

## COVER SHEET

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**G O L D E N M V H O L D I N G S , I N C .**  
**A N D S U B S I D I A R I E S**

(Company's Full Name)

S A N , E Z E K I E L , C 5 , E X T E N S I O N ,  
L A S P I Ñ A S C I T Y

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

<b>Estrellita S. Tan</b> Contact Person	<b>(02) 8873-2922</b> Company Telephone Number
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1	2	3	1	17-Q	0	7	1	5	
Month	Day	FORM TYPE				Month	Day	Annual Meeting	
Calendar Year				N/A					
Secondary License Type, If Applicable									

Dept. Requiring this Doc. Amended Articles Number/Section

Total No. of Stockholders	Total Amount of Borrowings
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number \_\_\_\_\_ LCU \_\_\_\_\_

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Document I.D. \_\_\_\_\_ Cashier \_\_\_\_\_

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 **March 31, 2022**
2. SEC Identification Number **108270**
3. BIR Tax Identification No. **000-768-991-000**
4. **Golden MV Holdings, Inc.**  
Exact name of issuer as specified in its charter
5. **Philippines**  
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. **San Ezekiel, C5 Extension, Las Piñas City, Philippines** **1746**  
Address of Principal Office Postal Code
8. **(632) 8873-2922 / (632) 8873-2923**  
Issuer's telephone number, including area code
9. **Golden Bria Holdings, Inc.**  
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

Title of Each Class	Number of Shares of Common Stock Outstanding
<b>Common stock</b>	<b>644,117,649</b>

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

Yes  No

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 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

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GOLDEN MV HOLDINGS

**GOLDEN MV HOLDINGS, INC. AND SUBSIDIARIES**

*(Formerly Golden Bria Holdings, Inc.)*

*[A Subsidiary of Fine Properties, Inc.]*

**STATEMENTS OF FINANCIAL POSITION**

As of March 31, 2022 and December 31, 2021

(Amount in Thousands)

	Notes	UNAUDITED March 2022	AUDITED December 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	<b>₱1,805,755</b>	₱1,924,323
Contracts receivables	6	<b>7,752,167</b>	7,111,124
Contract assets	16	<b>4,364,476</b>	4,364,476
Due from related parties	20	<b>7,387</b>	13,239
Other receivables	6	<b>2,240,299</b>	2,355,083
Real estate inventories	7	<b>6,868,720</b>	7,291,400
Other current assets	8	<b>1,291,639</b>	1,279,279
<b>Total Current Assets</b>		<b>24,330,443</b>	24,338,924
<b>Non-current Assets</b>			
Contracts receivables	6	<b>2,069,914</b>	2,076,316
Property and equipment – net	9	<b>254,504</b>	262,807
Right-of-use assets – net	10	<b>33,603</b>	33,603
Investment properties	11	<b>75,761</b>	75,761
Other non-current assets	8	<b>38,571</b>	38,414
<b>Total Non-current Assets</b>		<b>2,472,353</b>	2,486,901
<b>TOTAL ASSETS</b>		<b>₱26,802,796</b>	26,825,825
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Interest-bearing loans	12	<b>₱3,102,210</b>	2,966,634
Trade and other payables	13	<b>1,496,580</b>	2,146,631
Rawland payables	13	<b>822,307</b>	838,091
Lease liability	10	<b>9,729</b>	9,729
Customers' deposits	14	<b>2,742,609</b>	2,716,084
Due to related parties	20	<b>967,190</b>	952,080
Income tax payable	19	<b>21,470</b>	13,680
<b>Total Current Liabilities</b>		<b>9,162,095</b>	9,642,929
<b>Noncurrent Liabilities</b>			
Interest-bearing loans	12	<b>3,858,578</b>	3,858,681
Lease liability	10	<b>25,351</b>	25,351
Deferred tax liabilities – net	19	<b>960,881</b>	939,679
Reserve for perpetual care	15	<b>880,908</b>	872,382
Retirement benefit obligation		<b>103,023</b>	103,023
<b>Total Noncurrent Liabilities</b>		<b>5,828,741</b>	5,799,116
<b>Total Liabilities</b>		<b>14,990,836</b>	15,442,045
<b>EQUITY</b>	21		
Capital stock		<b>644,118</b>	644,118
Additional paid-in capital		<b>2,970,209</b>	2,970,209
Retained earnings		<b>8,212,641</b>	7,784,461
Revaluation reserves		<b>(15,008)</b>	(15,008)
<b>Total Equity</b>		<b>11,811,960</b>	11,383,780
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱26,802,796</b>	₱26,825,825

See accompanying Notes to Financial Statements



GOLDEN MV HOLDINGS

## GOLDEN MV HOLDINGS, INC. AND SUBSIDIARIES

(Formerly Golden Bria Holdings, Inc.)

[A Subsidiary of Fine Properties, Inc.]

## STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2022 and 2021

(Amount in Thousands)

	Notes	UNAUDITED JAN – MAR Q1-2022	UNAUDITED JAN – MAR 2022	UNAUDITED JAN – MAR Q1-2021	UNAUDITED JAN – MAR 2021
Real estate sales		<b>₱1,479,391</b>	<b>₱1,479,391</b>	₱1,475,651	₱1,475,651
Interest income on contract receivables	6	<b>43,523</b>	<b>43,523</b>	39,735	39,735
Interest Income		<b>16,575</b>	<b>16,575</b>	14,902	14,902
Income from chapel services		<b>7,671</b>	<b>7,671</b>	8,407	8,407
	16	<b>1,547,160</b>	<b>1,547,160</b>	1,538,695	1,538,695
<b>COSTS AND EXPENSES</b>	17				
Costs of sales and services		<b>725,772</b>	<b>725,772</b>	759,405	759,405
Other operating expenses		<b>309,126</b>	<b>309,126</b>	305,259	305,259
		<b>1,034,898</b>	<b>1,034,898</b>	1,064,664	1,064,664
<b>OPERATING PROFIT</b>		<b>512,262</b>	<b>512,262</b>	474,031	474,031
<b>OTHER INCOME (CHARGES)</b>					
Finance costs	12	<b>(105,872)</b>	<b>(105,872)</b>	(105,129)	(105,129)
Finance income	5	<b>24</b>	<b>24</b>	92	92
Other revenues	18	<b>50,758</b>	<b>50,758</b>	35,119	35,119
		<b>(55,090)</b>	<b>(55,090)</b>	(69,918)	(69,918)
<b>PROFIT BEFORE TAX</b>		<b>457,172</b>	<b>457,172</b>	404,113	404,113
<b>TAX EXPENSE</b>	19	<b>(28,992)</b>	<b>(28,992)</b>	(23,927)	(23,927)
<b>NET INCOME</b>		<b>₱428,180</b>	<b>₱428,180</b>	₱380,186	₱380,186
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱428,180</b>	<b>₱428,180</b>	₱380,186	₱380,186
<b>Basic and Diluted Earnings Per Share</b>	22	<b>₱0.66</b>	<b>₱0.66</b>	₱0.59	₱0.59

See accompanying Notes to Financial Statements

**GOLDEN MV HOLDINGS, INC. AND SUBSIDIARIES***(Formerly Golden Bria Holdings, Inc.)**[A Subsidiary of Fine Properties, Inc.]***STATEMENT OF CHANGES IN EQUITY**

GOLDEN MV HOLDINGS

For the three months ended March 31, 2022 and 2021

(Amount in Thousands)

	Capital Stock	Paid-in Capital	Revaluation Reserves	Retained Earnings	Total Equity
Balance at January 1, 2022	₱644,118	₱2,970,209	(₱15,008)	₱7,784,461	₱11,383,780
Total comprehensive income for the period	—	—	—	428,180	428,180
<b>Balance at March 31, 2022</b>	<b>₱644,118</b>	<b>₱2,970,209</b>	<b>(₱15,008)</b>	<b>₱8,212,641</b>	<b>₱11,811,960</b>
Balance at January 1, 2021	₱644,118	₱2,970,209	(₱20,867)	₱6,246,384	₱9,839,844
Total comprehensive income for the period	—	—	—	380,186	380,186
<b>Balance at March 31, 2021</b>	<b>₱644,118</b>	<b>₱2,970,209</b>	<b>(₱20,867)</b>	<b>₱6,626,570</b>	<b>₱10,220,030</b>

*See accompanying Notes to Financial Statements*

**GOLDEN MV HOLDINGS, INC. AND SUBSIDIARIES***(Formerly Golden Bria Holdings, Inc.)**[A Subsidiary of Fine Properties, Inc.]***STATEMENT OF CASH FLOWS****GOLDEN MV HOLDINGS****For the three months ended March 31, 2022 and 2021****(Amount in Thousands)**

