the land and land improvement, buildings and structures, LPG plant, machinery and equipment, oxygen and acetylene cylinders and office equipment at revalued amounts, the Group engaged an independent appraiser duly accredited by the SEC to determine its fair value. The independent appraisers used the Market Data Approach in the valuation wherein the value is based on sales, listings and other market data of comparable properties registered within the vicinity of subject properties. The market value of the properties amounted to ₱10.42 billion based on the latest appraisal dated April 28, 2022. Appraisal increase in 2021 amounted to ₱3.50 billion. Carrying amount of the properties amounted to ₱9.68 billion and ₱10.03 billion as at September 30, 2023 and December 31, 2022, respectively (see Note 10).

(b) Impairment of trade and other receivables

The Group makes use of simplified approach in determining the ECL for trade and other receivables.

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.

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

Management believes that there are no indications that its trade and other receivables are impaired as at September 30, 2023 and December 31, 2022 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.

The carrying amount of the Group's trade and other receivables as at September 30, 2023 and December 31, 2022 amounted to ₱594.36 million and ₱780.56 million, respectively (see Note 6). Advances to related parties amounted to nil as at September 30, 2023 and December 31, 2022, respectively (see Note 22).

(c) Determining the NRV of inventories

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

The carrying amount of the Group's inventories which are carried at cost as at September 30, 2023 and December 31, 2022 amounted to ₱2.87 billion and ₱2.78 billion, respectively (see Note 7). The carrying amount of the Group's real estate projects which are also carried at cost as at September 30, 2023 and December 31, 2022 amounted to ₱1.20 billion and ₱1.16 billion, respectively (see Note 8).

(d) 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 September 30, 2023 and December 31, 2022, the carrying amounts of property, plant and equipment, net of accumulated depreciation of ₱7.01 billion and ₱6.49 billion, amounted to ₱13.900 billion and ₱13.721 billion, respectively (see Notes 10 and 11).

As at September 30, 2023 and December 31, 2022, the carrying amount of right-of-use assets, net of accumulated depreciation of ₱101.05 million and ₱93.05 million, amounted to ₱143.72 million and ₱151.71 million, respectively (see Note 32).

(e) 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 3.25% to 7.49%.

(f) 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 ₱46.75 million and ₱67.08 million as at September 30, 2023 and December 31, 2022, respectively (see Note 29).

(g) Recognition and realizability of deferred tax assets

Deferred tax assets are recognized for all unused tax losses and future tax credits. At end of the reporting period, the Group reviews its deferred tax assets and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on industry trends and projected performance in assessing the sufficiency of taxable income.

As at September 30, 2023 and December 31, 2022, the Group recognized deferred tax assets amounting to ₱79.06 million.

(h) Impairment of goodwill

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

Management assessed that goodwill amounting to ₱70.67 million is not impaired as at September 30, 2023 and December 31, 2022.

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

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

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

4. CASH

This account as at September 30, 2023 and December 31, 2022 consists of:

	2023	2022
Cash on hand	₱9,798,723	₱129,116,064
Cash in banks	3,226,446,062	2,150,695,044
	₱3,236,244,785	₱2,279,811,108

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 ₱851 thousand and ₱958 thousand for the periods ended September 30, 2023 and 2022, respectively (see Note 27).

There are no legal restrictions on the Group's cash as at September 30, 2023 and December 31, 2022.

5. FINANCIAL ASSETS AT FVPL

The movements of the account as at September 30, 2023 and December 31, 2022 are as follows:

	2023	2022
Cost		
Balance at beginning of period	₱833,767,927	₱686,159,202
Additions	425,815,511	174,123,314
Disposals	(222,021,520)	(26,514,589)
	1,037,561,918	833,767,927
Fair value gain (loss)	(58,018,595)	14,101,502
Balance at end of period	₱979,543,323	₱847,869,429

The movements of the fair value gain (loss) as at September 30, 2023 and December 31, 2022 are as follows:

	2023	2022
Balance at beginning of period	₱14,101,502	₱118,974,846
Fair value gain (loss) during the period	(72,120,097)	(104,873,344)
Balance at end of period	(₱58,018,595)	₱14,101,502

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

Proceeds from the sale of the Group's financial assets at FVPL for the periods ended September 30, 2023 and 2022 amounted to ₱235.35 million and ₱94.92 million, which resulted to gain on sale of ₱13.32 million and loss on sale of ₱123 thousand, respectively, and is presented under Other income in the consolidated statements of comprehensive income (see Note 27).

Cash dividend income earned from financial assets at FVPL is presented under Other income in the consolidated statements of comprehensive income amounting to Php 16.87 million and Php 9.78 million for the periods ended September 30, 2023 and 2022, respectively (see Note 27).

6. TRADE AND OTHER RECEIVABLES

This account as at September 30, 2023 and December 31, 2022 consists of:

	2023	2022
Trade receivable	₱259,612,002	₱488,724,658
Dividend receivable	212,933,202	212,933,202
Advances to officers and employees	69,439,402	50,537,290
Receivables from memorial lot owners	11,043,255	11,043,255
Others	46,065,631	22,057,534
	599,093,492	785,295,939
Allowance for doubtful accounts	(4,732,419)	(4,732,419)
	₱594,361,073	₱780,563,520

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.

Dividend receivable as of September 30, 2023 and December 31, 2022 includes property dividend from Philippine National Bank (PNB) to the Parent Company and PGI with a total of ₱212.93 million. On April 23, 2021, PNB has declared the property dividend of up to 239,353,710 common shares of PNB Holdings Corporation (PHC) with a par value of P100 per share to all stockholders of record as of May 18, 2021. The property dividend shall be paid at a ratio of 0.156886919 shares of PHC for every 1 share of PNB. As of to date, the property dividend is pending distribution.

Advances to officers and employees includes, in general, car plan availments which are interest-bearing and other official advances for liquidation which are non-interest bearing.

Receivables 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 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:

	2023	2022
Balance at beginning of period	₱4,732,419	₱4,732,419
Write-off	-	-
Balance at end of period	₱4,732,419	₱4,732,419

The Group recognized provision of doubtful accounts for its advances to resigned employees amounting to nil for the periods ended September 30, 2023 and December 31, 2022.

