

COVER SHEET

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S.E.C. Registration Number									

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(Company's Full Name)

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

Estrellita S. Tan
Contact Person

(02) 8873-2922
Company Telephone Number

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Calendar Year					

17-Q
FORM TYPE

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<i>Month</i>	<i>Day</i>				
Annual Meeting					

N/A
Secondary License Type, If Applicable

Dept. Requiring this Doc.		

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings				
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Domestic	Foreign			

To be accomplished by SEC Personnel concerned

File Number									

LCU

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 : **June 30, 2024**
2. SEC Identification number: **108270**
3. BIR Tax Identification No: **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 issuer's 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 And amount of debt outstanding
Common	644,117,649

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

Yes [X] No []

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

Philippine Stock Exchange Common Stock

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and SRC Rule 17 thereunder, and Section 25 and 177 of the Revised Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)

Yes [x] No []

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

Yes [x] No []

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GOLDEN MV HOLDINGS, INC. AND SUBSIDIARIES

(Formerly Golden Bria Holdings, Inc.)

[A Subsidiary of Fine Properties, Inc.]

STATEMENTS OF FINANCIAL POSITION

GOLDEN MV HOLDINGS As of June 30, 2024 and December 31, 2023

(Amount in Thousands)

	Notes	UNAUDITED June 2024	AUDITED December 2023
ASSETS			
Current Assets			
Cash and cash equivalents	5	₱911,951	₱981,169
Contracts receivables	6	13,592,097	11,895,495
Contract assets	16	2,326,221	2,326,221
Due from related parties	20	289,652	216,618
Other receivables	6	2,495,267	1,836,416
Real estate inventories	7	6,102,063	6,500,025
Other current assets	8	727,126	758,213
Total Current Assets		26,444,377	24,514,157
Non-current Assets			
Contracts receivables	6	2,730,936	2,784,061
Contract assets	16	303,812	303,812
Property and equipment – net	9	228,625	202,635
Right-of-use assets – net	10	23,606	23,606
Investment properties	11	75,761	75,761
Other non-current assets	8	43,750	41,713
Total Non-current Assets		3,406,490	3,431,588
TOTAL ASSETS		₱29,850,867	₱27,945,745
LIABILITIES AND EQUITY			
Current Liabilities			
Interest-bearing loans	12	₱752,825	₱792,140
Trade and other payables	13	3,145,236	2,255,211
Contract liability	16	426,085	426,085
Rawland payables	13	658,569	698,540
Lease liability	10	10,039	10,039
Customers' deposits	14	2,032,650	1,866,497
Due to related parties	20	960,725	951,725
Income tax payable	19	10,243	15,479
Total Current Liabilities		7,996,372	7,015,716
Noncurrent Liabilities			
Interest-bearing loans	12	4,458,676	4,457,855
Contract liability	16	36,508	36,508
Lease liability	10	15,050	15,050
Deferred tax liabilities – net	19	1,267,450	1,181,471
Reserve for maintenance care	15	1,090,314	1,026,618
Retirement benefit obligation		95,693	95,693
Total Noncurrent Liabilities		6,963,691	6,813,195
Total Liabilities		14,960,063	13,828,911
EQUITY			
	21		
Capital stock		644,118	644,118
Additional paid-in capital		2,970,209	2,970,209
Retained earnings		11,267,488	10,493,518
Revaluation reserves		8,989	8,989
Total Equity		14,890,804	14,116,834
TOTAL LIABILITIES AND EQUITY		₱29,850,867	₱ 27,945,745

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 COMPREHENSIVE INCOME

GOLDEN MV HOLDINGS For the six months ended June 30, 2024 and 2023

(Amount in Thousands)

	Notes	UNAUDITED APR – JUN Q2-2024	UNAUDITED JAN – JUNE 2024	UNAUDITED APR – JUNE Q2-2023	UNAUDITED JAN – JUN 2023
Real estate sales		₱ 727,030	₱ 2,347,751	₱1,025,930	₱2,573,421
Interest income on contract receivables	6	34,672	70,467	52,424	94,683
Interment Income		23,841	44,399	18,270	35,815
Income from chapel services		14,270	23,469	7,905	15,400
	16	799,813	2,486,086	1,104,529	2,719,319
COSTS AND EXPENSES	17				
Costs of sales and services		291,315	1,000,360	444,719	1,152,373
Other operating expenses		199,770	513,531	258,198	574,386
		491,085	1,513,891	702,917	1,726,759
OPERATING PROFIT		308,728	972,195	401,612	992,560
OTHER CHARGES - net					
Finance costs	12	(72,225)	(142,614)	(100,291)	(202,637)
Finance income	5	2,608	5,475	2,170	2,214
Other revenues	18	27,533	44,249	27,952	71,508
		(42,084)	(92,890)	(70,169)	(128,915)
PROFIT BEFORE TAX		266,644	879,305	331,443	863,645
TAX EXPENSE	19	(42,607)	(105,335)	(32,082)	(91,247)
NET INCOME		₱224,037	₱773,970	₱299,361	₱772,398
TOTAL COMPREHENSIVE INCOME		₱224,037	₱773,970	₱299,361	₱772,398
Basic and Diluted Earnings Per Share	22	₱0.35	₱1.2	₱0.46	₱1.20

See accompanying Notes to Financial Statements



GOLDEN MV HOLDINGS, INC. AND SUBSIDIARIES
(Formerly Golden Bria Holdings, Inc.)
[A Subsidiary of Fine Properties, Inc.]