	<b>UNAUDITED JAN – MAR Q1-2022</b>	<b>UNAUDITED JAN – MAR 2022</b>	<b>UNAUDITED JAN – MAR Q1-2021</b>	<b>UNAUDITED JAN – MAR 2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax				
	<b>₱457,172</b>	<b>₱457,172</b>	<b>₱404,113</b>	<b>₱404,113</b>
Adjustments for:				
Interest income	<b>(43,547)</b>	<b>(43,547)</b>	<b>(39,827)</b>	<b>(39,827)</b>
Depreciation and amortization	<b>18,081</b>	<b>18,081</b>	<b>25,361</b>	<b>25,361</b>
Interest expense	<b>105,872</b>	<b>105,872</b>	<b>105,129</b>	<b>105,129</b>
Operating profit before working capital changes	<b>537,578</b>	<b>537,578</b>	494,776	494,776
Decrease (increase) in:				
Contracts receivables	<b>(634,641)</b>	<b>(634,641)</b>	(361,238)	(361,238)
Due from related parties	<b>5,852</b>	<b>5,852</b>	(1,212)	(1,212)
Other receivables	<b>114,784</b>	<b>114,784</b>	73,195	73,195
Real estate inventories	<b>422,680</b>	<b>422,680</b>	173,500	173,500
Other assets	<b>(12,517)</b>	<b>(12,517)</b>	(100,207)	(100,207)
Increase (decrease) in:				
Trade and other payables	<b>(650,051)</b>	<b>(650,051)</b>	47,731	47,731
Rawland payable	<b>(15,784)</b>	<b>(15,784)</b>	1,865	1,865
Customers' deposits	<b>26,525</b>	<b>26,525</b>	30,911	30,911
Other liabilities	<b>23,636</b>	<b>23,636</b>	(26,195)	(26,195)
Cash from (used in) operations	<b>(181,938)</b>	<b>(181,938)</b>	333,126	333,126
Interest received	<b>43,547</b>	<b>43,547</b>	39,827	39,827
Net Cash From (Used in) Operating Activities	<b>(138,391)</b>	<b>(138,391)</b>	372,953	372,953
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property and equipment	<b>(9,778)</b>	<b>(9,778)</b>	(24,528)	(24,528)
Cash Used in Investing Activities	<b>(9,778)</b>	<b>(9,778)</b>	(24,528)	(24,528)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net availment/(payment) of interest-bearing loans	<b>135,473</b>	<b>135,473</b>	(202,751)	(202,751)
Interest paid	<b>(105,872)</b>	<b>(105,872)</b>	(105,129)	(105,129)
Net Cash Used in Financing Activities	<b>29,601</b>	<b>29,601</b>	(307,880)	(307,880)
<b>NET INCREASE (DECREASE) IN CASH</b>				
	<b>(118,568)</b>	<b>(118,568)</b>	40,545	40,545
CASH AT BEGINNING OF PERIOD	<b>1,924,323</b>	<b>1,924,323</b>	1,543,506	1,543,506
CASH AT END OF PERIOD	<b>₱1,805,755</b>	<b>₱1,805,755</b>	₱1,584,051	₱1,584,051

*See accompanying Notes to Financial Statements*

**GOLDEN MV HOLDINGS, INC. AND SUBSIDIARIES**  
**(Formerly Golden Bria Holdings, Inc.)**  
**(A Subsidiary of Fine Properties, Inc.)**  
**NOTES TO FINANCIAL STATEMENT**

**1. CORPORATE INFORMATION**

***1.1 Organization and Operations***

Golden MV Holdings, Inc. (HVN or the Parent Company), formerly Golden Bria Holdings, Inc., was incorporated in the Philippines on November 16, 1982. The Parent Company's primary purpose is to invest, purchase or otherwise to acquire and own, hold, use, sell, assign, transfer, lease mortgage, exchange, develop, manage or otherwise dispose of real property, such as but not limited to memorial lots and chapels, or personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporations. As of March 31, 2022, the Parent Company is 63.97% effectively owned subsidiary of Fine Properties, Inc. (FPI), which is a holding company.

In 2017, HVN acquired 99.99% ownership interest in Bria Homes, Inc. (BHI). Accordingly, BHI became a subsidiary of HVN. BHI is presently engaged in developing and selling real estate properties, particularly, residential houses, and lots. Both the Parent Company and BHI are entities under common control of FPI. Accordingly, the Parent Company accounted for the acquisition of BHI under pooling of interest method of accounting [see Note 2.4 (b)].

In 2020, HVN owns 99.99% ownership interest in Golden Haven Memorial Park, Inc. (GHMPI), an entity which was incorporated on August 24, 2020. GHMPI is engaged in the development and selling of memorial lots, particularly those under the administration of HVN's memorial parks. As of March 31, 2022, GHMPI has not yet started commercial operations.

In 2021, HVN owns 99.99% ownership interest in VTech Capital, Inc. (VTECH), an entity which was newly incorporated on March 1, 2022. VTECH is engaged in the business of a holding company, to buy and hold shares of other companies particularly in the technology and financial technology related businesses. As of March 31, 2022, VTECH has not yet started commercial operations.

The registered office address of BHI which is also its principal place of business is located at Lower Ground Floor, Bldg. B Evia Lifestyle Center, Daang Hari Rd., Almanza Dos, City of Las Piñas which is also its principal place of business. The registered office address of HVN, GHMPI and VTECH, which is also their principal place of business, is located at San Ezekiel, C5 Extension, Las Piñas City. The registered office of FPI is located at 3rd Level, Starmall Las Piñas, CV. Starr Avenue, Pamplona, Las Piñas City.

On November 23, 2020, the Board of Directors (BOD) expressed its approval on the proposed amendment to change the Company's Corporate name from Golden Bria Holdings, Inc. to Golden MV Holdings, Inc. The required written assent from the Company's stockholders to approve the amendment was received on December 12, 2020. The said change was approved by the Securities and Exchange Commission (SEC) and Bureau of Internal Revenue (BIR) on January 27, 2021 and May 8, 2021, respectively.

The Parent Company's shares of stock are listed at the Philippine Stock Exchange (PSE) beginning June 29, 2016 (see Note 21).

## 1.2 Impact of COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the spread of the virus have affected economic conditions and the Group's business operations.

In response to this matter, the Group placed necessary measures to ensure that revenues will not be significantly affected such as increased online presence through online advertising and promotion and other offline promotional activities to attract customers. The Group also strengthened its online facility to cater the needs of its customers and implemented online-based payment schemes to encourage customers to pay their billings on time. The Group also implemented new occupational safety and health standards to provide safe and sanitized environment for employees through strict observation of health and safety protocols, retrofitting of office premises and work spaces, implementation of work-at-home arrangements, and periodic testing of employees to minimize infection within the workplace and minimize disruptions in its operations

The following are the impact of the COVID-19 pandemic to the Group's business:

### Real Estate Sales

Real estate sales decreased due to limited selling activities and restricted construction activities. Other observations are presented below.

- construction activities were temporarily suspended during the community quarantine period and thereafter have slowly resumed on in selected areas;
- temporary closure of office premises from March 16 to June 1, and subsequently, upon resumption of operations, implementation of flexible working arrangements; and,
- incurrence of additional costs to ensure a safe and virus-free environment for both employees and customers.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management projects that the Group would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of Preparation of Consolidated Financial Statements

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

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which include the availments of the financial reporting reliefs issued and approved by the SEC disclosed in Note 2.2 (c).

PFRS are adopted by the Financial Reporting Standards Council (FRSC), from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

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

*(b) Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, Presentation of Financial Statements. The Group presents all items of income, expense and other comprehensive income or loss in a single consolidated statement of comprehensive income.

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

*(c) Functional and Presentation Currency*

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

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

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

*(a) Effective in 2022 that are Relevant to the Group*

The Group adopted for the first time the following pronouncements, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

Conceptual Framework	:	Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8 (Amendments)	:	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 3	:	Business Combinations – Definition of a Business
PFRS 7 and PFRS 9	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform

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

- (i) *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on difference measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Groups' consolidated financial statements.
- (ii) *PAS 1 (Amendments), Presentation of Financial Statements, and PAS 8 (Amendments), Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances. The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendments have also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Group's consolidated financial statements.
- (iii) *PFRS 3 (Amendments), Business Combinations – Definition of a Business.* The amended definition of a business requires an acquisition to include input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. Also, the amendments will likely result in more acquisitions being accounted for as asset acquisitions. The application of these amendments had no significant impact on the Group's consolidated financial statements.
- (iv) *PFRS 7 (Amendments), Financial Instruments: Disclosures, and PFRS 9 (Amendments), Financial Instruments – Interest Rate Benchmark Reform.* The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedge cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Group's consolidate financial statements.

*(b) Effective Subsequent to 2021 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PFRS 16 (Amendments), *Leases – COVID -19 – Related Rent Concessions* (effective from June 30, 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead of account for those rent concessions as if they are not lease modifications.
- (ii) PFRS 3 (Amendments), *Business Combination – Reference to Conceptual Framework* (effective from January 1, 2022). The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly change the requirements in the standard.
- (iii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items in profit or loss.
- (iv) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022). The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that related directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that related directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant equipment used in fulfilling the contract).
- (v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- (vi) PFRS 10 (Amendments), Consolidated Financial Statements, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor’s financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor’s interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of arrangements that should be accounted for as a single transaction.

(vii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the ‘10 per cent’ Derecognition of Liabilities*. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The improvement merely removes potential for confusion regarding lease incentives.

*(c) SEC Financial Reporting Reliefs Availed by the Group*

The Group has availed of several financial reporting reliefs granted by the SEC under Memorandum Circular (MC) No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*, MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14* relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry.