7. INVENTORIES

This account as at September 30, 2023 and December 31, 2022 consists of:

	2023	2022
Finished goods		
LPG, cylinders, stoves and accessories	₱2,573,605,885	₱2,350,625,608
Industrial gases	45,692,145	51,534,166
Pharmaceutical products	6,575,997	6,026,423
	2,625,874,027	2,408,186,197
Material and supplies	227,418,665	261,476,819
In-transit LPG	-	88,816,945
Raw materials	18,142,788	21,596,290
Industrial gases	-	357,945
	₱2,871,435,480	₱2,780,434,196

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 September 30, 2023 and December 31, 2022, in transit LPG inventories are on board the carrier heading towards the Philippines marine fed terminal for customs clearance.

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

There are no inventories pledged as security for liabilities as at September 30, 2023 and December 31, 2022.

Inventories charged to cost of sales for the periods ended September 30, 2023 and 2022 are as follows (see Note 24):

	2023	2022
LPG, cylinders, stoves and accessories	₱9,911,472,302	₱10,868,587,865
Industrial gases	328,711,186	259,757,820
Pharmaceutical products	22,666,950	25,359,722
	₱10,262,850,438	₱11,153,705,407

8. REAL ESTATE PROJECTS

Real estate projects as at September 30, 2023 and December 31, 2022 consist of:

	2023	2022
Memorial park lots	₱330,804,774	₱351,629,484
Land held for future development	414,317,748	397,131,879
Subdivision lots	54,729,713	54,729,713
Construction in progress	402,348,851	354,293,922
	₱1,202,201,086	₱1,157,784,998

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

As at September 30, 2023 and December 31, 2022, 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 ₱46.21 million and ₱59.48 million for the periods ended September 30, 2023 and 2022, respectively (see Note 24).

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account as at September 30, 2023 and December 31, 2022 consists of:

	2023	2022
Prepayments		
Rent	₱13,975,949	₱19,600,657
Taxes and licenses	11,009,577	19,492,686
Insurance	4,957,777	4,079,336
Maintenance	-	2,041,704
Advances to suppliers	3,493,028	2,297,650
Input VAT	5,578,739	49,924,378
Creditable withholding tax	6,857,008	3,658,194
Others	10,478,355	4,370,603
	₱56,350,433	₱105,465,208

Prepaid rent pertains to advance payment for short-term lease agreements (see Note 32).

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 Group.

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

Others include 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 September 30, 2023 and December 31, 2022 and the gross carrying amounts and the accumulated depreciation of revalued property, plant and equipment are as follows:

September 30, 2023

	Net carrying amounts, January 1, 2023 (As restated)	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, Sept. 30, 2023
Land and land improvements	₱4,575,900,019	₱ 11,337,195	(₱690,429)	₱-	-	₱4,586,546,786
Buildings and structures	335,381,112	-	(83,549,498)	1,080,456,618	-	1,332,288,232
LPG plant, machinery and equipment	4,113,398,558	-	(155,206,973)	(1,029,628,153)	-	2,928,563,432
Oxygen and acetylene cylinders	1,000,975,536	-	(95,082,309)	(50,828,465)	(18,520,965)	836,543,797
Office equipment	509,457	-	(252,276)	-	-	257,181
	₱10,026,164,682	₱ 11,337,195	(₱334,781,484)	-	(₱18,520,965)	₱9,684,199,428

	Revalued cost	Accumulated depreciation	Net carrying amounts, Sept. 30, 2023
Land and land improvements	₱4,611,249,853	(₱24,703,067)	₱4,586,546,786
Buildings and structures	2,710,403,810	(1,378,115,578)	1,332,288,232
LPG plant, machinery and equipment	5,818,000,798	(2,889,437,366)	2,928,563,432
Oxygen and acetylene cylinders	1,920,613,683	(1,084,069,886)	836,543,797
Office equipment	73,278,234	(73,021,053)	257,181
	₱15,133,546,378	(₱5,449,346,950)	₱9,684,199,428

December 31, 2022(As restated)

	Net carrying amounts, January 1, 2022	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2022
Land and land improvements	₱4,558,210,885	₱10,371,092	(₱1,262,450)	₱8,580,493	₱-	₱4,575,900,019
Buildings and structures	664,738,365	5,522,608	(57,968,477)	(276,911,384)	-	335,381,112
LPG plant, machinery and equipment	4,109,210,335	42,050,868	(288,037,726)	250,175,081	-	4,113,398,558
Oxygen and acetylene cylinders	1,082,985,000	42,329,875	(98,938,468)	7,783,149	(33,184,020)	1,000,975,536
Office equipment	1,681,839	-	(1,172,382)	-	-	509,457
	₱10,416,826,423	₱100,274,443	(₱447,379,504)	(₱10,372,661)	(₱33,184,020)	₱10,026,164,682

	Revalued cost	Accumulated depreciation	Net carrying amounts, December 31, 2022
Land and land improvements	₱4,599,912,658	(₱24,012,638)	₱4,575,900,020
Buildings and structures	1,179,986,006	(844,604,894)	335,381,112
LPG plant, machinery and equipment	7,300,692,511	(3,187,293,953)	4,113,398,558
Oxygen and acetylene cylinders	2,048,349,450	(1,047,373,914)	1,000,975,536
Office equipment	73,278,234	(72,768,778)	509,456
	₱15,202,218,859	(₱5,176,054,177)	₱10,026,164,682

Depreciation charged to operations was allocated as follows:

	Sept. 30, 2023	Sept. 30, 2022
Cost of sales	₱177,359,594	₱186,574,556
Operating expenses	157,421,890	165,600,962
	₱334,781,484	₱352,175,518

The above depreciation includes depreciation on appraisal increase amounting to ₱260.54 million and ₱152.85 million for the periods ended September 30, 2023 and 2022, which also represents transfer of realized portion of revaluation reserve to retained earnings.

The fair value of the property, plant and equipment were in reference to the appraisal report by an independent appraiser accredited by the SEC dated April 28, 2022. 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.

For the periods ended September 30, 2023 and 2022, certain property, plant and equipment at revalued was disposed of for a total consideration of ₱20.77 million and nil resulting into a gain of ₱2.25 million and nil, respectively. The gain on disposal was under Other income (net) in the consolidated statements of comprehensive income (see Note 27).

As at September 30, 2023 and December 31, 2022, the revaluation reserve on the property, plant and equipment carried at revalued amount is ₱3.73 billion and ₱3.95 billion, respectively, which is presented under Other Comprehensive Income (see Note 28).