GOLDEN MV HOLDINGS **For the six months ended June 30, 2024 and 2023**
(Amount in Thousands)

	Capital Stock	Paid-in Capital	Revaluation Reserves	Retained Earnings	Total Equity
Balance at January 1, 2024	₱644,118	₱2,970,209	₱8,989	₱10,493,518	₱14,116,834
Total comprehensive income for the period	–	–	–	773,970	773,970
Balance at June 30, 2024	₱644,118	₱2,970,209	₱8,989	₱11,267,488	₱14,890,804
Balance at January 1, 2023	₱644,118	₱2,970,209	₱481	₱9,077,257	₱12,692,065
Total comprehensive income for the period	–	–	–	772,398	772,398
Balance at June 30, 2023	₱644,118	₱2,970,209	₱481	₱9,849,655	₱13,464,463

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 six months ended June 30, 2024 and 2023

(Amount in Thousands)

	UNAUDITED APR – JUN Q2-2024	UNAUDITED JAN – JUN 2024	UNAUDITED APR – JUN Q2-2023	UNAUDITED JAN – JUN 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	₱266,644	₱879,305	₱331,443	₱863,645
Adjustments for:				
Interest income	(37,280)	(75,942)	(54,594)	(96,897)
Depreciation and amortization	7,701	21,613	16,209	30,457
Interest expense	72,225	142,614	100,291	202,637
Operating profit before working capital changes	309,290	967,590	393,349	999,842
Decrease (increase) in:				
Contracts receivables	(441,819)	(1,643,477)	(451,904)	(1,489,013)
Due from related parties	59,444	(73,034)	(1,306)	(6,359)
Other receivables	(367,351)	(658,851)	1,612,660	1,588,772
Real estate inventories	(71,787)	397,962	64,498	458,417
Other assets	28,429	29,050	23,314	17,548
Increase (decrease) in:				
Trade and other payables	442,830	890,025	(196,437)	195,212
Rawland payable	(19,675)	(39,971)	(16,689)	(23,019)
Customers' deposits	80,161	166,153	16,322	205,754
Other liabilities	94,904	72,696	171,493	178,249
Cash from (used in) operations	114,426	108,143	1,615,300	2,125,403
Interest received	37,281	75,942	54,594	96,897
Cash paid for income taxes	(24,553)	(24,592)	(34,873)	(34,873)
Net Cash From (Used in) Operating Activities	127,154	159,493	1,635,021	2,187,427
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	(30,474)	(47,603)	(13,400)	(47,568)
Cash Used in Investing Activities	(30,474)	(47,603)	(13,400)	(47,568)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net availment/(payment) of interest-bearing loans	(115,071)	(38,494)	(1,373,776)	(1,532,184)
Interest paid	(72,225)	(142,614)	(100,291)	(202,637)
Net Cash From (Used in) Financing Activities	(187,296)	(181,108)	(1,474,067)	(1,734,821)
NET INCREASE (DECREASE) IN CASH	(90,616)	(69,218)	147,554	405,038
CASH AT BEGINNING OF PERIOD	1,002,567	981,169	1,176,855	919,371
CASH AT END OF PERIOD	₱911,951	₱911,951	₱1,324,409	₱1,324,409

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 June 30, 2024, the Parent Company is 63.97% effectively owned subsidiary of Fine Properties, Inc. (FPI), which is a holding company and the ultimate parent company of the Parent Company and its subsidiaries (the Group).

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.

In 2020, HVN owns 99.99% ownership interest in Golden Haven Memorial Park, Inc. (GHMPI), an entity 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. GHMPI has started its commercial operations on June 30, 2022.

In 2022, HVN owns 99.80% ownership interest in VTech Capital, Inc. (VTECH), an entity which was newly incorporated on March 1, 2022. VTECH, upon commencement of its commercial operations, is planned to engage 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 June 30, 2024, VTECH has not yet started commercial operations.

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 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 Pinas. The registered office address 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) approved the proposed amendment to change the Parent Company's Corporate name from Golden Bria Holdings, Inc. to Golden MV Holdings, Inc. The required written assent from the Parent Company's stockholders to approve the amendment was received on December 12, 2020. The said change was approved by the Philippine 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. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Group are disclosed in detail in the succeeding pages. PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed by the Group

The Group has availed of certain financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry under following Memorandum Circular (MC):

- 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*

SEC MC No. 08-2021, *Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No.04-2020, and MC No. 34-2020 to Clarify Transitory Provision*, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

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

PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and 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* (deferred until December 31, 2023). 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.

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 the project, are expected within one year and significant financing component is not expected to be significant.

Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statements 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. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.

