



14 November 2024

**PHILIPPINE DEALING AND
EXCHANGE CORPORATION**

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**
Head – Issuer Compliance and Disclosure Department

Re: Quarterly Report

Dear Atty. Selleza,

In compliance with the disclosure requirements of the Philippine Dealing and Exchange Corporation, please find attached Megawide Construction Corporation's Quarterly Report including the supporting financial statement for the quarter ended 30 September 2024.

Should you have any questions or concerns, please do not hesitate to reach out to us.

Thank you and warm regards,

A handwritten signature in black ink, appearing to read "Melissa", written over a horizontal line.

MELISSA ESTER E. CHAVEZ-DEE

*Corporate Secretary, Assistant Compliance Officer, and
Corporate Information Officer*

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
Sep 30, 2024

2. SEC Identification Number
CS200411461

3. BIR Tax Identification No.
232-715-069-000

4. Exact name of issuer as specified in its charter
Megawide Construction Corporation

5. Province, country or other jurisdiction of incorporation or organization
Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office
No. 20 N. Domingo Street, Barangay Valencia, Quezon City
Postal Code
1112

8. Issuer's telephone number, including area code
(02)8655-1111

9. Former name or former address, and former fiscal year, if changed since last report
Not Applicable

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
MWIDE (Common)	2,013,409,717
MWP2B (Preferred)	17,405,880
MWP3 (Preferred)	29,000,000
MWP4 (Preferred)	40,000,000
MWP5 (Preferred)	15,000,000

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein:

The Philippine Stock Exchange, Inc. -- Common Shares (MWIDE), Preferred Shares (MWP2B, MWP4, and MWP5)

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

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

Yes No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Megawide Construction Corporation MWIDE

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Sep 30, 2024
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2024	Dec 31, 2023
Current Assets	52,229,923,578	50,120,456,700
Total Assets	68,113,627,433	66,327,140,452
Current Liabilities	35,132,623,951	38,719,379,421
Total Liabilities	50,936,581,773	49,394,366,705
Retained Earnings/(Deficit)	6,725,253,374	6,471,907,771
Stockholders' Equity	17,177,045,660	16,932,773,747
Stockholders' Equity - Parent	16,675,169,090	16,416,083,118
Book Value per Share	3.45	3.32

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	4,939,450,158	4,505,716,248	16,430,000,079	15,821,535,242

Gross Expense	4,697,585,054	4,539,051,953	15,541,682,531	15,474,585,311
Non-Operating Income	69,200,977	107,101,353	145,001,332	262,754,353
Non-Operating Expense	399,606,436	350,755,447	1,234,303,499	792,060,244
Income/(Loss) Before Tax	241,865,104	-33,335,705	888,317,548	346,949,931
Income Tax Expense	117,931,464	-3,274,236	326,800,895	14,400,799
Net Income/(Loss) After Tax	123,933,640	-30,061,469	561,516,653	332,549,132
Net Income Attributable to Parent Equity Holder	129,300,050	-29,852,176	576,330,712	333,307,539
Earnings/(Loss) Per Share (Basic)	0.13	0.02	0.13	0.02
Earnings/(Loss) Per Share (Diluted)	-	-	-	-

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.13	0.02
Earnings/(Loss) Per Share (Diluted)	0.03	1.85

Other Relevant Information
None

Filed on behalf by:

Name	Melissa Ester Chavez-Dee
Designation	Corporate Secretary/Corporate Information Officer

MEGAWIDE CONSTRUCTION CORPORATION

Company's Full Name

**20 N. Domingo Street,
Barangay Valencia
Quezon City**

Company's Address

655-1111

Telephone Number

December 31

Fiscal Year Ending
(Month & Day)

SEC FORM 17-Q

Form Type

September 30, 2024

Period Ended Date

—

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the Quarterly Period Ended **September 30, 2024**
2. SEC Identification Number **CS200411461**
3. BIR Tax Identification No. **232-715-069-000**
4. Exact Name of Issuer as Specified in its Charter **Megawide Construction Corporation**
5. Province, Country or other Jurisdiction of Incorporation or Organization **Philippines**
6. Industry Classification Code (SEC use only)
7. Address of Principal Office **No. 20 N. Domingo Street,
Barangay Valencia, Quezon City
Postal Code 1112**
8. Issuer's Telephone Number, including Area Code **(02) 655-1111**
9. Former Name, Former Address and Fiscal Year, if Changed since Last Report **Not Applicable**
10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares Issued and Outstanding	Amount of Debt Outstanding (Php)
MWIDE (Common)	2,013,409,717	0
MWP2B (Preferred)	17,405,880	0
MWP3 (Preferred)	29,000,000	0
MWP4 (Preferred)	40,000,000	0
MWP5 (Preferred)	15,000,000	0