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

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

Details of property, plant and equipment are as follows:

September 30, 2023

	Net carrying amounts, January 1, 2023 (As restated)	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, Sept. 30, 2023
LPG cylinders and others	₱1,232,870,011	₱297,578,305	(₱114,525,725)	104,945,119	(₱12,700,872)	₱1,508,166,838
Transportation equipment	462,206,520	54,324,863	(80,978,689)	(104,945,119)	(7,274,153)	323,333,421
Leasehold improvement	15,486	-	(15,486)	-	-	-
Furniture, fixtures and equipment	66,454,635	7,717,656	(23,145,374)	-	(167,808)	50,859,109
CIP	1,933,100,329	400,064,215	-	-	-	2,333,164,543
	₱3,694,646,981	₱759,685,038	(₱218,665,275)	-	(₱20,142,833)	₱4,215,523,911

	Cost	Accumulated depreciation	Net carrying amounts, Sept. 30, 2023
LPG cylinders and others	₱1,791,179,124	(₱283,012,286)	₱1,508,166,838
Transportation equipment	1,312,507,811	(989,174,390)	323,333,421
Leasehold improvement	17,590,509	(17,590,509)	-
Furniture, fixtures and equipment	319,466,650	(268,607,542)	50,859,109
CIP	2,333,164,543	-	2,333,164,543
	₱5,773,908,638	(₱1,558,384,727)	₱4,215,523,911

December 31, 2022 (As restated)

	Net carrying amounts, January 1, 2022	Additions	Depreciation	Reclassification	Disposals	Net carrying amounts, December 31, 2022
LPG cylinders and others	₱122,598,955	₱789,773,384	(₱70,304,002)	₱399,051,569	(₱8,249,896)	₱1,232,870,011
Transportation equipment	588,734,829	73,581,843	(188,319,262)	(11,257,949)	(532,943)	462,206,520
Leasehold improvement	237,564	-	(222,078)	-	-	15,486
Furniture, fixtures and equipment	75,306,382	32,257,370	(38,402,333)	(2,507,231)	(199,553)	66,454,635
CIP	1,509,395,478	753,122,154	-	(328,382,721)	(1,034,583)	1,933,100,329
	₱2,296,273,208	₱1,648,734,751	(₱297,247,675)	₱56,903,668	(₱10,016,975)	₱3,694,646,981

	Cost	Accumulated depreciation	Net carrying amounts, December 31, 2022
LPG cylinders and others	₱1,459,840,062	(₱226,970,048)	₱1,232,870,011
Transportation equipment	1,290,337,599	(828,131,081)	462,206,520
Leasehold improvement	17,590,509	(17,575,023)	15,486
Furniture, fixtures and equipment	307,573,859	(241,119,224)	66,454,635
CIP	1,933,100,328	-	1,933,100,329
	₱5,008,442,357	(₱1,313,795,376)	₱3,694,646,981

Depreciation charged to operations was allocated as follows:

	Sept. 30, 2023	Sept. 30, 2022
Cost of sales	₱134,287,419	₱103,084,145
Operating expenses	84,377,856	69,033,384
	₱218,665,275	₱172,117,529

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

For the periods ended September 30, 2023 and 2022, certain property, plant and equipment at cost was disposed of for a total consideration of ₱26.69 million and ₱5.49 million resulting into a gain of ₱6.55 million and ₱2.56 million, respectively. The gain on disposal was under Other income (net) in the consolidated statements of comprehensive income (see Note 27).

As at September 30, 2023 and December 31, 2022, 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:

	2023	2022
Memorial lawn lots	₱352,301,475	₱352,301,475
Land	37,027,141	37,027,141
	₱389,328,616	₱389,328,616

There are no movements for the Group's investment properties for the periods ended September 30, 2023 and December 31, 2022.

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 September 30, 2023 and December 31, 2022, 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.

As at September 30, 2023 and December 31, 2022, the aggregate fair value of the investment properties amounted to ₱919.76 million (see Note 35).

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 September 30, 2023 and December 31, 2022 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.

	2023	2022
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. Cash flows beyond the five-year period are extrapolated using a growth rate determined by the management based on the assessment of market developments and changes in the environment in which the Company operates. The carrying value of goodwill amounted to ₱68.90 million as at September 30, 2023 and December 31, 2022. 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:

	2023	2022
Advances to contractors and suppliers	₱44,912,374	₱17,932,367
Refundable deposits	27,317,723	26,834,125
Others	64,818	64,819
	₱72,294,915	₱44,831,311

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

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

15. TRADE AND OTHER PAYABLES

This account as at September 30, 2023 and December 31, 2022 consists of:

	2023	2022
Accounts payable:		
Trade	₱1,719,868,980	₱2,095,961,149
Nontrade	-	466,626
Deposits for park interment services	168,115,292	101,471,438
Accrued expenses	37,092,723	81,028,060
Cylinder deposits	57,939,139	50,662,190
Due to government agencies	38,897,065	60,619,490
Due to park maintenance fund	65,480,811	44,940,721
Deferred income	-	2,379,386
Others	36,121,983	6,661,488
	₱2,123,515,993	₱2,444,190,548

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.

Accrued expenses include accrued utilities, salaries and wages and others such as 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.

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

Other payables include reserve fund liability, which is a pool of funds contributed by the Group's officers to cover for future losses due to wrong management decisions and other liabilities.

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 ₱260.90million and ₱121.84 million as at September 30, 2023 and December 31, 2022, respectively.

17. SHORT-TERM DEBTS

As at September 30, 2023 and December 31, 2022, the outstanding balance of short-term debts amounted to ₱2.21 billion and ₱2.65 billion, respectively. Total interest incurred charged to operations amounted to ₱95.38 million and ₱51.06 million for the periods ended September 30, 2023 and 2022, respectively (see Note 26).

18. LONG-TERM DEBTS

This account consists of long-term debts of PGI drew in the second and third quarters of 2023, as follows:

	2023	2022
Term loan of 6.500% due until 2038	₱350,000,000	₱-
Term loan of 6.750% due until 2030	450,000,000	-
	₱800,000,000	₱-

In April 2023, PGI drew Php 350 million from a Php 350 million term loan which principal is payable in fifty-six (56) equal quarterly amortizations to start on the 5th quarter reckoned from date of initial release and has a one (1) year grace period. The facility's interest rate of 6.500% per annum is subject to quarterly repricing with one-time option to fix the interest rate every three years. The net proceeds from the issuance were used to partially finance reimbursement of construction and development cost of one of the Company's LPG Terminals.