This will impact the retained earnings, real estate sales, and profit or loss in the year of adoption and in comparative periods presented. Furthermore, these would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. Should the Group elect to apply the modified retrospective approach as allowed by MC No. 2021-08, this will impact the opening retained earnings in the year of adoption.

(c) 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.

(d) 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 Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

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

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Group's consolidated financial statements under Notes 2 and 3.

- (ii) PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Group's consolidated financial statements.
- (iii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the

application of such amendments had no significant impact on the Group's consolidated financial statements.

(b) *Effective in 2023 that are is Relevant to the Group*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *Income Taxes – International Tax Reform – Pillar Two Model Rules*, are not relevant to the Group's consolidated financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)
- (v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

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 1.1, after the elimination of material intercompany transactions.

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

Acquired subsidiaries are subject to either of the following relevant policies:

- (a) Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.
- (b) 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. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that

otherwise would have been done under the acquisition method.

- (c) Acquisition of assets in an entity, which does not constitute a business is accounted for as an asset acquisition.

2.4 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

The only classification and measurement of financial assets relevant to the Group is financial assets at amortized cost.

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Contract Receivables, Due from Related Parties, and Security deposits (presented under Other Current Assets and Other Non-current Assets) and Other Receivables (except Advances to contractors and others, Advances for land acquisition and Advances to employees) which pertain to receivables from customers for documentary fees and other assistance related to processing and transfer of lots and units sold.

The Group assesses impairment of contract receivables and other receivables on a collective basis based on shared credit risk characteristics of financial assets. The Group determines the expected credit losses (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 due from related parties, 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 ECL on due from related parties is based on the assumption that repayment of the advances or loans is demanded at the reporting date taking into consideration the historical default of the related parties. Management considers if the related party has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. Meanwhile, impairment of security deposits is assessed based on potential liquidity of counterparties based on available financial information.

(b) Financial Liabilities

Financial liabilities include Interest-bearing Loans, Trade and Other Payables (except tax-related payables), Rawland Payable, Lease Liabilities, Reserve for Maintenance Care and Due to Related Parties.

2.5 Inventories

a) Real Estate Inventories

Real estate inventories include raw land, memorial lots, residential houses and lots for sale, condominium units and property development costs. Costs of inventories are assigned using specific identification of their individual costs. Cost includes acquisition costs of the land plus the costs incurred for its development, improvement and construction, including capitalized borrowing costs. All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

b) Construction Materials

Construction materials (presented as part of Other Current Assets) pertain 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. Cost is determined using the weighted average method.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

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 profit or loss.

2.6 Property and Equipment

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

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:

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

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.

2.7 Investment Properties

Investment properties, which consist of parcels of land, are measured at cost less any impairment in value.

2.8 Revenue and Expense Recognition

Revenue comprises revenue from real estate sales 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.

The Group develops real estate 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 judgments used in determining the existence of a contract with customer, evaluating the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties and determining the collection threshold for revenue recognition are disclosed in Note 3.1(a), (b) and (c), respectively. In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (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 houses 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.

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, if any, in the consolidated statement of financial position. A contract liability is the Group's 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.

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.

2.9 Leases – Group as Lessee

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

2.10 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.

2.11 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan, defined benefit contribution plan, and other employee benefits.

The Group's post-employment defined benefit pension plans covers all regular full-time employees. The pension plans are tax-qualified, noncontributory and administered by trustees.

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

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 is sold.

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) Determination of Transaction Price and Amounts Allocated to Performance Obligations

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable and agreed at the start of the contract. The Group applies judgment in determining the transaction price and amounts allocated to performance obligations on its contracts with customers. The transaction price for a contract excludes any amounts collected on behalf of third parties (e.g., VAT).

The Group enters into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

(c) 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 is 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.

(d) Determination of Collection Threshold for Revenue Recognition

The Group uses judgment 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.

(e) Determination of ECL on Contract and Other Receivables, Contract Assets, Due from Related Parties and Security Deposits

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.

(f) *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 exercises its option to buy these transportation equipment at the end of the lease term.

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

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.

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. 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.

(b) Recognition of Provisions and Contingencies

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

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are discussed in Notes 13.1 and 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 June 30, 2024 and December 31, 2023.

(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 June 30, 2024 and December 31, 2023, 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 Properties

The Group's investment properties which composed of parcels 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 recognized as at June 30, 2024 and December 31, 2023 will be fully utilized in the coming years (see Note 19.2).

(g) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

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

(h) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values 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.

(i) 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. These assumptions 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 DBO in the next reporting period.