11. Are any or all these securities listed on a stock exchange?

Yes []

No []

If yes, state the name of such stock exchange and classes of securities listed therein:

**The Philippine Stock
Exchange, Inc.**

**- Common Shares (MWIDE)
- Preferred Shares (MWP2B, MWP4,
and MWP5)**

12. Check whether the issuer:

has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes No

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

Yes No

PART I –FINANCIAL INFORMATION

Item 1. Financial Statements

The interim Consolidated Financial Statements of Megawide Construction Corporation (“Megawide”) as of September 30, 2024 with comparative figures as of December 31, 2023 and September 30, 2023, Cash Flows and Schedule of Aging Accounts Receivable is incorporated by reference as Exhibit 1.

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

A. RESULTS OF OPERATIONS

Review of results for the nine (9) months ended September 30, 2024 as compared with the results for the nine (9) months ended September 30, 2023.

Revenues increased by 5% or P726 million

Consolidated revenues for the period amounted to P16.3 billion, 5% or P726 million higher than the same period last year. The improvement was driven by the contribution from the construction segment and real estate segment. Real estate segment was only consolidated starting 3Q2023 after the acquisition of PH1 in July 2023.

Construction revenues amounted to P15.5 billion – at par with the previous year – and contributed 96% to total consolidated revenues. The segment benefitted from robust construction activities and steady progress accomplishment of its existing order book.

New projects during the period amounted to P8.9 billion, mostly from affiliate Megawide Citicore Construction Corp. Inc. (MCCCI), representing several locations of Citicore's solar power capacity expansion, and CP-104 of the Metro Manila Subway System Project. These brought total order book to P42.6 billion as of end September 2024.

Revenue from newly consolidated real estate operations amounted to P377 million for the period, and this came from its ongoing projects, My Enso Lofts, The Hive, Northscapes, Modan Lofts, and One Lancaster Park.

Landport operations meanwhile delivered a revenue of P386 million from commercial spaces, 14% more than the same period last year.

Direct Costs declined by 3% or P383 million

Consolidated direct costs amounted to P13.2 billion, 3% or P383 million lower from the previous year's level because of the application strategic vendor sourcing, push for project-wide use of precast methodologies, and costs related to variation orders were already incurred in the prior year.

Cost of real estate operations, meanwhile, amounted to P187 million, while landport-related costs reached P246 million, slightly lower by P11 million, due to lower office occupancy.

Gross Profit increased by 57% or P1.1 billion

Consolidated gross profit reached P3.0 billion, translating to a consolidated gross profit margin of 19%. The construction business contributed P2.7 billion while real estate development chipped in P190 million, with landport operations accounting for the balance of P140 million.

Other Operating Expenses decreased by 1%

Other Operating Expenses during the period amounted to P1.1 billion, lower by P8 million as the Group continued to implement more conscious cost reduction measures across the organization.

Finance Costs increased by 11% or P169 million

Finance costs amounted to P1.8 billion, higher by P169 million, attributed to a higher loan balance from newly drawn working lines of the Group.

Finance Income decreased by 35% or P273 million

Finance income amounted to P517 million and was P273 million lower than in the same period last year due to lower cash balance for the period compared with the same period last year.

Others - net decreased by 45% or P118 million

Others - net generated an income of P145 million, traced mainly to ancillary services and common area charges offered at PITX, income from scrap sales and gain on disposals of property, plant and equipment.

Tax Expense increased by P312 million

Tax expense amounted to P327 million and was P312 million higher than the same period last year due to higher taxable income for the period.

Consolidated Net Income increased by P229 million

Consolidated net income from continuing operations amounted to P562 million, 69% higher compared with the net income of P333 million in the same period last year. The performance was driven by steady performance of construction operations, complemented by lower costs and expense management.

B. FINANCIAL CONDITION

Review of financial conditions as of September 30, 2024 as compared with financial conditions as of December 31, 2023.