In June, July and August of 2023, PGI drew a total of Php 450 million from a Php 500 million term loan with grace period for two (2) years and twenty (20) equal quarterly amortizations of principal thereafter. The facility's interest rate of 6.750% is subject to annual repricing. The net proceeds from the issuance were used to partially finance the Company's Oxygen Plant project or air separation unit consisting of: (i) the refinancing of purchased machinery and equipment; (ii) project site preparation and development; and (iii) acquisition of lorries and movers.

As at September 30, 2023 and December 31, 2022, the outstanding balance of long-term debts amounted to ₱800 million and nil, respectively. Total interest incurred charged to operations amounted to ₱9.40 million and nil for the periods ended September 30, 2023 and 2022, respectively (see Note 26).

19. CAPITAL STOCK

Details of this account are as follows:

	2023	2022
Common stock: ₱1 par value		
Authorized: 2,098,000,000 common shares	₱2,098,000,000	₱2,098,000,000
Subscribed, issued and fully paid:		
2,024,500,000 shares	₱2,024,500,000	₱2,024,500,000

The Parent Company was incorporated on September 7, 1989 with an authorized capital stock of ₱1,000,000,000 divided into 600,000,000 shares of Class A common stock with the par value of ₱1.00 per share and 400,000,000 shares of Class B common stock with the par value of ₱1.00 per share. On March 30, 1990, it obtained the SEC's approval of the registration of its capital stock for sale to the public and on October 29, 1991, 150,000,000 of its Class 'A' shares were listed at the Makati Stock Exchange at the issue/offer price of ₱1.00 per share and 50,000,000 of its Class 'B' shares were likewise so listed at the same issue/offer price of ₱1.00 per share.

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

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

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

The Parent Company's shares are listed in the PSE. As at September 30, 2023 and December 31, 2022, the Parent Company's stock price amounted to ₱5.20 and ₱5.05 per share, respectively.

As at September 30, 2023 and December 31, 2022, the Parent Company has three hundred sixty six (366) equity holders.

20. TREASURY STOCKS

In 2018, the BOD approved the common shares buy-back program under the following terms and conditions:

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

On November 27, 2020, the BOD approved the following resolutions in relation to the aforementioned buy-back program:

- 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;
- Further, 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.

As at September 30, 2023 and December 31, 2022, the Group has treasury stocks amounting to 129,011,331 shares with cost of ₱637.75 million and 128,809,831 shares with cost of ₱636.70 million, respectively.

21. RETAINED EARNINGS

Dividend declaration

Parent Company's dividend declaration

In a special meeting held on April 28, 2023, the Parent Company's BOD declared cash dividends amounting to ₱265.40 million which is equivalent to ₱0.14 per share to stockholders of record as of May 26, 2023 payable on June 22, 2023 out of its unrestricted retained earnings as of December 31, 2022.

In a special meeting held on December 9, 2022, the Parent Company's BOD declared cash dividends amounting to ₱265.40 million which is equivalent to ₱0.14 per share to stockholders of record as of December 29, 2022 payable on January 25, 2023 out of its unrestricted retained earnings as of December 31, 2021.

In a special meeting held on April 29, 2022, the Parent Company's BOD declared cash dividends amounting to ₱265.44 million which is equivalent to ₱0.14 per share to stockholders of record as of May 27, 2022 payable on June 22, 2022 out of its unrestricted retained earnings as of December 31, 2021.

Cash dividends declared in 2023 and 2022 are summarized below:

Date declared	Date paid	Dividend per share	2023	2022
April 28, 2023	June 22, 2023	0.14	₱265,396,624	₱-
December 9, 2022	January 25, 2023	0.14	-	265,396,624
April 29, 2022	June 22, 2022	0.14	-	265,440,724
			₱265,396,624	₱530,837,348

PGI's dividend declaration

At the special meeting of PGI's BOD held on September 21, 2023, the Board approved distribution of a cash dividend to stockholders of record as of September 22, 2023 amounting to ₱504 million.

At the special meeting of PGI's BOD held on April 28, 2023, the Board approved distribution of a cash dividend to stockholders of record as of May 5, 2023 amounting to ₱420 million.

At the special meeting of PGI's BOD held on October 13, 2022, the Board approved distribution of a cash dividend to stockholders of record as of October 14, 2022 amounting to ₱420 million.

At the special meeting of PGI's BOD held on April 29, 2022, the Board approved distribution of a cash dividend to stockholders of record as of May 2, 2022 amounting to ₱420 million.

Cash dividends declared in 2023 and 2022 are summarized below:

Declared	Date paid	Dividend per share	2023	2022
September 21, 2023	September 26, 2023	0.18	₱504,000,000	₱-
April 28, 2023	May 12, 2023	0.15	420,000,000	-
October 13, 2022	October 14, 2022	0.15	-	420,000,000
April 29, 2022	May 10, 2022	0.15	-	420,000,000
			₱924,000,000	₱840,000,000

As at September 30, 2023 and December 31, 2022, dividends payable amounted to ₱39.75 million and ₱297.47 million, respectively.

22. 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.

23. REVENUES

The details of this account are as follows:

a) LPG and industrial gases

	2023	2022
LPG, cylinders, stoves and accessories	₱13,189,305,637	₱13,526,145,055
Industrial gases	597,171,406	547,730,018
	₱13,786,477,043	₱14,073,875,073

b) Real estate

Revenue from sale of real estate amounted to ₱177.71 million and ₱214.78 million for the periods ended September 30, 2023 and 2022, respectively.

c) Pharmaceutical products

Revenue from sale of pharmaceutical products amounted to ₱34.91 million and ₱39.01 million for the periods ended September 30, 2023 and 2022, respectively.

24. COST OF SALES

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

	2023	2022
LPG, cylinders, stoves and accessories	₱9,911,472,302	₱10,868,587,866
Industrial gases	328,711,185	259,757,820
	₱10,240,183,487	₱11,128,345,686

b) Cost of real estate amounted to ₱46.21 million and ₱59.48 million for the periods ended September 30, 2023 and 2022, respectively. The cost of real estate recognized in the consolidated statements of income on disposal is determined with reference to the specific costs incurred on the property sold.