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 June 30, 2024:

	Death Care	Residential	Total
Revenues	₱451,456	₱2,034,630	₱ 2,486,086
Cost of sales and services	(83,537)	(916,823)	(1,000,360)
Gross profit	367,919	1,117,807	1,485,726
Other operating expenses	219,647	293,884	513,531
Depreciation and amortization	(14,547)	(7,066)	(21,613)
	205,100	286,818	491,918
Segment profit before tax and depreciation and amortization	₱162,819	₱830,989	₱993,808
Segment Assets	₱5,005,100	₱24,480,354	₱29,485,454
Segment Liabilities	₱1,801,942	₱10,919,703	₱12,721,645

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>
Assets:	
Total segment asset	₱29,485,454
Due from related parties	289,652
Investment property	75,761
Group Total Assets	₱29,850,867
Liabilities:	
Total segment liabilities	₱12,721,645
Due to related parties	960,725
Income tax payable	10,243
Deferred tax liabilities	1,267,450
Group Total Liabilities	₱14,960,063

4.4 Disaggregation of Revenue from Contract with Customers and Other Counterparties

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 June 30 follows:

	<i>(in thousands)</i>
Cash on hand	₱8,635
Cash in bank	903,316
	₱911,951

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 ₱5.47 million and ₱2.21 million on June 30, 2024 and 2023, 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	₱13,592,097
Non-current	2,730,936
	<u>₱16,323,033</u>

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 ten years. Contracts receivables have an annual effective interest rate of 5% to 12.0% in 2024 and 2023. Interest income related to contracts receivables amounted to ₱70.5 million and ₱94.7 million on June 30, 2024 and 2023, 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 2024, certain receivables amounting to ₱4,395.0 million were used as collateral security against interest-bearing loans (see Note 12).

6.2 Other Receivables

The composition of this account as of June 30 is shown below.

	<i>(in thousands)</i>
Advances to contractors and others	₱2,399,484
Advances to employees	87,859
Others	7,924
	<u>₱2,495,267</u>

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	₱4,337,538
Memorial lots	1,385,946
Residential houses and lots	235,773
Condominium units	105,117
Property development costs	37,689
	₱6,102,063

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.

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

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.

8. OTHER ASSETS

This account consists of the following as of June 30:

	<i>(in thousands)</i>
Current:	
Prepaid commission	₱299,126
Construction materials	236,985
Creditable withholding taxes	129,185
Deferred input VAT	22,840
Prepaid expenses	22,740
Security deposits - current	6,672
Other assets	9,578
	727,126
Non-current:	
Security deposits	33,750
Other assets	10,000
	43,750
	₱770,876

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 June 30, 2024 shown below.

	Building	Leasehold Improvements	Service Vehicle	Service Equipment	Park Maintenance Tools and Equipment	Furniture, Fixtures and Equipment	System Development Cost	Total
Cost	₱240,975	₱70,916	₱158,565	₱32,878	₱42,834	₱241,478	₱61,915	₱849,561
Accumulated depreciation and amortization	(109,420)	(56,284)	(141,004)	(14,029)	(40,769)	(223,516)	(35,914)	(620,936)
Net carrying amount	₱131,555	₱14,632	₱17,561	₱18,849	₱2,065	₱17,962	₱26,001	₱228,625

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 maintenance 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 32 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 June 30, 2024 is ₱23.6 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 June 30, 2024 as follows:

	<i>(in thousands)</i>
Current	₱10,039
Non-current	15,050
	<u>₱25,089</u>

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 June 30, 2024, 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 ₱10.6 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 ₱9.6 million as of June 30, 2024 and is 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 June 30, 2024.

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	₱ 752,825
Non-current	4,458,676
	<u>₱5,211,501</u>

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 8.8%.

Interest expense incurred on these loans amounted to ₱142.6 million and ₱202.6 million for the periods ended June 30, 2024 and 2023, respectively. These are presented as part of Finance cost in the consolidated statements of comprehensive income.

There are no outstanding interest payable as of June 30, 2024 related to these loans.

The loans are net of debt issue cost amounting to ₱86.1 million as of June 30, 2024. The amortization of debt issue cost amounting to ₱47.6 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 ₱4,395.0 million as of June 30, 2024 (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	₱2,221,945
Accrued expenses	508,111
Deferred output tax	196,557
Retention payable	121,299
Commission payable	79,079
VAT payable	14,560
Withholding taxes payable	2,858
Other payables	827
	<u>₱3,145,236</u>

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 rawland 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 ₱658.6 million and ₱698.5 million as of June 30, 2024 and December 31, 2023, 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 June 30, 2024, Customers' Deposits account, as presented in the current liabilities section of the consolidated statements of financial position, amounted to ₱2,032.7 million (see Note 2.13).

15. RESERVE FOR MAINTENANCE 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 Maintenance Care Fund (Fund). The balance of the reserve for maintenance care for memorial lots as of June 30, 2024 and December 31, 2023 amounted to ₱1,090.3 million and ₱1,026.6 million, respectively, represents the total amount of maintenance care from all outstanding sales contracts, net of amount already remitted for fully collected memorial lots into the Fund.

As an industry practice, the amount turned over to the 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 Fund will be used in the maintenance care and maintenance of the memorial lots. Once placed in the Fund, the assets, liabilities, income and expense of the 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 June 30, 2024 is presented below.

	Segments		Total
	Death Care	Residential	
Geographical areas			
Luzon	₱262,200	₱1,412,402	₱1,674,602
Visayas	73,663	82,564	156,227
Mindanao	115,593	539,664	655,257
	₱451,456	₱2,034,630	₱2,486,086

16.2 Contract Assets and Contract Liabilities

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.