ASSETS

Current Assets increased by 4% or by P2.1 billion

The following discussion provides a detailed analysis of the increase in current assets:

Cash and Cash Equivalents increased by 20% or P970 million

The increase in cash and cash equivalents was due to effective management of cash resources to maintain a strong liquidity position, focusing on balancing outflows with available cash and ensuring ongoing commitments are met.

Trade and Other Receivables increased by 8% or by P1.6 billion

The increase in trade and other receivables is related to increase in construction receivables that were subsequently collected in the following month and increase in retention receivables, which will be collected upon completion of the projects.

Construction Materials decreased by 13% or by P293 million

The decrease in inventory levels during the period was due to the steady progress accomplishment across all projects.

Real estate inventories amounted to P4.4 billion

Real estate inventories pertain to cost incurred of the on-going real estate projects.

Contract Assets increased by 6% or P339 million

The decrease in contract assets is attributed to the timing difference on actual billing for portion of work-in-progress completed during the period, which will be billed and evaluated by the client upon completion of the said scope or activity.

Other Current Assets decreased by 9% or by P1.0 billion

The decrease was mainly due to the recoupment of advances from suppliers and subcontractors prorated to their work progress during the period and decrease in prepaid taxes due to payment of income tax for the quarter.

Non-Current Asset Held for Sale remains at P2.9 billion

Total noncurrent assets held for sale pertains to the fair value of investment in GMCAC representing the Company's remaining 33 & 1/3% plus 1 share.

Non-Current Assets amounted to P15.9 billion

The following discussion provides a detailed analysis of the decrease in non-current assets:

Financial Assets at Fair Value Through Other Comprehensive Income (FVTOC) remains at P4 million

FVTOC which represents shares of stocks held to unconsolidated entity and golf shares with no published market value references remains at P4 million for both periods.

Investments in Associates and Joint Ventures increased by 10% or P26 million

The increase is due to the share in the net profit taken up on the Group's investment in various joint ventures and associates and additional investment in data center business.

Property, Plant and Equipment decreased by 6% or P346 million

The decrease was attributed to the Group's depreciation charges on property, plant and equipment.

Investment Properties decreased by 1% or P56 million

The decrease is mainly related to the depreciation charges for the period and acquisitions of investment properties.

Deferred tax assets increased by 5% or P35 million

The increase was mainly due to temporary differences arising from the difference between the tax reporting base and financial reporting base used in revenue recognition.

Goodwill amounted to P3.8 billion

On July 12, 2023, the Parent Company executed a Share Purchase Agreement to acquire 100% of the outstanding capital stock of PH1 from Citicore for a total cash consideration of P5,200.0 million. As a result of the acquisition, the Parent Company obtained controlling interest over PH1. The transaction resulted to a goodwill from acquisition as the consideration paid is higher than the fair value of net identifiable assets acquired.

Other Non-Current Assets increased by 5% or P18 million

The increase in Other Non-Current Assets was mainly due to the increase in the deposits for condominium units of the Group.

LIABILITIES AND EQUITY

Current Liabilities decreased by 9% or P3.6 billion

The following discussion provides a detailed analysis of the decrease in current liabilities:

Interest-Bearing Loans and Borrowings-Current decreased by 10% or P 2.1 billion

The decrease is mainly due to the repayments of corporate note during the period.

Trade and Other Payables decreased by 3% or P157 million

The decrease is due to net payments made to vendors across all units.

Contract liabilities – current decreased by 28% or P 1.4 billion

The decrease is mainly related to recoupment of downpayments from client.

Exchangeable notes amounted to P7.8 billion

In 2022, the Parent Company issued Exchangeable notes in favor of AIC. The notes will mature on October 30, 2024 (exercise date) and are expected to be exchanged by AIC for the rest of the 33% plus 1 share of GMCAC's outstanding capital stock currently held by the Parent Company.

As the transaction is expected to be completed in 2024, the Exchangeable Notes was presented under Current Liabilities in the 2024.

Other Current Liabilities increased by 21% or P73 million

The increase is due to the increase in tax liabilities of the Group such as government liabilities and output VAT,

Non-Current Liabilities increased by 48% or P5.1 billion

The following discussion provides a detailed analysis of the increase in non-current liabilities:

Loans and Borrowings-Non-Current increased by 56% or P5.4 billion

The increase is attributable to the listed fixed-rate bonds in the total amount of P4,000.0 million, inclusive of the P1,000.0 million oversubscription option, with the Philippine Dealing & Exchange Corp during the period. This will be used primarily by the Parent Company to refinance its short-term debts, fund its capital expenditures and other general corporate requirements.