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

	2023	2022
Beginning inventory – note 7	₱6,026,423	₱7,346,805
Add: Purchases	23,216,524	22,712,133
Total good available for sale	29,242,947	30,058,938
Less: Ending inventory – note 7	6,575,997	4,699,216
	₱22,666,950	₱25,359,722

25. OPERATING EXPENSES

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

	2023	2022
Selling expenses	₱993,091,771	₱819,267,737
General and administrative expenses	552,768,205	636,888,239
	₱1,545,859,976	₱1,456,155,976

26. FINANCE COSTS

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

	2023	2022
Short-term – note 17	₱95,378,766	₱51,064,834
Long-term – note 18	9,398,288	-
Lease liabilities	1,773,288	2,185,476
Others	6,799,899	8,747,339
	₱113,350,241	₱61,997,649

27. OTHER INCOME

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

	2023	2022
Cash dividend income - note 5	₱16,873,351	₱9,781,741
Gain (Loss) on sale of financial assets at FVPL – note 5	13,324,473	(122,852)
Sale of scrap and junked materials	37,207,117	20,831,610
Gain on sale of property, plant and equipment – notes 10 and 11	8,800,397	2,559,590
Interest income from banks – note 4	851,151	957,634
Others	82,685	57,981
	₱77,139,174	₱34,065,704

28. OTHER COMPREHENSIVE INCOME

This account as at September 30, 2023 and December 31, 2022 consists of:

	2023	2022
Remeasurement gain on retirement benefits obligation		
At beginning of period	₱28,195,857	₱28,195,857
Remeasurement gain during the period	-	-
Deferred income tax effect on remeasurement gain	-	-
At end of period	28,195,857	28,195,857
Revaluation reserves		
At beginning of period	3,954,484,543	4,097,201,840
Transfer of revaluation reserves deducted from operations through additional depreciation charges – note 10	(260,541,362)	(190,289,732)
Deferred income tax effect on revaluation reserves charged to operations through additional depreciation	39,879,393	47,572,435
At end of period	3,733,822,574	3,954,484,543
Total other comprehensive income	₱3,762,018,431	₱3,982,680,400

29. 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 Group 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 September 30, 2023 and December 31, 2022 are as follows:

	2023	2022
Present value of defined benefit obligation	₱445,041,175	₱413,365,545
Fair value of plan assets	(398,286,981)	(346,286,981)
Net retirement benefits obligation	₱46,754,194	₱67,078,565

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

	2023	2022
Discount rate	3.76%	3.76%
Expected salary increase rate	3.00%	3.00%

The discount rate, also called the zero yield curve, as at September 30, 2023 and December 31, 2022 was derived by applying the procedure of bootstrapping on the bonds included in the PHP BVAL rates, 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.

30. EARNINGS PER SHARE

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

	2023	2022
Net income attributable to the owners of the Parent Company	₱1,441,201,761	₱1,120,559,914
Number of common shares outstanding as of end of period	1,895,488,669	1,895,488,669
	₱ 0.760	₱ 0.591

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 Products (Lugait, Misamis Oriental LPG Terminal with 4,000 MT Combined capacity of Two (2) LPG Storage Tanks; Brgy. Calangahan, Lugait, Misamis Oriental)
Registered Capacity	Two (2) LPG Storage Tank with a Capacity of 4,000 MT
ITH entitlement Period	01 March 2022 to 28 February 2027 (5 years without extension)

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, 2022, there are seven (7) terminals and refilling plant operations enjoying ITH. While income on other LPG terminal and refilling plant operations, upon which ITH has expired, is subject to MCIT of 2% based on gross profit when it is greater than the RCIT of 30% or when the Group has zero or negative taxable income. The excess of MCIT over RCIT shall be carried forward and credited against RCIT for the three immediately succeeding taxable years.

As at September 30, 2023 and December 31, 2022, the Group is in compliance with the terms and conditions set forth by BOI.

32. LEASES

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

Group as lessee

Long-term lease agreements

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

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

Right-of-use Assets

The reconciliation of right-of-use assets recognized from the aforementioned long-term lease agreements as at September 30, 2023 and December 31, 2022 is as follows:

September 30, 2023:

	Land	Commercial space/unit	Total
Cost			
Balance at beginning of period	₱89,021,530	₱155,742,558	₱244,764,088
Additions	-	-	-
Balance at end of period	89,021,530	155,742,558	244,764,088
Accumulated depreciation			
Balance at beginning of period	48,133,766	44,919,211	93,052,977
Depreciation	4,585,494	3,409,293	7,994,787
Balance at end of period	52,719,260	48,328,504	101,047,764
Carrying amount, Sept. 30, 2023	₱36,302,270	₱107,414,054	₱143,716,324

December 31, 2022:

	Land	Commercial space/unit	Total
Cost			
Balance at beginning of year	₱88,704,423	₱145,926,184	₱234,630,607
Additions	317,107	9,816,374	10,133,481
Balance at end of year	₱89,021,530	₱155,742,558	₱244,764,088
Accumulated depreciation			
Balance at beginning of year	₱38,037,696	₱37,029,797	₱75,067,493
Depreciation	10,096,070	7,889,414	17,985,484
Balance at end of year	48,133,766	44,919,211	93,052,977
Carrying amount, Dec. 31, 2022	₱40,887,764	₱110,823,347	₱151,711,111

Lease Liabilities

Lease liabilities, as shown in the statements of financial position as at September 30, 2023 and December 31, 2022 consist of:

	2023	2022
Current	₱22,583,029	₱26,464,935
Noncurrent	131,112,499	131,112,499
	₱153,695,528	₱157,577,434

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.

33. 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 and long-term debts (see Notes 17 and 18). The impact on the Group's equity is immaterial.

	Increase (Decrease) in Basis Points	Effect on Income Before Tax	Effect on Equity After Tax
2023	1.00	(₱301,260,980)	(₱225,945,735)
	0.50	(150,630,490)	(112,972,867)
	(1.00)	301,260,980	225,945,735
	(0.50)	150,630,490	112,972,867
2022 (As restated)	1.00	(₱265,476,879)	(₱199,107,659)
	0.50	(132,738,439)	(99,553,830)
	(1.00)	265,476,879	199,107,659
	(0.50)	132,738,439	99,553,830

Equity price risk

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

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

If equity prices had been 5% higher/lower, income before income tax for the periods ended September 30, 2023 and December 31, 2022 would increase/decrease by ₱48.98 million and ₱42.39 million, respectively, as a result of the changes in fair value of financial assets at FVPL. Equity as at September 30, 2023 and December 31, 2022 would increase/decrease by ₱36.73 million and ₱31.80 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.