Following are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts to the financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

Relief	Description and Implication	Deferral period
PIC Q&A No. 2018-12-D, <i>Concept of the significant financing component in the contract to sell</i>	<p>PFRS 15 requires that, in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.</p> <p>Had the Group elected not to defer this provision of the standard, it would have an impact in the financial statement as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract.</p> <p>The Group would have recognized an interest income when the POC of the real</p>	Originally until December 31, 2020 under MC 4-2020; further deferred until December 31, 2023 under MC 34-2020

Relief	Description and Implication	Deferral period
	estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense would be calculated using the effective interest rate method. These would have affected the retained earnings, real estate sales, and profit or loss for the period ended March 31, 2022 and 2021.	
PIC Q&A No. 2018-12-H, <i>Accounting for common usage service area (CUSA) charges</i>	<p>The following should be considered by the role of a real estate developer in providing goods or services:</p> <p>(i) Electricity usage – Agent  (ii) Water usage – Agent  (iii) Air-conditioning charges – Principal  (iv) CUSA charges, and administrative and handling fees – Principal</p> <p>The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and CUSA in its office and retail spaces, wherein it is acting as agent.</p> <p>Since the Group has availed this relief, the Group retained its current assessment and accounting for air-conditioning charges and CUSA. Had the Group elected not to defer this provision of the standard, revenues from air-conditioning charges and CUSA charges would have been presented as part of Revenues in the statements of comprehensive income. These would not result to any adjustments in the retained earnings and profit or loss for the period ended March 31, 2022 and 2021.</p>	Originally until December 31, 2020 under MC 4-2020; further deferred until December 31, 2023 under MC 34-2020

The SEC Memorandum Circulars also provided the required disclosures in the notes to the financial statements should an entity decide to avail of any relief, which include the following:

- the accounting policies applied;
- a discussion of the deferral of the subject implementation issues in the PIC Q&A;
- a qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted; and,
- the corresponding required quantitative disclosures should any of the deferral options result into a change in accounting policy.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2022, the availment of the above deferrals will impact the Group's financial reporting during the period of deferrals as follows:

- The financial statements are not considered to be in accordance with PFRS and should specify in the “Basis of Preparation of the Financial Statements” section of the financial statements that the accounting framework is PFRS, as approved by the SEC in response to the COVID-19 pandemic; and,
- The auditor’s report shall reflect in the opinion paragraph that the financial statements are prepared in accordance with PFRS, as modified by the application of financial reporting reliefs issued and approved by the SEC. In addition, the external auditor shall include an Emphasis of Matter paragraph in the auditor’s report to draw attention to the basis of accounting that has been used in the preparation of the financial statements.

*(d) PIC Q&As Relevant to the Real Estate Industry*

In 2020, the PIC has issued four PIC Q&As which are relevant to the real estate industry.

- *PIC Q&A No. 2020-02, Conclusion on PIC Q&A No. 2018-12-E: On the Treatment of Materials Delivered on Site but not yet Installed in Measuring the Progress of the Performance Obligation.*

In recognizing revenue using a cost-based input method, the cost incurred for customized materials not yet installed are to be included in the measurement of progress to properly capture the efforts expended by the Group in completing its performance obligation. In the case of uninstalled materials that are not customized, since the Group is not involved in their design and manufacture, revenue should only be recognized upon installation or use in construction. The Group does not include uninstalled materials that are not customized in determining the measure of progress; hence, the adoption of this PIC Q&A will not have a significant impact on the Group’s consolidated financial statements.

- *PIC Q&A no. 2020-03, Conclusion on PIC Q&A No. 2018-12-D: On the Accounting Treatment for the Difference when the POC is Ahead of the Buyer’s Payment*

The difference when the POC is ahead of the buyer’s payment can be accounted for either as a contract asset or receivable. The PIC has concluded that both views are acceptable as long as this is consistently applied in transactions of the same nature. The Group intends to continue its current treatment of accounting for the difference when the POC is ahead of the buyer’s payment as a contract asset.

- *PIC Q&A No. 2020-04, Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of project, are expected within one year and significant financing component is not expected to be significant. The adoption of this PIC Q&A will be consistent with PIC Q&A 2018-12-D.

- *PIC Q&A No. 2020-05, Accounting for Cancellation of Real Estate Sales (PIC Q&A No. 2020-05 will supersede PIC Q&A No. 2018-14)*  
There are three acceptable approaches in accounting for cancellation and repossession of the property as follows:

- reposessed property is recognized at fair value less cost to reposess;
- reposessed property is recognized at fair value plus repossession cost; or,
- cancellation is accounted for as a modification of the contract.

The Group accounts for cancellation of sales contract as modification of contract (see Note 2.12); hence, the adoption of this PIC Q&A will not have significant impact on the Group's consolidated financial statements.

### **2.3 Basis of Consolidation**

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as disclosed in Note 1, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expense and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

Subsidiaries are entities (including structured entities) over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are from the date the Parent Company obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, an entity is deconsolidated from the date that control ceases.

### **2.4 Business Combinations**

Business combination is subject to either of the following relevant policies:

#### *(a) Acquisition Method*

This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any noncontrolling interest in the

acquiree, either at fair value or at the noncontrolling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any noncontrolling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

*(b) Pooling of Interest Method*

Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of-interests method. Under the pooling of interest, the assets and liabilities of the Group are reflected in the consolidated financial statements at carrying values. The difference between the net assets of the acquiree at business combination and the amount of consideration transferred by the acquirer is accounted for as equity reserve.

The consolidated statement of comprehensive income reflects the results of the Group, irrespective of when the combination took place and retained earnings reflects the accumulated earnings of the Group as if the entities had been combined at the beginning of the year. Any revaluation reserves under the equity of the Group, is carried over in the consolidated financial statement at its pooling of interest values determined as if the pooling of interest method has been applied since the entities were under common control.

No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under PIC Q&A No. 2012-01, PFRS 3.2; *Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements*, (Amended by PIC Q&A No. 2015-01 and PIC Q&A No. 2018-13); hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as "equity reserves", which will eventually be closed to additional paid-in capital. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements.

**2.5 Segment Reporting**

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

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

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

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except

depreciation and amortization that are not included in arriving at the operating profit of the operating segments.

In addition, corporate assets and liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

## 2.6 Financial Instruments

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument.

### (a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

#### (i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The financial assets category currently relevant to the Group is financial assets at amortized cost.

#### Financial Assets at Amortized Cost

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

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely for payment of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment value.

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Contracts Receivables, Due from Related Parties, and Security deposits (presented under Other Assets) and Other Receivables (except Advances to contractors and others, and advances to employees).

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, Cash and Cash Equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of comprehensive income as part of Finance Income.

(ii) *Impairment of Financial Assets*

The Group assesses and recognizes an allowance for expected credit losses (ECL) on its financial assets measured at amortized cost. The measurement of the ECL involves consideration of broader range of information in assessing credit risk, including past events (e.g., historical credit loss experience) and current conditions, adjusted for forward-looking factors specific to the counterparty or debtor and the economic environment that affect the collectability of the future cash flows of the financial assets. ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial assets.

The Group assesses impairment of contract receivables on a collective basis based on shared credit risk characteristics of financial assets. The Group determines the ECL for contract receivables by applying a method that evaluates the credit quality of a portfolio of contract receivables and the cumulative loss rates by analyzing historical net charge-offs arising from sales cancellations for homogenous accounts that share the same origination period. For other credit exposures, the Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information using a provision matrix. For deposits in banks, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation
- *Loss given default* – It is an estimate of loss related to the amount that may not be recovered after the default occurs. It is based on the difference between the contractual cash flows due in accordance with the terms of the instrument and all the cash flows that the Group expects to receive. For contract receivables, this include cash flows from resale of repossessed real estate properties, net of direct costs of obtaining and selling the properties such as commission, refurbishment, and refund payment under Republic Act (RA) 6552, *Realty Installment Buyer Protection Act* or Maceda Law.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

*(iii) Derecognition of Financial Assets*

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

*(b) Financial Liabilities*

Financial liabilities, which include Interest-bearing Loans, Trade and Other Payables except tax-related payables, Rawland Payable, Reserve for Perpetual Care and Due to Related Parties, are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under Finance Costs in the consolidated statement of comprehensive income.

Interest-bearing loans and borrowings, which are recognized at proceeds received, net of direct issue costs, are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss

*(c) Offsetting Financial Instruments*

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at

the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

For financial assets and liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Group and its counterparty allows for net settlement of the relevant financial assets and financial liabilities when both to elect on a net basis. In the absence of such election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

## **2.7 Inventories**

### *(a) Real estate Inventories*

Real estate inventories include raw land, residential house and lots for sale, condominium units and property development costs. At the end of the reporting period, real estate inventories are valued at the lower of cost and net realizable value. Cost includes acquisition costs of the land plus the costs incurred for its development, improvement and construction, including capitalized borrowing costs (see Note 2.16). All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Real estate inventories for sale are written down to their net realizable values when such accounts are less than their carrying values.

### *(b) Construction Materials*

Construction materials (presented as part of Other Current Assets) pertains to cost of uninstalled and unused construction and development materials at the end of the reporting period. It is recognized at purchase price and is subsequently recognized as part of real estate inventories when installed or used during construction and development of real estate projects.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined.

Repossessed inventories arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or Contract Asset to be derecognized and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

## **2.8 Other Current Assets and Advances to Contractors**

Other current assets and Advances to contractors (presented as part of other receivables in the consolidated statement of financial position) are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

## 2.9 **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets starting on the month following the date of acquisition or completion of the assets.

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

Service vehicle	5 years
Service equipment	3-5 years
Park maintenance tools and equipment	3-5 years
Chapel and office furniture, fixtures and equipment	2-5 years
System development cost	3-5 years
Chapel and office building	15 years

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction, applicable borrowing costs (see Note 2.16) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Leasehold improvements are amortized over their expected useful lives of five years (determined by reference to comparable assets owned) or the term of lease, whichever is shorter.