The increase is also due to the drawdown from the Omnibus Loan and Security Agreement entered into during the period by Cebu2world with a local universal bank for a loan facility to finance the development, design, construction and completion of the ongoing projects

Contract liabilities –noncurrent decreased by 7% or P26 million

The decrease is related to the reclassification of the non-current portion to the current portion based on the remaining terms of the contract. This was offset by the downpayments received for newly awarded contracts such as new packages for Luntal Solar Power Plant, Binalonan Solar Power Plant, Arayat Solar Power Plant, Sta. Barbara Solar Power Plant, Bolbok Solar Power Plant, Pagbilao Solar Power Plant and new packages for Modan Lofts Ortigas.

Other non-current liabilities decreased by 43% or P211 million

The decrease is mainly related application of the outstanding security deposits from tenants of the landport business.

Equity attributable to Parent increased by P244 million

The increase in equity was due to the net income amounting to P567 million. The increase was offset by the declaration of cash dividends amounting to P323 million to preferred stock shareholders.

C. MATERIAL EVENTS AND UNCERTAINTIES

There are no other material changes in Megawide's financial position by five percent (5%) or more and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition of Megawide.

Megawide does not anticipate having any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance transactions, arrangements, obligations (including contingent obligations), and other relationships of Megawide with unconsolidated entities or other persons created during the reporting period.

Megawide has capital commitment on unutilized preferred shares amounting to P1,282 million for various PPP projects. Other than that, there are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of Megawide.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of Megawide.

There are no explanatory comments on the seasonality of interim operations. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature. Neither are there changes in estimates of amounts reported in prior interim period of the current financial year.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth information from Megawide’s statements of cash flows for the period indicated:

(Amounts in P Millions)	For the nine (9) months ended September 30	
	2024 UNAUDITED	2023 UNAUDITED
Cash Flow		
Net cash from (used in) operating activities	P453	(P3,288)
Net cash used in investing activities	(P535)	(P3,593)
Net cash from (used in) financing activities	P1,043	(P3,948)

Indebtedness

As of September 30, 2024 Megawide has not been in default in paying interests and principal amortizations.

Megawide is not aware of any events that will trigger direct or contingent financial obligations that are material to it, including any default or acceleration of an obligation.

E. RISK MANAGEMENT OBJECTIVES AND POLICIES

Megawide is exposed to a variety of financial risks in relation to its financial instruments. Its risk management is coordinated with the Board of Directors, and focuses on actively securing Megawide’s short-to-medium term cash flows by minimizing the exposure to financial markets.

Megawide does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which it is exposed to are market risk, credit risk and liquidity risk. The detailed discussion of the impact of these risks are discussed in the quarterly financial statements, Exhibit 1.

F. KEY PERFORMANCE INDICATORS

Megawide's top KPIs are as follows:

Amounts in PhP Billion, except Ratios and Earnings per Share	September 30, 2024	September 30, 2023
Current Ratio ¹	1.49	1.80
Net Debt to Equity Ratio ²	1.63	1.25
Book Value Per Share ³	3.45	3.40
Earnings / (loss) per Share ⁴	0.13	0.02
Gross Profit Margin ⁵	0.19	0.12

The KPIs were chosen to provide management with a measure of Megawide's sustainability on financial strength (Current Ratio), and profitability (Earnings per Share, Return on Assets, Return on Equity, Gross Profit Margin).

PART II—OTHER INFORMATION

There are no any information not previously reported in a report on SEC Form 17-C.

¹ *Current Assets / Current Liabilities*

² *Interest bearing loans and borrowings less cash and cash equivalents and financial assets valued through profit or loss / Stockholder's Equity*

³ *Total Equity / Issued and Outstanding Shares*

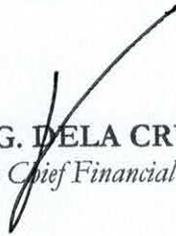
⁴ *Net Profit / Issued and Outstanding Shares*

⁵ *Gross Profit / Revenue*

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in QUEZON CITY on NOV 14 2024.