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.

34. CAPITAL RISK OBJECTIVE AND MANAGEMENT

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

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

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

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

The equity ratios as at September 30, 2023 and December 31, 2022 are as follows:

	2023	2022
Total equity (a)	₱16,409,599,520	₱15,137,749,444
Total assets (b)	23,594,930,289	22,408,342,075
Equity ratio (a/b)	70%	68%

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

35. FAIR VALUE INFORMATION

Assets measured at fair value

The following table gives information about how the fair values of the Group's assets, which are measured at fair value as at September 30, 2023 and December 31, 2022, are determined in particular, the valuation technique(s) and inputs used.

	Fair value as at Sept. 30 and Dec. 31			
	2023	2022 (As Restated)	Fair value hierarchy	Valuation technique
Financial assets at FVPL	₱979,543,323	₱847,869,429	Level 1	Quoted prices in an active market
Property, plant and equipment at revalued amounts	9,684,199,428	10,026,164,682	Level 2	Market data approach
	₱10,663,742,751	₱10,874,034,111		

Fair value of financial assets at FVPL is measured at quoted prices in an active market. The property, plant and equipment were appraised on April 28, 2022 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:

	2023		2022			
	Fair Value	Carrying value	Fair value	Carrying value	Fair value hierarchy	Valuation technique
Financial asset						
Refundable deposits	₱22,752,150	₱27,317,723	₱25,753,260	₱26,834,125	Level 3	(a)
Non-financial asset						
Investment properties	₱919,763,559	₱389,328,616	₱919,763,559	₱389,328,616	Level 2	(b)
Financial liabilities						
Lease liabilities	₱131,112,499	₱131,112,499	₱131,112,499	₱131,112,499	Level 3	(c)

(a) 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 6.286% in 2023 and 5.934% in 2022.	The higher the discount rate, the lower the fair value.

(b) 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.

(c) Lease liabilities

Significant unobservable input	Relationship of unobservable inputs to fair value
Discounted cash flows are determined by reference to prevailing market lending rate from 3.83% to 7.53% in 2023 and 2022	The higher the discount rate, the lower the fair value.

The carrying amounts of cash, trade and other receivables, trade and other payables, short-term debts 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.

36. 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.

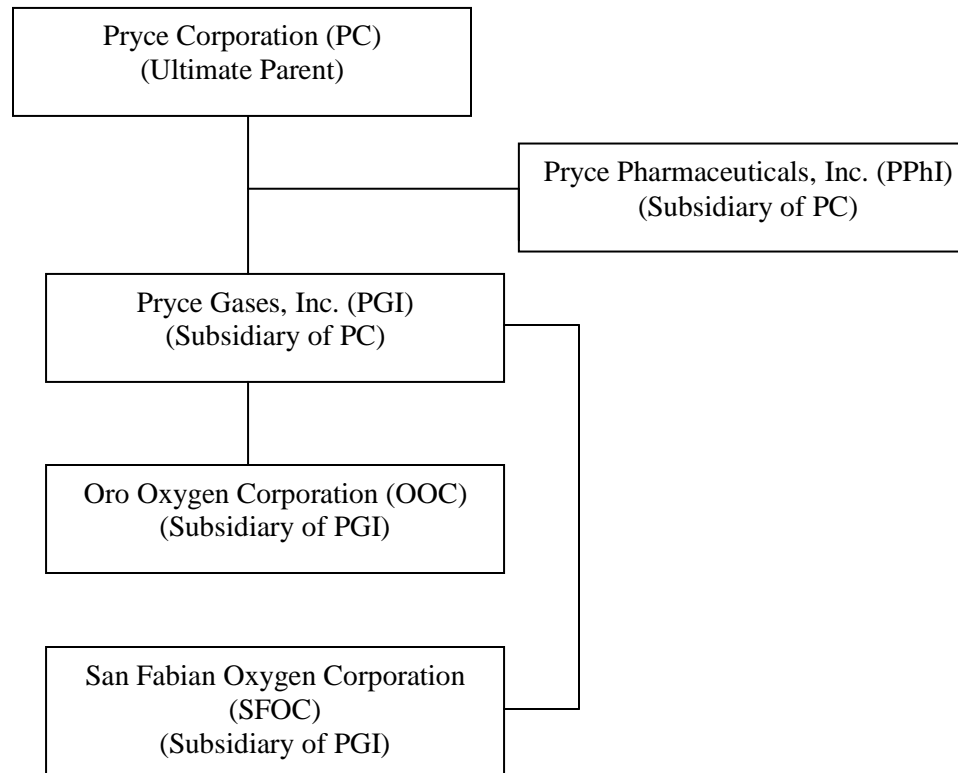
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PRYCE CORPORATION AND SUBSIDIARIES
ANNEX “A” - FINANCIAL SOUNDNESS

	Jan to Sept 2023	Jan to Sept 2022
Profitability ratios:		
Return on assets	8.85%	7.15%
Return on equity	12.91%	10.35%
Net profit margin	14.54%	10.53%

	Sept. 30 2023	Dec. 31 2022
Solvency and liquidity ratios:		
Current ratio	1.837	1.397
Debt to equity ratio	0.438	0.480
Financial leverage ratio:		
Asset to equity ratio	1.438	1.480
Debt to asset ratio	0.305	0.324
Interest rate coverage ratio	18.961	23.627

PRYCE CORPORATION AND SUBSIDIARIES
ANNEX “B” – MAP OF CONGLOMERATE OR GROUP
OF COMPANIES WITHIN WHICH THE COMPANY BELONGS
SEPTEMBER 30, 2023



PRYCE CORPORATION AND SUBSIDIARIES
SEPTEMBER 30, 2023

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2023		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2023		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9 (2014)	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2023		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendments to PAS 12: Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2023		Adopted	Not Adopted	Not Applicable
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2023		Adopted	Not Adopted	Not Applicable
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases – Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-32	Intangible Assets - Web Site Costs			✓