Fully depreciated and fully amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.14).

The residual values, estimated useful lives and method of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

## 2.10 **Investment Properties**

Investment properties are parcels of land held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less any impairment in value (see Note 2.14). Transfers from other accounts (such as Memorial lots and Rawland) are made to investment property when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers from investment property are made when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent measurement is its carrying value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the disposal of investment property is recognized in profit or loss in the period of disposal.

## ***2.11 Provisions and Contingencies***

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision

## ***2.12 Revenue and Expense Recognition***

Revenue comprises revenue from real estate sale and rendering of interment and chapel services measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT) and trade discounts.

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 obligations; and,
5. Recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

- (a) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- (b) each party's rights regarding the goods or services to be transferred or performed can be identified;
- (c) the payment terms for the goods or services to be transferred or performed can be identified;
- (d) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
- (e) Collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control over the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized.

The Group develops real properties such as residential house and lot, condominium units and memorial lots. The Group often enters into contracts to sell real properties as they are being developed. The Group also provides interment and chapel services inside its memorial parks. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(b). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss. The Group accounts for cancellation of sales contract as modification of contract accordingly, previously recognized revenues and related costs are reversed at the time of cancellation.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)]:

- (a) *Real estate sales on pre-completed residential houses and lots* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development.
- (b) *Real estate sales on completed residential house and lots* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer.
- (c) *Real estate sales on memorial lots* – Revenue from the Group's sale of memorial lots, which are substantially completed and ready for use, is recognized as the control transfers at the point in time with the customer.
- (d) *Rendering of services* – income from interment and chapel services is recognized at a point in time when control over the services transfers to the customer.

Incremental costs of obtaining a contract to sell real estate property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs (see Note 2.16).

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets.

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position. A contract liability is the Groups obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

In addition, 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 yet 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 consolidated statement of financial position. Customers' deposit is recognized at the amounts received from customers and will be subsequently applied against the contract receivables when the related real estate sales is recognized.

## 2.13 Leases – Group as Lessee

The Group accounts for its leases as follows:

### (a) Accounting for Leases in Accordance with PFRS 16

For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.14).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

*(b) Accounting for Leases in Accordance with PAS 17*

Leases which transfer to the Group substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

**2.14 Impairment of Non-financial Assets**

The Group's property and equipment, investment properties, right-of-use assets and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

**2.15 Employee Benefits**

The Group provides post-employment benefits to employees through a defined benefit plan, defined contribution plan and other employee benefits which are recognized as follows:

*(a) Post-employment Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan

assets for funding the defined benefit plan have been acquired. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. The interest rates are based from the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL). BVAL provide evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Income or Finance Costs in the consolidated statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

*(b) Post-employment Defined Contribution Plan*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity (e.g. Social Security System). The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

*(c) Short-term Benefits*

The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting 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 services are provided.

*(d) Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in

exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

*(e) Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

**2.16 Borrowing Costs**

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset.

The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

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.

**2.17 Income Taxes**

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, 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.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

### **2.18 *Equity***

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits. Also included is the difference between the consideration for the acquisition and the net assets of BHI under the pooling of interest method.

Revaluation reserves comprise gains and losses arising from remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the consolidated statement of comprehensive income, reduced by the amount of dividends declared, if any.

### **2.19 *Related Party Transactions and Relationships***

Related party transactions are transfers of resources, services or obligations between the entities in the Group and their related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded post-employment plan.

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

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Group's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

## **2.20 Earnings Per Share**

Basic earnings per share (EPS) is determined by dividing the net profit for the period attributable to common shareholders by the weighted average number of common shares issued and outstanding during the year (see Note 22).

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares (see Note 22)

## **2.21 Events After the End of the Reporting Period**

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

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

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

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

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

### *(a) Determining Existence of a Contract with Customer*

In a sale of real estate properties, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as

contract with customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms). Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price.

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

*(b) Evaluation of the Timing of Satisfaction of Performance Obligations*

*(i) Real Estate Sales*

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:

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

The Group's performance obligation are satisfied as follows:

- *Residential condominium units and houses and lots* – Management determines that revenues from sale of pre-completed residential condominium units and houses and lots are satisfied over time, while completed real estate properties are satisfied at a point in time, since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments.
- *Memorial lots* – Management determines that its revenue from sale of memorial lots, which are substantially completed and ready for use, shall be recognized at a point in time when the control of goods have passed to the customer, i.e., upon issuance of purchase agreement (PA) to the customer.

*(ii) Interment and Cremation Services*

The Group determines that revenue from interment and cremation services shall be recognized at a point in time based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided.

*(c) Determination of Collection Threshold for Revenue Recognition*

The Group uses judgement in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Group determines that collection of the transaction price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price.

*(d) Determination of ECL on Contract and Other Receivables, Contract Assets and Due from Related Parties*

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

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's contract and other receivables are disclosed in Note 24.2.

In relation to advances to related parties, PFRS 9 notes that the maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

Based on the relevant facts and circumstances existing at the reporting date, management has assessed that all strategies indicate that the Group can fully recover the outstanding balance of its receivables, thus, no ECL is required to be recognized.

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

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

For office leases, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers

other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Group included the renewal period as part of the lease term for office leases due to the significance of these assets to its operations. These leases have a non-cancellable lease period (i.e., 4 to 10 years) and there will be a significant negative effect on production if a replacement is not readily available. However, the renewal options for leases of transportation equipment were not included as part of the lease term because the Group has historically exercised its option to buy these transportation equipment at the end of the lease term.

*(f) Distinction Among Investment Properties, Owner-managed Properties and Real Estate*

The Group classifies its acquired properties as Property and Equipment if used in operations and administrative purposes, as Investment Properties if the Group intends to hold the properties for capital appreciation or rental and as Real Estate Inventories if the Group intends to develop the properties for sale.

*(g) Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.10 and relevant disclosures are presented in Note 23.

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

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

*(a) Revenue Recognition for Performance Obligations Satisfied Over Time*

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

*(b) Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 24.2.

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

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the time the estimates are made. Management determined that the carrying values of its real estate inventories are lower than their net realizable values based on the present market rates. Accordingly,

management did not recognize any valuation allowance on these assets as of March 31, 2022.

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

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

The carrying amounts of property and equipment and right-of-use assets are analyzed in Notes 9 and 10.1, respectively. Based on management's assessment as at March 31, 2022, there is no change in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

*(e) Fair Value Measurement of Investment Property*

The Group's investment property composed of land are carried at cost at the end of the reporting period. In addition, the accounting standards require the disclosure of the fair value of the investment properties. In determining the fair value of these assets, the Group engages the services of professional and independent appraiser applying the relevant valuation methodologies as discussed in Note 26.3.

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

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

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets (offset against deferred tax liabilities) recognized as at March 31, 2022 will be fully utilized in the coming years (see Note 19).

*(g) Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.14). Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were required to be recognized on property and equipment, investment properties, right-of-use assets and other non-financial assets for the period ended March 31, 2022 and 2021 (see Notes 8, 9, 10 and 11).

*(h) Valuation of Post-employment DBO*

The determination of the Group's obligation and cost of post-employment defined benefit plan is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 2.14 and include, among others, discount rates and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

*(i) Distinction Between Operating and Finance Leases*

The Group has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Management has assessed that its existing lease agreements at the end of each reporting period qualifies under operating lease.

## 4. SEGMENT REPORTING

### 4.1 Business Segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided. In identifying its reportable operating segments, management generally follows the Group's two main revenue sources, which represent the products and services provided by the Group, namely Residential Projects and Deathcare.

- (a) Residential* – this segment pertains to the housing market segment of the Group. It caters on the development and sale of residential house and lots, subdivision lots, and condominium units.
- (b) Deathcare* – the segment pertains to sale of memorial lots, interment income, and income from chapel services.

#### 4.2 Analysis of Segment Information

The following table present revenue and profit information regarding business segments of the Group for the period ended March 31, 2022:

	<b>Death Care</b>	<b>Residential</b>	<b>Total</b>
Revenues	₱234,508	₱1,312,652	₱1,547,160
Cost of sales and services	(96,123)	(629,649)	(725,772)
Gross profit	138,385	683,003	821,388
Other operating expenses	95,234	213,892	309,126
Depreciation and amortization	(9,244)	(8,837)	(18,081)
	85,990	205,055	291,045
Segment profit before tax and depreciation and amortization	₱52,395	₱477,948	₱530,343
Segment Assets	₱5,066,079	₱21,653,569	₱26,719,648
Segment Liabilities	₱1,751,283	₱11,290,012	₱13,041,295

The results of operations from the two segments are used by management to analyze the Group's operation and to allow them to control and study the costs and expenses. It is also a management indicator on how to improve the Group's operation. Expenses are allocated through direct association of costs and expenses to operating segments.

#### 4.3 Reconciliation

Presented below and succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	<i>(in thousands)</i>
<b>Assets:</b>	
Total segment asset	₱26,719,648
Due from related parties	7,387
Investment property	75,761
Group Total Assets	₱26,802,796
<b>Liabilities:</b>	
Total segment liabilities	₱13,041,295
Due to related parties	967,190
Income tax payable	21,470
Deferred tax liabilities	960,881
Group Total Liabilities	₱14,990,836

#### 4.4 Disaggregation of Revenue from Contract with Customers and Other Counterparties

When the Group prepares its investor presentations and when the Group's Executive Committee evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Notes 4.1 and 4.2.