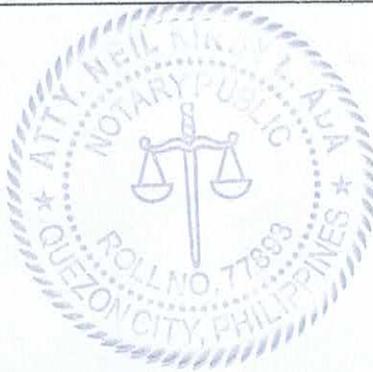
By: 
EDGAR B. SAAVEDRA
Chairman and Chief Executive Officer

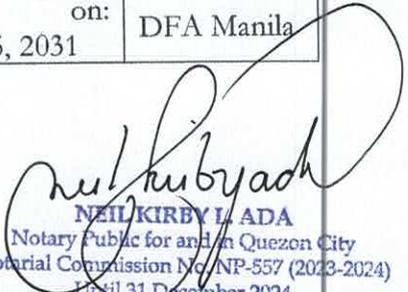

JEZ G. DELA CRUZ
Group Chief Financial Officer

SUBSCRIBED AND SWORN TO before me in QUEZON CITY on NOV 14 2024 affiants exhibiting to me their respective valid IDs, as follows:

Name	Competent Identity	Evidence	of	Date Issued/Date of Expiration	Place Issued
Edgar B. Saavedra	Philippine P6875140B	Passport	No.	Expiring on: May 26, 2031	DFA Manila
Jez G. Dela Cruz	Philippine P8477381B	Passport	No.	Expiring on: December 15, 2031	DFA Manila

Doc. No. 321 ;
 Page No. 71 ;
 Book No. IV ;
 Series of 2024.




NEIL KIRBY L. ADA
 Notary Public for and in Quezon City
 Notarial Commission No. NP-557 (2023-2024)
 Until 31 December 2024
 No. 20 N. Domingo Street, Barangay Valencia, Quezon City
 Roll No. 77893
 PTR No. 5573838 / 01.04.2024 / Quezon City
 IBP No. 397718 / 01.04.2024 / Batangas Chapter
 MCLE Compliance - Admitted to the BAR on 11 May 2022

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Megawide Construction Corporation and its Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of September 30, 2024 and December 31, 2023 and for the nine months ended September 30, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

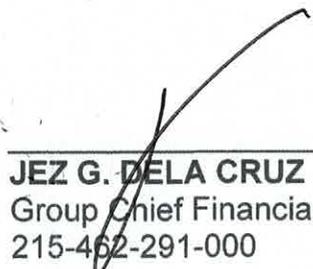
The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

Punongbayan & Araullo (P&A), the independent auditors appointed by the stockholders, has audited the financial statements of the Group for the year ended December 31, 2023, in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit. The financial statements as of and for the period ended September 30, 2024, 2023 and 2022 were not audited as allowed under the applicable rules of the Securities and Exchange Commission and the Philippine Stock Exchange.



ENGR. EDGAR B. SAAVEDRA
Chairman and Chief Executive Officer
195-661-064-000



JEZ G. DELA CRUZ
Group Chief Financial Officer
215-462-291-000

SUBSCRIBED AND SWORN TO before me this NOV 14 2024 at QUEZON CITY affiants exhibiting to me their valid Tax Identification Numbers stated above.

Signed this NOV 14 2024 th day of 2024.

Doc. No. 792 ;
Page No. 79 ;
Book No. II ;
Series of 2024.



KIRBY L. ADA
Notary Public for and in Quezon City
Notarial Commission No. NP-557 (2023-2024)
Until 31 December 2024
No. 20 N. Domingo Street, Barangay Valencia, Quezon City
Roll No. 77893
PTR No. 5573838 / 01.04.2024 / Quezon City
IBP No. 397718 / 01.04.2024 / Batangas Chapter
MCLE Compliance - Admitted to the BAR on 11 May 2022

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(Amounts in Philippine Pesos)