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

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

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

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
SEPTEMBER 30, 2023

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	12,088,400	₱ 36,265,200	₱ 36,265,200	₱ -
Filinvest Land, Inc.	229,982,000	147,188,480	147,188,480	
Filinvest REIT Corporation	5,269,000	16,017,760	16,017,760	
First Philippine Holdings	3,793,095	235,740,854	235,740,854	
Global-Estate Resort, Inc,	156,033,500	124,826,800	124,826,800	
Global Ferronickel	11,001,000	30,582,780	30,582,780	
Megaworld Corporation	20,963,000	42,345,260	42,345,260	
Philippine National Bank	15,168,900	279,714,516	279,714,516	
Pilipinas Shell	659,100	9,174,672	9,174,672	
Vista Land & Escapes Inc.	35,175,000	57,687,000	57,687,000	
Total	490,132,995	₱ 979,543,322	₱ 979,543,322	₱ -

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE B - ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS AND EMPLOYEES
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	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	. Veloso, Rolando	Officer	0	1,476,240	508,310	-	593,603	374,327	967,930
2	. Sumillano, Jeremy Riel	Officer	241,366	2,076,085	1,350,262	-	147,301	819,887	967,188
3	. Onos, Edgardo Jr	Staff	0	902,533	32,200	-	280,000	590,333	870,333
4	. Aguadera, Jonax	Officer	882,609	103,836	122,542	-	863,902		863,902
5	. Tiu, Francis	Officer	0	794,859	66,238	-	662,382	66,238	728,621
6	. Yañez, Joemar	Staff	0	647,279	32,364		582,551	32,364	614,915
7	. Bala, Nonito Jr	Staff	0	645,812	32,291	-	-	613,521	613,521
8	. Villegas, Franz Jonas	Officer	744,371	0	148,874	-	198,499	396,998	595,497
9	. Eco, Servillano Jr	Officer	0	875,000	300,000		-	575,000	575,000
10	. Dy, Carlitos Nazar	Officer	562,584	24,216	50,609	-	536,191		536,191
11	. Pineda, Mheco	Staff	505,296	0	180	-	505,116		505,116
12	. Saballa, Fem	Staff	508,337	0	3,221	-	505,116		505,116
13	. Maniwang, Felipe	Staff	513,790	0	8,674	-	505,116		505,116
14	. Delicano, Chadie	Staff	522,391	0	17,276	-	505,116		505,116
15	. Mejos, Welvin	Staff	501,391	3,725	0	-	505,116		505,116
16	. Ragas, Ma. Christa	Officer	509,968	0	85,829	-	300,163	123,976	424,139
17	. Idulsa, Marian Kanna	Officer	348,219	525,000	451,949	-	421,269		421,269
18	. Sangalang, Alexander	Staff	508,713	533,937	675,010	-	367,640		367,640
19	. Bermejo, Ricky	Staff	367,519	0	250	-	367,269		367,269
20	. Paquis, Christian	Staff	468,885	0	113,860	-	355,024		355,024
21	. Molero, Lilian	Staff	0	345,298	11,473		333,825		333,825
22	. Baco, Michael	Officer	454,298	0	122,983	-	-	331,315	331,315
23	. Gomez, Roger	Officer	388,367	0	97,092	-	116,510	174,765	291,276
24	. Isidro, Joy	Officer	422,945	199,167	343,036	-	205,300	73,776	279,076
25	. Leung, Carmen	Officer	348,181	0	70,194	-	192,960	85,027	277,987
26	. Culasito, Ariel	Staff	244,655	57,278	36,193	-	265,740		265,740
27	. Limba, Elmer	Staff	213,234	84,405	34,333	-	263,305		263,305
28	. Sulatre, Alexis	Officer	427,204	0	174,765	-	135,928	116,510	252,439
29	. Pineda, Editha	Staff	0	251,569	2,313	-	249,256		249,256
30	. Demetrio, Yvonne	Staff	270,828	327,807	360,979	-	237,655		237,655
31	. Padernal, Kyle	Officer	334,427	0	97,092	-	140,243	97,092	237,335
32	. Abarro, Marlou	Staff	282,179	40,738	88,192	-	234,725		234,725
33	. Competente, Roque	Officer	342,775	0	122,983	-	96,809	122,983	219,792
34	. Pingli, Allian	Staff	317,023	138,646	236,571	-	219,098		219,098
35	. Canoy, Joanna Mechelle	Staff	0	636,358	433,732	-	202,626		202,626
36	. Villarta, Mikee	Staff	0	202,580	2,400		200,180		200,180
37	. Piano, Francis	Staff	0	207,331	8,549	-	198,782		198,782
38	. Gerundio, Nielmar	Staff	0	207,095	9,705	-	197,390		197,390
39	. Seraña, Clefford	Staff	221,685	0	25,725	-	195,960		195,960
40	. Villar, Maria Lyn	Staff	0	202,580	10,520	-	192,060		192,060
41	. Marapoc, Oscar	Staff	0	203,131	11,454	-	191,677		191,677
42	. Boquecosa, Reymund	Staff	0	203,291	12,104	-	191,187		191,187
43	. Cuady IV, Julius	Staff	176,252	1,757	3,257	-	174,751	-	174,751
44	. Gabunas, Heide	Staff	233,581	0	64,727	-	168,854		168,854
45	. Dioquino, Domenic	Staff	220,308	913	54,573	-	166,647		166,647
46	. Omos, Kristina Marie	Staff	0	690,110	529,394	-	160,716		160,716
47	. Centino, Cherry Mae	Staff	0	235,099	76,172	-	158,927		158,927
48	. Glorioso, Dailyn	Staff	0	652,344	495,941	-	156,402		156,402
49	. Namilit, Guillermo Jr	Staff	176,262	0	21,928	-	154,335		154,335
50	. Salidaga, Kristine Mae	Staff	0	156,570	6,345		150,225		150,225
51	. Macasil, Princess Allyson	Staff	0	152,580	2,400	-	150,180		150,180