The Group determines that the categories used in the investor presentations and financial reports used by the Group's Executive Committee can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers and other counterparties and disclosed herein as additional information) into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. A summary of additional disaggregation from the segment revenues and other unallocated income are shown in the Note 16.

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31 follows:

	<i>(in thousands)</i>
Cash on hand	₱22,249
Cash in bank	1,577,220
Short-term placements	206,286
	<b>₱1,805,755</b>

Cash on hand comprises of revolving fund, commission fund and petty cash fund intended for the general use of the Group. Cash in banks generally earn interest at rates based on daily bank deposit rates. The related interest income earned amounted to ₱0.02 million and ₱0.1 million on March 31, 2022 and 2021, respectively, is presented as Finance Income in the statements of comprehensive income

## 6. CONTRACTS AND OTHER RECEIVABLES

### 6.1 *Contracts Receivables*

This account is composed of the following:

	<i>(in thousands)</i>
Current	₱7,752,167
Non-current	2,069,914
	<b>₱9,822,081</b>

Contracts receivables represent receivables from sale of residential houses and lots, subdivision lots, memorial lots, and condominium units, which are normally collectible within one to five years. Contracts receivables have an annual effective interest rate of 4.5% to 12.0% in 2022 and 2021. Interest income related to contracts receivables amounted to ₱43.5 million and ₱39.7 million on March 31, 2022 and 2021, respectively, and are reported under Revenues in the consolidated statements of comprehensive income.

The Group's contracts receivables are effectively collateralized by the real estate properties sold to the buyers considering that the title over the rights in the real estate properties will only be transferred to the buyers upon full payment.

In 2022, certain receivables amounting to ₱2,837.0 million were used as collateral security against interest-bearing loans (see Note 12).

## 6.2 Other Receivables

The composition of this account as of March 31 is shown below.

	<i>(in thousands)</i>
Advances to contractors and others	₱2,080,416
Advances to employees	109,003
Others	50,880
	<b>₱2,240,299</b>

Advances to contractors and others mainly represent advances to contractors or suppliers as advance payments for purchase of construction materials, supplies and construction services. This also include excess of advances over the remaining liability related to construction development.

Advances to employees represent cash advances and noninterest-bearing short-term loans granted to the Group's employees, which are collected through liquidation and salary deduction.

Others mainly pertain to receivables from the buyers for documentary fees and other assistance related to processing and transfer of lots and units sold.

## 7. REAL ESTATE INVENTORIES

Details of real estate inventories, which are stated at cost and is lower than NRV, are shown below.

	<i>(in thousands)</i>
Raw land	₱4,148,266
Memorial lots	1,115,501
Residential houses and lots	1,019,243
Property development costs	462,714
Condominium units	122,996
	<b>₱6,868,720</b>

Raw land pertains to the cost of several parcels of land acquired by the Group to be developed and other costs incurred to effect the transfer of the title of the properties to the Group.

Memorial lots consist of acquisition costs of the land, construction and development costs, and other necessary costs incurred in bringing the memorial lots ready for sale.

Residential houses and lots represent houses and lots in subdivision projects for which the Group has already been granted the license to sell by the Housing and Land Use Regulatory Board of the Philippines. Residential houses include units that are ready for occupancy and units under construction.

The property development costs represent the accumulated costs incurred in developing the real estate properties for sale. Costs incurred comprise of actual costs of land, construction and related engineering, architectural and other consultancy fees related to the development of residential projects.

Condominium units for sale pertain to the accumulated land costs, construction services and other development costs incurred in developing the Group's condominium projects.

## 8. OTHER ASSETS

This account consists of the following as of March 31:

	<i>(in thousands)</i>
<b>Current:</b>	
Construction materials	₱832,950
Prepaid commission	355,840
Creditable withholding taxes	65,394
Prepaid expenses	26,088
Security deposits - current	6,395
Deferred input VAT	3,694
Other assets	1,278
	<b>1,291,639</b>
<b>Non-current:</b>	
Security deposits	25,271
Other assets	13,300
	<b>38,571</b>
	<b>₱1,330,210</b>

Construction materials pertain to aluminum forms and various materials to be used in the construction of residential houses. Deferred input VAT pertains to the unamortized portion of input VAT from purchases of capital goods which are subject to amortization.

## 9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at March 31, 2022 shown below.

	Building	Leasehold Improvements	Service Vehicle	Service Equipment	Park Maintenance Tools and Equipment	Furniture, Fixtures and Equipment	System Development Cost	Total
Cost	₱211,476	₱59,480	₱151,194	₱20,961	₱41,558	₱231,531	₱59,682	₱775,882
Accumulated depreciation and amortization	(71,750)	(45,559)	(121,030)	(19,096)	(35,243)	(187,743)	(40,957)	(521,378)
Net carrying amount	₱139,726	₱13,921	₱30,164	₱1,865	₱6,315	₱43,788	₱18,725	₱254,504

The amount of depreciation and amortization is presented as part of Cost of Sales and Services and Other Operating Expenses in the consolidated statements of comprehensive income (see Note 17). Depreciation expense of park maintenance tools and portion of service equipment were charged under park operations, which is subsequently closed to perpetual care fund (see Note 15).

## 10. LEASES

The Group has leases for certain office spaces. With the exception of short-term leases, each lease is reflected on the consolidated statement of financial position as right-of-use assets and a lease liabilities.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term.

The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office spaces, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The Group has leased 27 office spaces with an average remaining lease term of three years.

### **10.1 Right-of-use Assets**

The carrying amounts of the Group's right-of-use assets as of March 31, 2022 is ₦33.6 million.

The total amortization on the right-of-use assets is presented as part of Depreciation and amortization under Other operating expense in the consolidated statement of comprehensive income (see Note 17.2).

### **10.2 Lease Liabilities**

Lease liabilities are presented in the consolidated statement of financial position as at March 31, 2022 as follows:

	<i>(in thousands)</i>
Current	₦9,729
Non-current	25,351
	<b>₦35,080</b>

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. The future cash outflows to which the Group is potentially exposed to are not reflected in the measurement of lease liabilities represent the amount of monthly rent remaining for the lease term and security deposit to be forfeited.

An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

As at March 31, 2022, the Group has no lease commitment, which had not yet commenced.

### **10.3 Lease Payments Not Recognized as Liabilities**

The Group has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short-term leases amounted to ₦6.4 million is presented as Rentals as part of Other Operating Expenses in the consolidated statements of comprehensive income (see Note 17.2). There are no existing lease commitments for short-term leases.

#### **10.4 Security Deposits**

Refundable security deposits represent the lease deposits made to third parties for the lease of the Group's office spaces.

Related rental deposits for these leases amounted to ₦9.5 million as of March 31, 2022 and December 31, 2021 and are presented as part of the Other Assets in the consolidated statements of financial position (see Note 8).

### **11. INVESTMENT PROPERTIES**

The Group's investment properties consist of parcels of land which is intended for capital appreciation amounting to ₦75.8 million as of March 31, 2022.

None of the Group's investment properties have generated rental income. There were also no significant directly attributable cost, purchase commitments and any restrictions as to use related to these investment properties during the reporting periods.

Management has assessed that there were no significant circumstances during the reporting periods that may indicate impairment loss on the Group's investment properties.

The fair value and other information about the measurement and disclosures related to the investment properties are presented in Note 26.3.

### **12. INTEREST-BEARING LOANS**

Short-term and long-term interest-bearing loans and borrowings pertain to bank loans which are broken down as follows:

	<i>(in thousands)</i>
Current	₦3,102,210
Non-current	3,858,578
	<b>₦6,960,788</b>

The bank loans represent secured and unsecured loans from local commercial banks. The loans which have maturities ranging from 1 to 15 years bear annual interest rates ranging from 5.0% to 5.5%.

Interest expense incurred on these loans amounted to ₦105.9 million and ₦105.1 million for the periods ended March 31, 2022 and 2021, respectively. These are presented as part of Finance cost in the consolidated statements of comprehensive income.

There are no outstanding interest payable as of March 31, 2022 related to these loans.

The loans are net of debt issue cost amounting to ₦41.2 million as of March 31, 2022. The amortization of debt issue cost amounting to ₦12.6 million, is presented as part of Finance Cost under Other Income (Charges) section in the consolidated statements of comprehensive income.

Certain loans of the Group are secured by contract receivables with a carrying amount of ₦2,837.0 million as of March 31, 2022 (see Note 6.1 and 25.2).

## 13. TRADE AND OTHER PAYABLES AND RAWLAND PAYABLE

### 13.1 *Trade and Other Payables*

This account consists of:

	<i>(in thousands)</i>
Trade payables	₱546,203
Accrued expenses	538,946
Deferred output tax	241,656
Retention payable	87,470
Commission payable	68,248
VAT payable	6,989
Withholding taxes payable	5,513
Other payables	1,555
	<b>₱1,496,580</b>

Trade payables comprise mainly of liabilities to suppliers and contractors arising from the construction and development of the Group's real estate properties.

Accrued expenses pertain to accruals of professional fees, salaries and other employee benefits, utilities, advertising, marketing and other administrative expenses.

Deferred output tax is the portion of VAT attributable to outstanding contract receivables. This is reversed upon payment of monthly amortization from customers.

Retention payable pertains to the amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are remitted to the contractors.

Commission payable refers to the liabilities of the Group as of the end of the reporting periods to its sales agents for every sale that already reached the revenue recognition threshold of the Group.