The Group recognized contract liabilities, which pertain to consideration received by the Group in excess of the amount for which the Group is entitled.

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	₱977,599
Cost of interment	15,296
Cost of chapel services	7,465
	₱1,00,360

Cost of real estate sales is comprised of:

	<i>(in thousands)</i>
Construction and development costs	₱708,317
Cost of land	269,282
	<u>₱977,599</u>

17.2 Operating expenses by nature

The details of operating expenses by nature for the period ended June 30, 2024 is shown below.

	<i>(in thousands)</i>
Salaries and wages	₱159,143
Commission	83,475
Outside services	49,123
Advertising	43,049
Depreciation and amortization	21,613
Promotions	19,596
Utilities	17,700
Loss on Sales Cancellation	17,532
Prompt payment discount	16,523
Repairs and Maintenance	16,040
Transportation and travel	12,513
Rentals	10,570
Taxes and licenses	4,775
Professional fees	4,094
Office supplies	3,915
Insurance	3,599
Management Fess	3,440
Collection fees	2,982
Meetings and conferences	2,025
Training and seminars	384
Representation	330
Miscellaneous expenses	21,110
	<u>₱513,531</u>

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	₱33,126
Interest on past due Accounts	3,722
Transfer fee	3,709
Service Tent rental	384
Others	3,308
	<u>₱44,249</u>

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 Phases 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 (Phases 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 June 30, 2024 follow:

	<i>(in thousands)</i>
Current	₱19,356
Deferred	85,979
	<u>₱105,335</u>

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 2024 and 2023 as the RCIT is higher than MCIT in such years.

In June 30, 2024 and 2023, 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 ₱289.7 million and ₱216.6 million as at June 30, 2024 and December 31, 2023, 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	₱216,618
Additions	73,034
	<u>₱289,652</u>

Based on management's assessment, no impairment losses need to be recognized for the period ended June 30, 2024 and December 31, 2023 from its receivables from related parties.

20.2 Due to Related Parties

The Group obtained short-term, unsecured, noninterest-bearing advances from prelated 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 June 30, 2024 and December 31, 2023.

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

	<i>(in thousands)</i>
Balance at beginning of period	₱951,725
Additions	9,000
	<u>₱960,725</u>

21. EQUITY

21.1 Capital Stock

Capital stock consists of:

	<u>June 30, 2024</u>	<u>Dec 31, 2023</u>
<u>Common</u>		
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
<u>Preferred</u>		
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 P20.0 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 P10.50 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 June 30, 2024, there are 7 holders of the listed common shares owning at least one board lot of 100 shares. Such listed shares closed at ₱1,275.00 per share as of June 30, 2024.

21.2 Revaluation Reserves

As of June 30, 2024, 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 ₱9.0 million.

22. EARNINGS PER SHARE

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

	<i>(in thousands)</i>
Net profit	₱773,970
Divided by the number of outstanding common shares	644,118
Basic and diluted earnings per share	₱1.20

The Group has no dilutive potential common shares as at June 30, 2024, 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 ₱10.6 million in 2024, 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.

	<i>(in thousands)</i>
Cash and cash equivalents	₱911,951
Contracts receivable	16,323,033
Contract assets	2,630,033
Due from related parties	289,652
Security deposits	40,422
Other receivables	7,924
	<u>₱20,203,015</u>

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 June 30, 2024 and December 31, 2023.

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.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
Contract receivables	₱16,323,033	₱16,323,033	₱–
Contract assets	2,630,033	2,630,033	–
	₱18,953,066	₱18,953,066	₱–

As of June 30, 2024, the aging of receivables is as follows:

<i>(In Thousands)</i>	Current	Within 90 days	91-180 days	181-360 days	Over 1 Year	Total
Contracts receivable	₱14,667,821	₱465,015	₱382,395	₱203,837	₱603,965	₱16,323,033
Due from related parties	289,652	–	–	–	–	289,652
Other receivables	7,924	–	–	–	–	7,924
Total	₱14,965,397	₱465,015	₱382,395	₱203,837	₱603,965	₱16,620,609

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 June 30, 2023, 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 June 30, 2024, 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	₱2,931,261	₱–
Rawland payable	658,569	–
Interest-bearing loans and borrowings	752,825	4,458,676
Due to related parties	960,725	–
Lease liability	10,039	15,050
Reserve for maintenance care	–	1,090,314
	₱5,313,419	₱5,564,040

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 <i>(in thousands)</i>	Fair Values
<i>Financial Assets</i>			
At amortized cost:			
Cash and cash equivalents	5	₱911,951	₱911,951
Contracts receivables	6	16,323,033	16,323,033
Due from related parties	20.1	289,652	289,652
Security deposits	8	40,422	40,422
Other Receivables		7,924	7,924
		₱17,572,982	₱17,572,982

	Notes	Carrying Values <i>(in thousands)</i>	Fair Values
<i>Financial Liabilities</i>			
At amortized cost:			
Interest-bearing loans	12	₱5,211,501	₱5,211,501
Trade and other payables	13	2,931,261	2,931,261
Rawland payables	13	658,569	658,569
Lease liability	10	25,089	25,089
Reserve for maintenance care	15	1,090,314	1,090,314
		₱9,916,734	₱9,916,734

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 maintenance 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 June 30, 2024 (see Note 11).