			September 30, 2024 <u>(Unaudited)</u>		December 31, 2023 <u>(Audited)</u>
	<u>Notes</u>				
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalents	4	P	5,849,241,550	P	4,878,885,375
Trade and other receivables - net	5		20,768,555,257		19,155,918,525
Construction materials	7		1,985,961,307		2,279,339,095
Real estate inventories	7		4,363,784,206		3,872,921,997
Contract assets - net	8		5,979,518,304		5,640,188,614
Other current assets	11		<u>10,403,093,329</u>		<u>11,413,433,469</u>
			49,350,153,953		47,240,687,075
Non-current asset classified as held for sale	9		<u>2,879,769,625</u>		<u>2,879,769,625</u>
Total Current Assets			<u>52,229,923,578</u>		<u>50,120,456,700</u>
 NON-CURRENT ASSETS					
Financial assets at fair value through other comprehensive income			3,544,472		3,544,472
Investments in associates	10		282,882,931		257,238,656
Property, plant and equipment - net	12		5,931,621,096		6,277,619,514
Investment properties - net	13		4,763,190,621		4,818,851,826
Goodwill	6		3,797,069,546		3,797,069,546
Deferred tax assets - net			732,587,533		697,716,301
Other non-current assets	11		<u>372,807,656</u>		<u>354,643,437</u>
Total Non-current Assets			<u>15,883,703,855</u>		<u>16,206,683,752</u>
TOTAL ASSETS		P	<u><u>68,113,627,433</u></u>	P	<u><u>66,327,140,452</u></u>

		September 30, 2024		December 31, 2023
	Notes	<u>(Unaudited)</u>		<u>(Audited)</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	16	P 18,904,707,323	P	21,043,827,635
Trade and other payables	15	4,496,693,178		4,653,528,987
Contract liabilities	17	3,537,516,096		4,901,660,540
Exchangeable notes	9	7,763,200,000		7,763,200,000
Other current liabilities	18	<u>430,507,354</u>		<u>357,162,259</u>
Total Current Liabilities		<u>35,132,623,951</u>		<u>38,719,379,421</u>
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	16	14,924,296,114		9,558,175,928
Contract liabilities	17	347,380,975		373,702,943
Post-employment defined benefit obligation benefit obligation		249,417,261		249,417,261
Other non-current liabilities	18	<u>282,863,472</u>		<u>493,691,152</u>
Total Non-current Liabilities		<u>15,803,957,822</u>		<u>10,674,987,284</u>
Total Liabilities		<u>50,936,581,773</u>		<u>49,394,366,705</u>
EQUITY				
Equity attributable to shareholders of the Parent Company:	21			
Capital stock		2,545,302,137		2,545,302,137
Additional paid-in capital		18,460,789,667		18,460,789,667
Treasury shares		(11,237,703,576 )	(	( 11,237,703,576)
Revaluation reserves - net		181,527,488		175,787,119
Retained earnings		<u>6,725,253,374</u>		<u>6,471,907,771</u>
Total equity attributable to shareholders of the Parent Company		16,675,169,090		16,416,083,118
Non-controlling interests		<u>501,876,570</u>		<u>516,690,629</u>
Total Equity		<u>17,177,045,660</u>		<u>16,932,773,747</u>
TOTAL LIABILITIES AND EQUITY		<u>P 68,113,627,433</u>	P	<u>66,327,140,452</u>