### 13.2 *Rawland Payables*

Rawland payables pertain to the amount of outstanding liability regarding the acquisitions of raw land from third parties, which will be used in the development of the Group's subdivision and memorial lots projects.

The Group purchased various rawlands for expansion and development of the Group's subdivision and memorial lots projects. The outstanding balance arising from these transactions amounted to ₱822.3 million and ₱838.1 million as of March 31, 2022 and December 31, 2021, respectively.

## 14. CUSTOMERS' DEPOSITS

Customers' deposits pertain to reservation fees and advance payments from buyers, which did not meet the revenue recognition criteria as of the end of the reporting periods. As of March 31, 2021, Customers' Deposits account, as presented in the current liabilities section of the consolidated statements of financial position, amounted to ₱2,742.6 million (see Note 2.12).

## 15. RESERVE FOR PERPETUAL CARE

Under the terms of the contract between the Group and the purchasers of memorial lots, a portion of the amount paid by the purchasers is set aside as Perpetual Care Fund (Trust Fund). The balance of the reserve for perpetual care for memorial lots as of March 31, 2022 and December 31, 2021 amounted to ₱880.9 million and ₱872.4 million, respectively, represents the total amount of perpetual care from all outstanding sales contracts, net of amount already remitted for fully collected memorial lots into the Trust Fund.

As an industry practice, the amount turned over to the Trust Fund is only for fully collected contracts in as much as the outstanding contracts may still be forfeited and/or rescinded. The income earned from the Trust Fund will be used in the perpetual care and maintenance of the memorial lots. Once placed in the Trust Fund, the assets, liabilities, income and expense of the Trust Fund are considered distinct and separate from the assets and liabilities of the Group, thus, do not form part of the accounts of the Group.

## 16. REVENUES

### 16.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and deathcare operations. An analysis of the Group's major sources of revenues for the period ended March 31, 2022 is presented below and in the succeeding page.

	Segments		
	Death Care	Residential	Total
Geographical areas			
Luzon	₱109,826	₱902,442	₱1,012,268
Visayas	60,761	8,378	69,139
Mindanao	63,921	401,832	465,753
	₱234,508	₱1,312,652	₱1,547,160

### 16.2 Contract Assets

The Group recognizes contract assets, due to timing difference of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period.

Changes in the contract assets are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation.

### 16.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Prepaid commission under Other Current Assets in the consolidated statements of financial position (see Note 8). These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization is presented as part of Commission under Operating Expenses (see Note 17.2).

## 17. COSTS AND EXPENSES

### 17.1 Costs of Sales and Services

Presented below are the details of costs of sale and services.

	<i>(in thousands)</i>
Cost of real estate sales	₱716,382
Cost of interment	6,166
Cost of chapel services	3,224
	<b>₱725,772</b>

Cost of real estate sales is comprised of:

	<i>(in thousands)</i>
Cost of land	₱242,493
Construction and development costs	473,889
	<b>₱716,382</b>

### 17.2 Operating expenses by nature

The details of operating expenses by nature for the period ended March 31, 2022 is shown below.

	<i>(in thousands)</i>
Salaries and wages	₱91,756
Commission	67,838
Outside services	26,246
Advertising	18,308
Depreciation and amortization	18,081
Promotions	12,138
Repairs and maintenance	9,348
Utilities	8,993
Taxes and licenses	7,698
Management fees	7,029
Prompt payment discount	6,858
Rentals	6,430
Transportation and travel	5,768
Office supplies	2,539
Representation	2,415
Professional fees	2,408
Insurance	2,241
Collection fees	1,531
Meetings and conferences	1,305
Training and seminars	173
Salaries and wages	173
Miscellaneous expenses	10,023
	<b>₱309,126</b>

Miscellaneous mainly consist of subscription dues and other fees such as registration, transfer and mortgage fees.

### 18. OTHER REVENUES

This account consists of:

	<i>(in thousands)</i>
Forfeited sales	₱45,841
Interest on past due Accounts	2,096
Transfer fee	1,673
Service Tent rental	301
Others	847
	<b>₱50,758</b>

Others include penalties from customers with lapsed payments, restructured accounts, and other fees collected for transactions incidental to the Group's operations such as payment for memorial garden construction fee, among others.

## 19. TAXES

### 19.1 Registration with the Board of Investments (BOI)

The BOI approved the Company's application for registration as an Expanding Developer of Economic and Low-Cost Housing Project on a Non-pioneer Status relative to its various units under its Bria Alaminos, Bria Alaminos-Pangasinan, Bria Calamba Executive and Bria General Santos in 2021, Bria Calamba Phase 2, Bria Calamba Phase 4, Bria Calmaba Phase 3, Bria Magalang, Bria Manolo Fortich, Bria Kidapawan, Bria Urdaneta, Bria Norzagaray, Bria Norzagaray Phase 2, Bria Hermosa, Bria Homes, Paniqui, Bria General Trias, Bria Trece Martires, Bria Sta. Cruz, Lumina Tanza Phase 4, Lumina Camarines Sur, Lumina Camarines Sur Classic, Lumina Dumaguete, Lumina Dumaguete 2, and Bria Flats Azure in 2020; Lumina Quezon Phase 2, Bria La Hacienda, Bria San Pablo, Lumina Gensan, Bria Flats Mykonos, Bria Flats Levitha, Bria Flats Corfu, Bria Flats Rhodes, Bria Flats Capri, Bria Sta. Maria, Bria Homes Digos, Bria Homes Tagum, Bria Flats Crimson, Bria Flats Scarlet, Bria Flats Magenta, and Lumina Classic 2B in 2019; Bria Calamba Phase 1 and 2 project in December 2018; under the Northridge Central Lane, Northridge Grove Phase 2, Northridge View, Bria Home Binangonan and Bria General Santos projects in December 2017; and, under the Lumina Tanza Phase 2, Lumina Homes San Pablo and Lumina General Trias (Phase 1 and 2) projects in December 2016.

Under the registration, the applicable rights and privileges provided in the Omnibus Investment Code of 1987 shall equally apply and benefit the BHI with certain incentives including income tax holiday (ITH) for a period of four years from the date of registration.

### 19.2 Current and Deferred Taxes

The components of tax expense reported in consolidated profit or loss and in consolidated other comprehensive income for the period ended March 31, 2022 follow:

	(in thousands)
Current	₱7,790
Deferred	21,202
	<b>₱28,992</b>

The Group is subject to the MCIT, which is computed at 1% of gross income as defined under the tax regulations, or RCIT, whichever is higher. The Group reported RCIT in 2022 and 2021 as the RCIT is higher than MCIT in such years.

In March 31 2022 and 2021, the Group claimed itemized deductions in computing for its income tax due.

## 20. RELATED PARTY TRANSACTIONS

### 20.1 Due from Related Parties

In the normal course of business, the Group grants noninterest-bearing cash advances to its parent company and other related parties, including those under common ownership, for working capital requirements, capital asset acquisition and other purposes. These advances are unsecured and generally payable in cash on demand or through offsetting arrangements with related parties.

The outstanding advances arising from these transactions amounting to ₦7.4 million and ₦13.2 million as at March 31, 2022 and December 31, 2021, is presented as Due from Related Parties account in the consolidated statements of financial position.

The movements in the Due from Related Parties account are shown below.

	<i>(in thousands)</i>
Balance at beginning of period	₦13,239
Payments	(5,852)
	<b>₦7,387</b>

Based on management's assessment, no impairment losses need to be recognized for the period ended March 31 2022 and 2021 from its receivables from related parties.

### **20.2 Due to Related Parties**

The Group obtained short-term, unsecured, noninterest-bearing advances from related parties under common control for working capital requirements payable in cash upon demand. The outstanding balance is presented as Due to Related Parties account as at March 31, 2022 and December 31, 2021.

The movements in the Due to Related Parties account are shown below.

	<i>(in thousands)</i>
Balance at beginning of period	₦952,080
Advances	15,110
	<b>₦967,190</b>

## **21. EQUITY**

### **21.1 Capital Stock**

Capital stock consists of:

	<u>Mar 31, 2022</u>	<u>Dec 31, 2021</u>
<b><u>Common</u></b>		
Authorized	996,000,000	996,000,000
Par value per share	₦1.00	₦1.00
Issued shares	644,117,649	644,117,649
Value of shares issued	₦644,117,649	₦644,117,649
<b><u>Preferred</u></b>		
Authorized	400,000,000	400,000,000
Par value per share	₦0.01	₦0.01
Issued shares	—	—
Value of shares issued	—	—

On March 17, 2016, the SEC approved the increase in the Parent Company's authorized capital stock from ₦20.0 million divided into 200,000 common shares with par value of ₦100 per share to ₦1.0 billion divided into 996,000,000 common shares with par value of ₦1 per share and 400,000,000 preferred shares with par value of ₦0.01 per share.

On April 1, 2016, the Parent Company applied for the registration of its common shares with the SEC and the listing of the Parent Company's shares on the PSE.

The PSE approved the Parent Company's application for the listing of its common shares on June 8, 2016 and the SEC approved the registration of the 74,117,649 common shares of the Parent Company on June 14, 2016.

On June 3, 2016, the SEC approved the listing of the Parent Company's common shares totaling 74.1 million. The shares were initially issued at an offer price of ₦10.50 per common share. In 2021 and 2020, there were no additional issuances.

On June 29, 2016, by way of an initial public offering (IPO), sold 74,117,649 shares of its common stock at an offer price of ₦10.50 and generated net proceeds of approximately ₦703.0 million. The IPO resulted in the recognition of additional paid-in capital amounting to ₦628.9 million, net of IPO-related expenses amounting to ₦75.2 million.