The fair value of the Group's investment properties, pertaining to parcels of land, amounting to ₱994.5 million as of December 31, 2023, 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	₱5,211,501
Total adjusted equity	14,890,804
Debt-to-equity ratio	0.35:1.00

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Company for the period ended June 30, 2024 and 2023.

		30-Jun-24	2023
Liquidity:			
Current Ratio	Current Assets/Current Liability	3.31:1	3.49:1
Solvency:			
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings)	0.20:1	0.39:1
Total Liabilities-to-Equity Ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings)	0.35:1	0.37:1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	2.00:1	1.98:1
		30-Jun-24	30-Jun-23
Interest-rate-coverage:			
Interest-rate-coverage ratio	Profit Before Tax and Interest/Finance Costs (Including capitalized interest)	7.17:1	5.26:1
Profitability:			
Return-on-equity	Net profit / Average total equity	11%	11%

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS COVERING 6-MONTHS OF 2024 VS. 6-MONTHS OF 2023

Revenues

The revenues of the Company decreased from **₱2,719.3 million** for the 6-months ended June 30, 2023 to **₱2,486.1 million** for the 6-months ended June 30, 2024. The **9%** decrease was primarily attributable to the following:

- **Real estate sales**
Real estate sales of the group decreased to **₱2,347.8 million** for the 6-months of 2024, a **9%** decrease from **₱2,573.4 million** in the same period in 2023. This is due to the decrease in sale of residential units.
- **Interest income on contract receivables**
Interest income on contract receivables were recorded at **₱70.5 million** in 6-months of 2024, decreased by **26%** compared to **₱94.7 million** in 6-months of 2023. This was due to the lower in-house financed sales on account in 6-months of 2024 compared to 6-months of 2023.
- **Interment income**
There was a **24%** increase in income from interment services to **₱44.4 million** in 6-months of 2024 from **₱35.8 million** in the same period in 2023. This was attributable to the increase in the number of services rendered in 6-months of 2024, compared to the same period in 2023.
- **Income from Chapel Services**
Income from chapel services increased by **53%**, to **₱23.5 million**, from **₱15.4 million**, due to the launching of pet crematorium and increase in the number of memorial chapel and cremation services rendered in 6-months of 2024, compared to the same period in 2023.

Costs and Expenses

Cost and expenses decreased to **₱1,513.9 million** in 6-months ended June 30, 2024, from **₱1,726.8 million** for period ended June 30, 2023. The **12%** decrease in the account was mainly attributable to the following:

- **Cost of Sales and Services**
Cost of sales and services decreased by **13%**, to **₱1,000.4 million**, from **₱1,152.4 million**, due mainly to a decrease in residential units sold.
- **Other Operating Expenses**
Other operating expenses decreased by **11%**, to **₱513.5 million**, from **₱574.4 million**, due primarily to the decrease in outside services, repairs and advertising.

Other Income (charges) - Net

Other charges - net decreased to **₱92.9 million** in the 6-months of 2024, from **₱128.9 million** in 6-months of 2023. The **28%** decrease was mainly attributable to the decrease in finance costs for the period.

Tax Expense

The Company's tax expense increased by **15%**, to **₱105.3 million** for 6-months of 2024 from **₱91.2 million** for 6-months of 2023 primarily due to a higher taxable base for the period.

Net Income

As a result of the movements above, total net profits is at **₱774.0 million** in 6-months of 2024 slightly higher from **₱772.4 million** recorded in 6-months of 2023.

For the 6-months of 2024, except as discussed in Note 1.2 of the 2023 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 JUNE 30, 2024 VS. DECEMBER 31, 2023

The Group's total assets were recorded at **₱29,850.9 million** as of June 30, 2024, compared to the **₱27,945.6 million** recorded as of December 31, 2023, increasing by **7%**. This increase was due to the following movements:

- Cash on-hand and in-banks decreased by **7%**, from **₱981.2 million** as of December 31, 2023, to **₱912.0 million** as of June 30, 2024, due primarily to cash used in operations.
- Total contracts receivable and contract assets, including non-current, increased by **9%** from **₱17,309.6 million** as of December 31, 2023, to **₱18,953.1 million** as of June 30, 2024 due to sales on account recorded over the period.
- Due from related parties increased by **34%**, from **₱216.6 million** as of December 31, 2023 to **₱289.7 million** as of June 30, 2024 due primarily to advances made to related parties.
- Other receivables increased by **36%** from **₱1,836.4 million** as of December 31, 2023, to **₱2,495.3 million** as of June 30, 2024 due primarily to increase in receivables from contractors.
- Real estate inventories decreased by **9%**, from **₱6,500.0 million** of December 31, 2023 to **₱5,902.1 million** as of June 30, 2024 due to sales for the period.
- Property and equipment-net increased by **13%**, from **₱202.6 million** as of December 31, 2023 to **₱228.6 million** as of June 30, 2024, due primarily to purchase of property and equipment for the period.