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

Notes	2024		2023		2022									
	Year-to-date	Quarter	Year-to-date	Quarter	Year-to-date	Quarter								
CONTINUING OPERATIONS														
REVENUES														
19	P	15,521,868,514	P	4,623,450,069	P	15,182,521,781	P	4,213,401,063	P	10,318,699,776	P	3,247,148,033		
		Construction operations				339,734,241		148,688,965		276,261,698		25,857,909		
		Landport operations		180,799,111		36,524,867		36,524,867		-		-		
		Real estate operations		66,000,001										
				<u>16,284,998,747</u>		<u>4,870,249,181</u>		<u>15,558,780,889</u>		<u>4,398,614,895</u>		<u>10,594,961,474</u>		<u>3,273,005,942</u>
DIRECT COSTS														
20		12,809,300,543		3,810,502,198		13,345,175,713		3,732,630,755		8,824,616,079		2,853,042,928		
		Cost of construction operations		Costs of landport operations		257,010,482		86,900,041		255,377,872		64,518,745		
		Costs of real estate operations		186,736,672		31,460,025		22,803,559		22,803,559		-		
				<u>13,241,873,616</u>		<u>3,936,241,148</u>		<u>13,624,989,754</u>		<u>3,842,334,355</u>		<u>9,079,993,951</u>		<u>2,917,561,673</u>
GROSS PROFIT														
		3,043,125,131		934,008,033		1,933,791,135		556,280,540		1,514,967,523		355,444,269		
INCOME AND EXPENSES														
	(	1,065,505,416	(	361,737,470	(	1,057,535,313	(	345,962,151	(	747,282,371	(	305,301,440
		Other operating expenses		Finance costs		1,581,946,996		535,536,035		1,052,063,593		392,306,732		
		Finance income		516,544,564		209,107,334		789,886,752		184,780,588		348,873,445		
		Others - net		145,001,332		69,200,977		262,754,353		107,101,353		324,853,289		
				<u>145,001,332</u>		<u>69,200,977</u>		<u>262,754,353</u>		<u>107,101,353</u>		<u>324,853,289</u>		
	(	2,154,807,583	(	692,142,929	(	1,586,841,204	(	589,616,245	(	1,125,619,230	(	388,893,034
INCOME BEFORE TAX														
		888,317,548		241,865,104		346,949,931	(	33,335,705		389,348,293	(	33,448,765
TAX EXPENSE														
	(	326,800,895	(	117,931,464	(	14,400,799		3,274,236	(	46,555,635		28,716,096
NET INCOME FROM CONTINUING OPERATIONS														
		<u>561,516,653</u>		<u>123,933,640</u>		<u>332,549,132</u>	(	<u>30,061,469</u>		<u>342,792,658</u>	(	<u>4,732,669</u>
DISCONTINUED OPERATIONS														
9		-		-		-		-		(1,260,712,708	(461,925,564	
LOSS BEFORE TAX														
		-		-		-		-		(52,501,743	(62,623,245	
TAX EXPENSE														
NET LOSS FROM DISCONTINUED OPERATIONS														
		-		-		-		-		(1,313,214,451	(524,548,809	
NET INCOME (LOSS)														
	P	<u>561,516,653</u>	P	<u>123,933,640</u>	P	<u>332,549,132</u>	(	<u>P 30,061,469</u>	(	<u>P 970,421,793</u>	(	<u>P 529,281,478</u>

Notes	2024		2023		2022	
	Year-to-date	Quarter	Year-to-date	Quarter	Year-to-date	Quarter
Net Income (Loss) Attributable To:						
Shareholders of the Parent Company:						
Continuing operations	P 576,330,712	P 129,300,050	P 333,307,539	(P 29,852,176)	P 342,792,658	(P 4,732,669)
Discontinued operations	-	-	-	-	(788,043,696)	(314,842,448)
	<u>576,330,712</u>	<u>129,300,050</u>	<u>333,307,539</u>	<u>(29,852,176)</u>	<u>(445,251,038)</u>	<u>(319,575,117)</u>
Non-controlling interests:						
Continuing operations	(14,814,059)	(5,366,410)	(758,407)	(209,293)	-	-
Discontinued operations	-	-	-	-	(525,170,755)	(209,706,361)
	<u>(14,814,059)</u>	<u>(5,366,410)</u>	<u>(758,407)</u>	<u>(209,293)</u>	<u>(525,170,755)</u>	<u>(209,706,361)</u>
	<u>P 561,516,653</u>	<u>P 123,933,640</u>	<u>P 332,549,132</u>	<u>(P 30,061,469)</u>	<u>(P 970,421,793)</u>	<u>(P 529,281,478)</u>
Earnings (Loss) per Share:						
Continuing operations	P 0.13	P 0.13	P 0.02	P 0.02	(P 0.02)	(P 0.02)
Discontinued operations	-	-	-	-	(0.39)	(0.39)
	<u>P 0.13</u>	<u>P 0.13</u>	<u>P 0.02</u>	<u>P 0.02</u>	<u>(P 0.41)</u>	<u>(P 0.41)</u>