On December 27, 2017, the Parent Company's BOD authorized the issuance of 150,000,000 common shares to CGI, a related party under common ownership, out of the unissued authorized capital stock, at a subscription price of ₦20.1 per share or an aggregate subscription price of ₦3,014.0 million.

As at March 31, 2022, there are 7 holders of the listed common shares owning at least one board lot of 100 shares. Such listed shares closed at ₦685.00 per share as of March 31, 2022

## **21.2 *Revaluation Reserves***

As of March 31, 2022, the Company has revaluation reserves which pertains to accumulated actuarial losses and gains, net of tax, due to remeasurement of post-employment defined benefit plan amounting to ₦15.0 million.

## **22. EARNINGS PER SHARE**

The basic and diluted earnings per share were computed as follows:

	<i>(in thousands)</i>
Net profit	₦428,180
Divided by the number of outstanding common shares	644,118
Basic and diluted earnings per share	₦0.66

The Group has no dilutive potential common shares as at March 31, 2022, hence, diluted earnings per share equals the basic earnings per share.

## **23. COMMITMENTS AND CONTINGENCIES**

### **23.1 *Operating Lease Commitments***

The Group has leases with terms ranging from three to five years with renewal options upon mutual written agreement between the parties, and include annual escalation in rental rates.

The total rentals from this operating lease amounted to ₦6.4 million in 2022, which is shown as Rentals under Other Operating Expenses in the consolidated statement of comprehensive income (see Note 17.2).

### 23.2 *Others*

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements.

Management is of the opinion that losses, if any, from these events and conditions will not have material effects on the Group's consolidated financial statements.

## 24. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks, unless otherwise stated, to which the Group is exposed to are described below and in the succeeding pages.

### Interest Rate Risk

#### 24.1 *Interest Rate Risk*

The Group has no financial instruments subject to floating interest rate, except cash in banks, which has historically shown small or measured changes in interest rates. As such, the Group's management believes that interest rate risks are not material.

### 24.2 *Credit Risk*

The Group operates under sound credit-granting criteria wherein credit policies are in place. These policies include a thorough understanding of the customer or counterparty as well as the purpose and structure of credit and its source of repayment. Credit limits are set and monitored to avoid significant concentrations to credit risk. The Group also employs credit administration activities to ensure that all facets of credit are properly maintained.

The maximum credit risk exposure of financial assets and contract assets is the carrying amount of the financial assets as shown on the consolidated statements of financial position are summarized below.

	(in thousands)
Cash and cash equivalents	₱1,805,755
Contracts receivable	9,822,081
Contract assets	4,364,476
Due from related parties	7,387
Security deposits	31,666
Other receivables	50,880
	<b>₱16,082,245</b>

Cash in banks are insured by the Philippine Deposit Insurance Commission up to a maximum coverage of ₱0.5 million for every depositor per banking institution. Also, the Group's contracts receivable are effectively collateralized by residential houses and lots and memorial lots. Other financial assets are not secured by any collateral or other credit enhancements.

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all contract receivables and other receivables. To measure the expected credit losses, contract receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than contract receivables and have substantially the same risk characteristics as the contract receivables.

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The management determined that there is no required ECL to be recognized on the Group's contract receivables since the fair value of real estate sold when reacquired is sufficient to cover the unpaid outstanding balance of the related receivable arising from sale. Therefore, there is no expected loss given default as the recoverable amount from subsequent resale of the real estate is sufficient. Accordingly, no additional allowance was recorded by the Group as of March 31, 2022 and 2021.

The Contract Asset account is secured to the extent of the fair value of the real estate sale of house and lot and condominium units sold since the title to the real estate properties remains with the Group until the contract assets or receivables are fully collected. Therefore, there is also no expected loss given default on the contract asset.

The Group considers credit enhancements in determining the expected credit loss. Contract receivables and contract assets from real estate sales are collateralized by the real properties. The estimated fair value of collateral and other security enhancements held against trade receivables are presented below.

	<b>Gross</b>			
	<b>Maximum Exposure</b>	<b>Fair Value of Collaterals</b>	<b>Net Exposure</b>	
Contract receivables	₱9,822,081	₱9,822,081	₱—	
Contract assets	4,364,476	4,364,476	—	
	<b>₱14,186,557</b>	<b>₱14,186,557</b>	<b>₱—</b>	

As of March 31, 2022, the aging of receivables is as follows:

(In Thousands)	Current	Within 90 days	91-180 days	181-360 days	Over 1Year	Total
Contracts receivable	₱6,285,008	₱1,082,156	₱1,187,764	₱538,297	₱728,856	₱9,822,081
Due from related parties	7,387	—	—	—	—	7,387
Other receivables	50,880	—	—	—	—	50,880
<b>Total</b>	<b>₱6,343,275</b>	<b>₱1,082,156</b>	<b>₱1,187,764</b>	<b>₱538,297</b>	<b>₱728,856</b>	<b>₱9,880,348</b>

ECL for due from related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the due from related parties as these are entities whose credit risks for liquid funds are considered negligible, since counterparties are in good financial condition. As of March 31, 2022, impairment allowance is not material.

Security deposits are subject to credit risk. The Group's security deposits pertain to receivable from lessors and third party utility providers. Based on the reputation of those counterparties, management considers that these deposits will be refunded when due.

#### 24.3 *Liquidity Risk*

The Group manages its liquidity needs by carefully monitoring cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

As of March 31, 2022, the Group's financial liabilities have contractual maturities which are presented below.

	Within 12 Months	More than One Year to Five Years
Trade and other payables	₱1,242,422	₱—
Rawland payable	822,307	—
Interest-bearing loans and borrowings	3,102,210	3,858,578
Due to related parties	967,190	—
Lease liability	9,729	25,351
Reserve for perpetual care	—	880,908
	<b>₱6,143,858</b>	<b>₱4,764,837</b>

### 25. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### 25.1 *Carrying Amounts and Fair Values by Category*

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	Notes	Carrying Values (in thousands)	Fair Values
<i>Financial Assets</i>			
At amortized cost:			
Cash and cash equivalents	5	₱1,805,755	₱1,805,755
Contracts receivables	6	9,822,081	9,822,081
Due from related parties	20.1	7,387	7,387
Security deposits	8	31,666	31,666
Other Receivables		50,880	50,880
		<b>₱11,717,769</b>	<b>₱11,717,769</b>

	Notes	Carrying Values (in thousands)	Fair Values (in thousands)
<i>Financial Liabilities</i>			
At amortized cost:			
Interest-bearing loans	12	6,960,788	6,960,788
Trade and other payables	13	1,242,422	1,242,422
Rawland payables	13	822,307	822,307
Lease liability	10	35,080	35,080
Reserve for perpetual care	15	880,908	880,908
		9,941,505	9,941,505

See Note 2.5 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 24.

## 25.2 *Offsetting of Financial Assets and Financial Liabilities*

Except as more fully described in Note 20, the Group has not set-off financial instruments and does not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 20 can be potentially offset to the extent of their corresponding outstanding balances.

## 26. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 26.1 *Fair Value Hierarchy*

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

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

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

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

## ***26.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed***

The Group's financial assets which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed include cash and cash equivalents, which are categorized as Level 1, and contract and other receivables, due from related parties and security deposits which are categorized as Level 3. Financial liabilities which are not measured at fair value but for which fair value is disclosed pertain to interest-bearing loans and borrowings, trade and other payables, due from related parties, rawland payable, and reserve for perpetual care which are categorized as Level 3.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

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

The Group's investment properties amounting to ₦75.8 million are categorized under level 3 hierarchy of non-financial assets measured at cost as of March 31, 2022 (see Note 11).

The fair value of the Group's investment properties, pertaining to parcels of land, amounting to ₦508.3 million as of March 31, 2022, are determined on the basis of the appraisals performed by an independent appraiser, respectively, with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's non-financial assets indicated above is their current use.

The Group determines the fair value of idle properties through appraisals by independent valuation specialists using market – based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

The level 3 fair value of land was determined based on the observable recent prices of the reference properties, adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

## 27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	<i>(in thousands)</i>
Total interest-bearing loans	₱6,960,788
Total adjusted equity	11,811,960
Debt-to-equity ratio	0.59:1.00

### *Financial Soundness Indicator*

Below are the financial ratios that are relevant to the Company for the period ended March 31, 2022 and 2021.

	31-Mar-22	2021
<b>Liquidity:</b>		
Current Ratio	Current Assets/Current Liability	2.66:1
		2.52:1
<b>Solvency:</b>		
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings)	0.08:1
		0.08:1
Total Liabilities-to-Equity Ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings)	0.59:1
		0.60:1
<b>Asset-to-equity:</b>		
Asset-to-Equity ratio	Total Assets/Total Equity	2.27:1
		2.36:1
	31-Mar-22	31-Mar-21
<b>Interest-rate-coverage:</b>		
Interest-rate-coverage ratio	Profit Before Tax and Interest/Finance Costs (Including capitalized interest)	5.32:1
		4.84:1
<b>Profitability:</b>		
Return-on-equity	Net profit / Average total equity	15%
		4%

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### RESULTS OF OPERATIONS COVERING 3-MONTHS OF 2022 VS. 3-MONTHS OF 2021

#### Revenues

The revenues of the Company increased from **₱1,538.7 million** for the 3-months ended March 31, 2021 to **₱1,547.2 million** for the 3-months ended March 31, 2022. This was primarily attributable to the following:

- **Real estate sales**

Real estate sales of the group increased to **₱1,479.4 million** for the 3-months of 2022 from **₱1,475.7 million** in the same period in 2021. This was due mainly to a increase in the sale of memorial lots for Golden Haven.