The total liabilities of the Group increased by **7%** from **₱13,828.9 million** as of December 31, 2023 to **₱14,960.1 million** as of June 30, 2024. This decrease was due to the following:

- Total interest-bearing loans, including non-current, decreased by **1%**, from **₱5,250.0 million** as of December 31, 2023 to **₱5,211.5 million** as of June 30, 2024, due to payments made by the Company during the period.
- Trade and other payables increased by **39%** from **₱2,255.2 million** as of December 31, 2023 to **₱3,145.2 million** as of June 30, 2024, due to new contracts in relation to construction and development of residential houses for the period.

- Customers' deposits increased by **9%**, from **₱1,866.5 million** as of December 31, 2023 to **₱2,032.7 million** as of June 30, 2024, due mainly to collections from reservation sales for the period.
- Due to related parties increased by **1%**, from **₱951.7 million** as of December 31, 2023 to **₱960.7 million** as of June 30, 2024, due mainly to collection of advances made by the company during the period.
- Deferred tax liability increased by **7%**, from **₱1,181.5 million** as of December 31, 2023 to **₱1,267.5 million** as of June 30, 2024 due to the increase in temporary difference for the period.
- Reserved for Perpetual Care increased by **6%** from **₱1,026.6 million** as of December 31, 2023 to **₱1,090.3 million** as of June 30, 2024 due to sale of memorial lots during the period.

Total stockholder's equity increased by **5%** or by **₱774.0 million** from **₱14,116.8 million** as of December 31, 2023 to **₱14,890.8 million** as of June 30, 2024, due mostly to an increase in retained earnings by **7%**, from **₱10,493.5 million** in December 31, 2023, to **₱11,267.5 million** as of June 30, 2024, coming from the net income earned during the period.

MATERIAL CHANGES TO THE GROUP'S STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2024 COMPARED TO DECEMBER 31, 2023 (INCREASE/DECREASE OF 5% OR MORE)

- Cash on hand and in banks decreased by **₱69.2 million**, or **7%**, from **₱981.2 million** as of December 31, 2023 to **₱912.0 million** as of June 30, 2024 due primarily to cash used in operations.
- Total contracts receivable and contract assets, including non-current increased by **₱1,643.5 million**, or **9%**, from **₱17,309.6 million**, as of December 31, 2023 to **₱18,953.1 million** as of June 30, 2024 due primarily to advances made by related parties.
- Due from related parties increased by **₱73.1 million**, or **34%**, from **₱216.6 million** as of December 31, 2023 to **₱289.7 million** as of June 30, 2024 due primarily to advances made to related parties.
- Other receivables increased by **₱658.9 million**, or **36%** from **₱1,836.4 million** as of December 31, 2023, to **₱2,495.3 million** as of June 30, 2024 due primarily to a increase in receivables from contractors.
- Real estate inventories decreased by **₱397.9 million**, or **6%**, from **₱6,500.0 million** of December 31, 2023 to **₱6,102.1 million** as of June 30, 2024 due to sales for the period.
- Property and equipment decreased by **₱26.0 million**, or **13%**, from **₱202.6 million** as of December 31, 2023 to **₱228.6 million** as of June 30, 2024 due to purchase of property and equipment for the period.
- Other non-current assets increased by **₱2.1 million**, or **5%**, from **₱41.7 million** of December 31, 2023 to **₱43.8 million** as of June 30, 2024 due to increase in other assets for the period.

- Trade and other payables increased by **₱890.0 million**, or **39%** from **₱2,255.2 million** as of December 31, 2023 to **₱3,145.2 million** as of June 30, 2024, due to new contracts in relation to construction and development of residential houses for the period.
- Rawlands Payable decreased by **₱39.9 million**, or **6%**, from **₱698.5 million** as of December 31, 2023 to **₱658.6 million** as of June 30, 2024, due to payments made
- Customers' deposits increased by **₱166.2 million**, or **9%**, from **₱1,866.5 million** as of December 31, 2023 to **₱2,032.7 million** as of June 30, 2024, due mainly to collections from reservation sales for the period.
- Income tax payable decreased by **₱5.3 million**, or **34%**, from **₱15.5 million** as of December 31, 2023 to **₱10.2 million** as of June 30, 2024, primarily due to the current tax expense incurred during the period.
- Deferred tax liability increased by **₱86.0 million**, or **7%**, from **₱1,181.5 million** as of December 31, 2023 to **₱1,267.5 million** as of June 30, 2024 due to the increase in temporary difference for the period.
- Reserved for Perpetual Care increased by **₱63.7 million**, or **6%**, from **₱1,026.6 million** as of December 31, 2023 to **₱1,090.3 million** as of June 30, 2024 due to sales recorded for the period.
- Total stockholder's equity increased by **₱774.0 million** or **5%** from **₱14,116.8 million** as of December 31, 2023 to **₱14,890.8 million** as of June 30, 2024, due mostly to an increase in retained earnings by **7%**, from **₱10,493.5 million** in December 31, 2023, to **₱11,267.5 million** as of June 30, 2024, due to net income earned during the period.