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE B - ACCOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS AND EMPLOYEES
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	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
52 .	Antigua, Rosemarie	Staff	0	152,580	2,520	-	150,060		150,060
53 .	Collamat, Jeffry	Staff	166,403	5,244	23,674	-	147,973		147,973
54 .	Fernandez, Julie Ann	Officer	223,328	0	80,263	-	62,803	80,263	143,066
55 .	Catingub, Nilo	Staff	160,125	3,022	23,545	-	139,602		139,602
56 .	Belviz, Joe Manny	Staff	138,614	0	0	-	138,614		138,614
57 .	Generale, Carlito	Staff	138,212	0	0	-	138,212		138,212
58 .	Galarce, Rogelio	Officer	0	465,000	327,191	-	137,809	-	137,809
59 .	Noval, Rechie	Staff	154,922	2,869	22,545	-	135,246		135,246
60 .	Nuyad, Angelito	Staff	154,244	100,180	123,630	-	130,794		130,794
61 .	Padayhag, George Nanojan	Staff	130,554	0	3,720	-	126,834		126,834
62 .	Naive, Shojie	Staff	122,194	0	0	-	122,194		122,194
63 .	Villalobos, Randy	Officer	136,328	704,000	721,347	-	118,981		118,981
64 .	Dajes, Jessie	Staff	0	129,456	12,946	-	0	116,510	116,510
65 .	Balugo, Daniel	Staff	410,075	131,425	425,435	-	116,066		116,066
66 .	Villa, Jose Ronaldo	Staff	0	180,880	65,386	-	115,494		115,494
67 .	Giltendez, Christine Joy	Staff	0	527,702	412,231	-	115,471		115,471
68 .	Morales, Marivic	Staff	127,755	30,140	42,486	-	115,408		115,408
69 .	Plariza, Jesson	Staff	112,512	305	0	-	112,817		112,817
70 .	Ligason, Norman	Staff	121,608	151,460	161,675	-	111,393		111,393
71 .	Mamaril, Gem	Staff	0	117,614	8,000	-	109,614		109,614
72 .	Waffer, Jio	Staff	0	128,714	19,670	-	109,044		109,044
73 .	Avila, Manuel	Officer	121,039	0	15,182	-	-	105,856	105,857
74 .	Pepito, Albert	Staff	0	109,021	3,720	-	105,301		105,301
75 .	Duruja, Alemar	Staff	0	106,460	2,520	-	103,940		103,940
76 .	Estremos, Violeta	Staff	0	122,094	18,270	-	103,824		103,824
77 .	Trangia, Jerome	Staff	0	166,729	63,255	-	103,474		103,474
78 .	Posas, Jonel	Staff	0	103,437	2,280	-	101,157		101,157
79 .	Bascon, Rommel	Staff	0	102,950	2,040	-	100,910		100,910
80 .	Luchavez, Rustico	Staff	0	104,535	3,886	-	100,649		100,649
81 .	Lucero, Ronnel	Staff	0	103,291	2,694	-	100,597		100,597
82 .	Gojeling, Rhey	Officer	200,044	34,665	134,597	-	-	100,113	100,112
83 .	Pareja, Aldren	Staff	0	102,580	2,520	-	100,060		100,060
84 .	Alicame, Joyce	Staff	0	102,430	2,370	-	100,060		100,060
85 .	Mistula, Gilbert	Staff	0	102,660	2,600	-	100,060		100,060
86 .	Abad, Remalyn	Staff	0	102,430	2,370	-	100,060		100,060
87 .	Calabia, Mila	Staff	0	224,607	124,603	-	100,004		100,004
88 .	Luzano, Jun Ray	Staff	216,540	53,909	189,050	-	81,400		81,400
89 .	Samaco, Wilson	Staff	131,478	3,730	56,987	-	78,221		78,221
90 .	Ascaño, Mark Alf	Officer	149,515	0	80,263	-	-	69,253	69,253
91 .	Campos, Rogelio	Staff	126,035	23,400	101,857	-	47,578		47,578
92 .	Espino, Ethel	Officer	140,057	0	96,962	-	43,094	-	43,094
93 .	Juan, Melissa	Staff	125,230	80,000	164,731	-	40,498		40,498
94 .	Coopera, Roiza	Officer	127,988	0	94,374	-	33,614		33,614
95 .	Anciano, Warlito	Staff	100,569	0	100,569	-	-		0
96 .	Solano, Jeofrey	Staff	225,935	21,643	247,578	-	-		0
97 .	Various Employees	Staff	34,316,344	148,548,727	136,494,337	-	46,370,735	-	46,370,735
TOTAL			50,537,290	166,955,059	148,052,946	-	64,373,295	5,066,107	69,439,402

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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.	Pryce Corporation	₱ 57,063,412	-	₱ 4,768,285	-	-		₱ 52,295,127
Pryce Gases, Inc.	San Fabian LPG Corp.	20,000,000	₱ 26,875,000	-	-	-		46,875,000
		₱ 77,063,412	₱ 26,875,000	₱ 4,768,285	-	-	-	₱ 99,170,127

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE D – INTANGIBLE ASSETS - OTHER ASSETS
SEPTEMBER 30, 2023

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

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE E – LONG TERM DEBT
SEPTEMBER 30, 2023

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

Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE F – INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS
FROM RELATED COMPANIES)
SEPTEMBER 30, 2023

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
SEPTEMBER 30, 2023

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
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-N I L-

Not Applicable

PRYCE CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK
SEPTEMBER 30, 2023

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	1,895,488,669	–	460,173,464	60,171,310	1,375,143,895

PRYCE CORPORATION (Parent Company)
Aging of Accounts Receivable
As of September 30, 2023

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	2,402,734	390,562	669,799	705,864	636,509	
2. Low-cost housing	758,532	132,574	145,362	151,897	162,756	165,943
3. Memorial Parks	154,110,468	25,120,530	27,912,348	31,129,781	33,751,586	36,196,223
4. Head Office	11,043,255					11,043,255
Totals	168,314,989	25,643,666	28,727,509	31,987,542	34,550,851	47,405,421
Less: Allow. For Doubtful Acct.						
Sub Total	168,314,989	25,643,666	28,727,509	31,987,542	34,550,851	47,405,421
b. Non-trade Receivables						
Advances to Officers & Employees	2,381,035	318,287	410,469	409,126	434,439	1,096,697
Advances to Suppliers & Contractors	-					
Others	139,580,723					139,580,723
Totals	141,961,758	318,287	410,469	409,126	434,439	140,677,420
Less: Allow. For Doubtful Acct.						
Sub Total	141,961,758	318,287	410,469	409,126	434,439	140,677,420
Grand Total	310,276,747	25,961,953	29,137,978	32,396,668	34,985,290	188,082,841

Accounts Receivable Description

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