- **Interest income on contract receivables**

Income from interest on contract receivables were recorded at **₱43.5 million** in 3-months of 2022, increasing by **10%** compared to **₱39.7 million** in 3-months of 2021. This was due to the increase in-house financed transactions made in 3-months of 2022 compared to 3-months of 2021.

- **Interment income**

There was 11% increase in income from interment services, to **₱16.6 million** in 3-months of 2022 from **₱14.9 million** in the same period in 2021. This was attributable to the increase in the number of services rendered in 3-months of 2022, compared to the same period in 2021.

- **Income from chapel services**

Income from chapel services decreased by **9%**, to **₱7.7 million**, from **₱8.4 million**, due to the decrease in the number of memorial chapel services and rendered in 3-months of 2022, compared to the same period in 2021.

#### Costs and Expenses

Cost and expenses decreased to **₱1,034.9 million** in 3-months ended March 31, 2022, from **₱1,064.7 million** for period ended March 31, 2021. The **3%** decrease was primarily attributable to the following:

- **Cost of sales and services**

The cost of sales and services decreased by **4%**, to **₱725.8 million** in 3-months of 2022, from **₱759.4 million** in 3-months 2021, due to the lower number of memorial lots and columbarium vaults sold by Golden Haven, and residential units sold by Bria Homes in the 3-months 2022 compared to the same period previous year.

- **Other operating expenses**

A **1%** increase in other operating expenses, to **₱309.1 million** in 3-months of 2022 from **₱305.3 million** in 3-months of 2021, due primarily to increase in salaries and wages, outside service, commissions and promotions for the period.

#### Other Charges - Net

Other charges - net decreased to **₱55.1 million** in the 3-months of 2022, from **₱69.9 million** in 3-months of 2021. The **21%** decrease was mainly attributable to an increase in other revenues for the period.

#### Tax Expense

The Company's tax expense increased by **21%**, to **₱29.0 million** for 3-months of 2022 from **₱23.9 million** for 3-months of 2021 primarily due to a higher taxable base for the period.

#### Net Income

As a result of the movements above, total net profits increased by **13%**, to **₱428.2 million** in 3-months of 2022 from **₱380.2 million** recorded in 3-months of 2021.

For the 3-months of 2022, except as discussed in Note 1.2 of the 2021 Financial Statements on the impact of Covid-19 Pandemic in the Group's business, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Group. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Group is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Group's continuing operations.

### **FINANCIAL CONDITION AS OF MARCH 31, 2022 VS. DECEMBER 31, 2021**

The Group's total assets were recorded at **₱26,802.8 million** as of March 31, 2022, slightly lower compared to the **₱26,825.8 million** recorded as of December 31, 2021. This increase was due to the following movements:

- Cash and cash equivalents decreased by **6%**, from **₱1,924.3 million** as of December 31, 2021, to **₱1,805.8 million** as of March 31, 2022, due to payments made by the Company during the period .
- Total contracts receivable and contract assets, including non-current, increased by **5%** from **₱13,551.9 million** as of December 31, 2021, to **₱14,186.6 million** as of March 31, 2022 due to sales on account recorded over the period.
- Other receivables decreased by **5%** from **₱2,355.1 million** as of December 31, 2021, to **₱2,240.3 million** as of March 31, 2022 due primarily to the decrease in advances to contractors.
- Due from related parties decreased by **44%** from **₱13.2 million** as of December 31, 2021, to **₱7.4 million** as of March 31, 2022 due payments of advances made to related parties.
- Real Estate inventories decreased by **6%** from **₱7,291.4 million** as of December 31, 2021, to **₱6,868.7 million** as of March 31, 2022 due to real estate sales for the period.

The Group's total liabilities were recorded at **₱14,990.8 million** as of March 31, 2022, slightly lower compared to the **₱15,442.1 million** recorded as of December 31, 2021. This decrease was due to the following movements:

- Total interest-bearing loans, including non-current, increased by **2%**, from **₱6,825.3 million** as of December 31, 2021 to **₱6,960.8 million** as of March 31 2022, due to new availments made by the Group during the period.
- Trade and other payables decreased by **30%**, from **₱2,146.6 million** as of December 31, 2021 to **₱1,496.6 million** as of March 31, 2022 due to payments made by the Company during the period.

- Income tax payable increased by **57%**, from **₱13.7 million** as of December 31, 2021 to **₱21.5 million** as of March 31, 2022 primarily due to the current tax expense incurred during the period.

Total stockholder's equity increased by **4%** or by **₱428.2 million** from **₱11,383.8 million** as of December 31, 2021 to **₱11,812.0 million** as of March 31, 2022, due to an increase in retained earnings by **6%**, from **₱7,784.5 million** in December 31, 2021, to **₱8,212.6 million** as of March 31, 2022, coming from the net income earned during the period.

**MATERIAL CHANGES TO THE GROUP'S STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2022 COMPARED TO DECEMBER 31, 2021 (INCREASE/DECREASE OF 5% OR MORE)**

- Cash and cash equivalents decreased by **₱118.6 million**, or **6%**, from **₱1,924.3 million** as of December 31, 2021, to **₱1,805.8 million** as of March 31, 2022, due to payments made by the Company during the period.
- Total contracts receivable and contract assets, including non-current, increased by **₱634.6 million**, or **5%** from **₱13,551.9 million** as of December 31, 2021, to **₱14,186.6 million** as of March 31, 2022 due to sales on account recorded over the period.
- Due from related parties decreased by **₱5.9 million**, or **44%**, from **₱13.2 million** as of December 31, 2021 to **₱7.4 million** as of March 31, 2022 due primarily to payments of advances made to related parties.
- Other receivables decreased by **₱114.8 million**, or **5%** from **₱2,355.1 million** as of December 31, 2021, to **₱2,240.3 million** as of March 31, 2022 due primarily to the decrease in advances to contractors.
- Real Estate inventories decreased by **₱422.7 million**, or **6%** from **₱7,291.4 million** as of December 31, 2021, to **₱6,868.7 million** as of March 31, 2022 due to real estate sales for the period.
- Trade and other payables decreased by **₱650.1 million**, or **30%**, from **₱2,146.6 million** as of December 31, 2021 to **₱1,496.6 million** as of March 31, 2022 due to payments made by the Company during the period.
- Income tax payable increased by **₱7.8 million**, or **57%**, from **₱13.7 million** as of December 31, 2021 to **₱21.5 million** as of March 31, 2022 primarily due to the delayed payment in the full year income tax due. Full year income tax payable were paid last April 18, 2022.
- Total stockholder's equity increased by **₱428.2 million** or **4%** from **₱11,383.8 million** as of December 31, 2021 to **₱11,812.0 million** as of March 31, 2022, due mostly to an increase in retained earnings by **6%**, from **₱7,784.4.5 million** in December 31, 2021, to **₱8,212.6 million** as of March 31, 2022, due to net income earned during the period.

## **MATERIAL CHANGES TO THE GROUP'S STATEMENT OF INCOME FOR THE 3-MONTHS OF 2022 COMPARED TO THE 3-MONTHS OF 2021 (INCREASE/DECREASE OF 5% OR MORE)**

- Interest income on contract receivables increased by **₱3.8 million or 10%**, to **₱43.5 million** in 3-months of 2022 from **₱39.7 million** in the same period in 2021. This was due to the increase on in-house financed transactions in 3-months of 2022.
- Income from interment services increased by **₱1.7 million or 11%**, to **₱16.6 million** in 3-months of 2022 from **₱14.9 million** in the same period in 2021. This was attributable to the increase in the number of services rendered in 3-months of 2022, compared to the same period in 2021.
- Income from chapel decreased by **₱0.7 million or 9%**, to **₱7.7 million** in 3-months of 2022 from **₱8.4 million** in 3-months of 2021 due to the decrease in the number of memorial chapel services in 3-months of 2022, compared to the same period in 2021.
- Other charges - net decreased by **₱14.8 million or 21%**, to **₱55.1 million** in the 3-months of 2022, from **₱69.9 million** in 3-months of 2021. The decrease was mainly attributable to the increase in other revenues of the Group.
- Tax expense increased by **₱5.1 million or 21%**, to **₱29.0 million** for 3-months of 2022 from **₱23.9 million** for 3-months of 2021. This was primarily due to a higher taxable base for the period.
- As a result of the movements above, net profit increased by **₱48.0 million or 13%**, to **₱428.2 million** for 3-months of 2022 from **₱380.2 million** for 3-months of 2021.

For the 3-months of 2022, except as discussed in Note 1.2 of the 2022 Financial Statements on the impact of Covid-19 Pandemic in the Group's business, there were no other seasonal aspects that had a material effect on the financial condition or results of operations of the Group. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Group is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Group's continuing operations.

## **COMMITMENTS AND CONTINGENCIES**

The Group is a lessee under non-cancellable operating lease agreements for its office spaces. The leases have terms ranging from three to five years with renewal options upon mutual written agreement between the parties, and include annual escalation in rental rates.

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations, which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these events and conditions will not have material effects on the Group's financial statements.

## **SIGNATURE**

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

**GOLDEN MV HOLDINGS, INC.**

Issuer

By:

**MARIBETH C. TOLENTINO**  
President

Date: May 23, 2022