MATERIAL CHANGES TO THE GROUP'S STATEMENT OF INCOME FOR THE 6-MONTHS OF 2024 COMPARED TO THE 6-MONTHS OF 2023 (INCREASE/DECREASE OF 5% OR MORE)

- Real estate sales decreased by **₱225.6 million** or **9%**, to **₱2,347.8 million** in 6-months of 2024 from **₱2,573.4 million** in the same period in 2023. The increase was due to lower sales of residential units compared to same period previous year.
- Interest income on contract receivables decreased by **₱24.2 million** or **26%**, to **₱70.5 million** in 6-months of 2024 from **₱94.7 million** in the same period in 2023. This was due to lower in-house financed sales on account in 6-months of 2024 compared to the same period in 2023.
- Interment Income increased by **₱8.6 million** or **24%**, to **₱44.4 million** in 6-months of 2024 from **₱35.8 million** in 6-months of 2023 due to increase in the number of services rendered in 6-months of 2024, compared to the same period in 2023.
- Income from chapel services increased by **₱8.1 million** or **53%**, to **₱23.5 million** in 6-months of 2024 from **₱15.4 million** in 6-months of 2023 due to the launching of pet crematorium and increase in the number of memorial chapel and cremation services rendered in 6-months of 2024, compared to the same period in 2023.
- Cost of sales and services decreased by **₱152.0 million** or **13%**, to **₱1,000.4 million** in 6-months of 2024 from **₱1,152.4 million** in 6-months of 2023, due mainly to a decrease in residential units sold

- Other operating expenses decreased by **₱60.9 million** or **11%**, to **₱513.5 million** in 6-months of 2024 from **₱574.4 million** in 6-months of 2023, due primarily to the decrease in outside services, repairs and advertising.
- Other charges - net decreased by **₱36.0 million** or **28%**, to **₱92.9 million** in the 6-months of 2024, from **₱128.9 million** in 6-months of 2023. The decrease was mainly attributable to the decrease in finance costs for the period.
- The Company's tax expense increased by **₱14.1 million** or **15%**, to **₱105.3 million** in the 6-months of 2024, from **₱91.2 million** in 6-months of 2023. Primarily due to a higher taxable base for the period.
- As a result of the movements above, net profit increased by **₱1.6 million** to **₱774.0 million** for 6-months of 2024 from **₱772.2 million** for 6-months of 2023.

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 Company'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 Company's financial statements.

PART II – OTHER INFORMATION

Item 3. 6-months of 2024 Developments

A. New Projects of Investments in another line of business or corporation

None.

B. Composition of the Board of Directors

Name	Position
Manuel B. Villar, Jr.	Director and Chairman of the Board
Cynthia J. Javarez	Director and President
Manuel Paulo A. Villar	Director
Mark A. Villar	Director
Camille A. Villar	Director
Ana Marie V. Pagsibigan	Independent Director
Garth F. Castaneda	Independent Director

C. Performance of the corporation or result/progress of operations

Please see unaudited Financial Statements and Management Discussion and Analysis.

D. Declaration of Dividends

None.

E. Contracts of merger, consolidation, or joint venture; contract of management, licensing, marketing, distributorship, technical assistance, or similar agreements.

None.

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

None.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate

Not applicable.

H. Other information, material events or happenings that may have affected or may affect the market price of security.

None.

I. Transferring of assets, except in normal course of business.

None.

Item 4. Other Notes as of 6-months of 2024 Operations and Financials.

- J. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.**

None.

- K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.**

In 2024, the Group reassessed the historical behavior of its customers and determined a new percentage of collection threshold in recognizing revenue from sale of memorial lots, results of which was reflected in the audited financial statements.

- L. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.**

See notes to Financial Statements and Management Discussion and Analysis.

- M. Material events subsequent to the end of interim period that have not been reflected in the financial statements for the interim period.**

See notes to Financial Statements and Management Discussion and Analysis.

- N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.**

None.

- O. Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.**

None.

- P. Existence of material contingencies and other material events or transactions during the interim period.**

None.

- Q. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.**

None.

- R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.**

None.

S. Material commitment for capital expenditures, general purpose and expected sources of funds.

The movement of capital expenditures being contracted arose from the regular land development and construction requirements which are well within the regular cash flow budget coming from internally generated funds.

T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of June 30, 2024, no known trends, events, or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 6-months of 2024 financial statements.

U. Significant elements of income or loss that did not arise from continuing operations.

None.

V. Causes for any material change/s from period to period in one or more line items of the financial statements.

None.

W. Seasonal aspects that had material effects on the financial condition or results of operations.

None.

X. Disclosures not made under SEC Form 17-C.

None.

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:



ESTRELLITA S. TAN

Chief Financial Officer/ Chief Information Officer/
Investor Relations Officer/ Treasurer

Date: August 14, 2024