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	2024		2023		2022	
	Year-to-date	Quarter	Year-to-date	Quarter	Year-to-date	Quarter
NET INCOME (LOSS)	P 561,516,653	P 123,933,640	P 332,549,132	(P 30,061,469)	(P 970,421,793)	(P 529,281,478)
OTHER COMPREHENSIVE INCOME (LOSS)						
Item that will not be reclassified subsequently to profit or loss						
Foreign currency translation adjustment	5,740,369	-	20,503,738	19,170,879	(2,620,113)	21,072,252
Tax expense	-	-	-	-	-	-
Other Comprehensive Income (Loss) – net of tax	5,740,369	-	20,503,738	19,170,879	(2,620,113)	21,072,252
TOTAL COMPREHENSIVE INCOME (LOSS)	P 567,257,022	P 123,933,640	P 353,052,870	(P 10,890,590)	(P 973,041,906)	(P 508,209,226)
Total Comprehensive Income (Loss) Attributable To:						
Shareholders of the Parent Company:						
Continuing operations	P 582,071,081	P 129,300,050	P 353,811,277	(P 10,681,297)	P 340,172,545	P 16,339,583
Discontinued operations	-	-	-	-	(788,043,696)	(314,842,448)
	<u>582,071,081</u>	<u>129,300,050</u>	<u>353,811,277</u>	<u>(10,681,297)</u>	<u>447,871,151</u>	<u>(298,502,865)</u>
Non-controlling interests:						
Continuing operations	(14,814,059)	(5,366,410)	(758,407)	(209,293)	-	-
Discontinued operations	-	-	-	-	(525,170,755)	(209,706,361)
	<u>(14,814,059)</u>	<u>(5,366,410)</u>	<u>(758,407)</u>	<u>(209,293)</u>	<u>(525,170,755)</u>	<u>(209,706,361)</u>
	P 567,257,022	P 123,933,640	P 353,052,870	(P 10,890,590)	(P 973,041,906)	(P 508,209,226)

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024, 2023 AND 2022
(UNAUDITED)
(Amounts in Philippine Pesos)

	Attributable to Shareholders of the Parent Company (See Note 21)										Non-controlling Interests (See Note 21)	Total
	Common Stock	Preferred Stock	Additional Paid-in Capital	Deposit on future stock subscription	Treasury Shares	Revaluation Reserves	Other Reserves	Retained Earnings	Total		Total	
Balance at January 1, 2024	P 2,399,426,127	P 145,876,010	P 18,460,789,667	-	(P 11,237,703,576)	P 175,787,119	P -	P 6,471,907,771	P 16,416,083,118	P 516,690,629	P 16,932,773,747	
Declaration of cash dividends	-	-	-	-	-	-	-	(322,985,109)	(322,985,109)	-	(322,985,109)	
Total comprehensive income (loss) for the period	-	-	-	-	-	5,740,369	-	576,330,712	582,071,081	(14,814,059)	567,257,022	
Balance at September 30, 2024	P 2,399,426,127	P 145,876,010	P 18,460,789,667	p -	(P 11,237,703,576)	P 181,527,488	p -	P 6,725,253,374	P 16,675,169,090	P 501,876,570	P 17,177,045,660	
Balance at January 1, 2023	P 2,399,426,127	P 128,626,010	P 16,987,855,617	P 2,250,000	(P 8,615,690,576)	P 149,758,638	-	P 8,612,106,239	P 19,664,332,055	P 2,548,533	P 19,666,880,588	
Retirement of preferred shares (Series 2A)	-	-	-	-	(2,622,013,000)	-	-	-	(2,622,013,000)	-	(2,622,013,000)	
Declaration of cash dividends	-	-	-	-	-	-	-	(2,316,026,884)	(2,316,026,884)	-	(2,316,026,884)	
Issuance of preferred shares (Series 5)	-	15,000,000	1,472,934,050	-	-	-	-	-	1,487,934,050	-	1,487,934,050	
Total comprehensive income (loss) for the period	-	-	-	-	-	20,503,738	-	333,307,539	353,811,277	(758,407)	353,052,870	
Balance at September 30, 2023	P 2,399,426,127	P 143,626,010	P 18,460,789,667	P 2,250,000	(P 11,237,703,576)	P 170,262,376	p -	P 6,629,386,894	P 16,568,037,498	P 1,790,126	P 16,569,827,624	
Balance at January 1, 2022	P 2,399,426,127	P 128,626,010	P 16,987,855,617	-	(P 8,615,690,576)	P 94,011,896	(P 22,474,837)	P 5,555,676,962	P 16,527,431,199	P 2,673,476,480	P 19,200,907,679	
Declaration of cash dividends	-	-	-	-	-	-	-	(380,472,071)	(380,472,071)	-	(380,472,071)	
Total comprehensive income (loss) for the period	-	-	-	-	-	(2,620,112)	-	(445,251,039)	(447,871,151)	(525,170,755)	(973,041,906)	
Balance at September 30, 2022	P 2,399,426,127	P 128,626,010	P 16,987,855,617	p -	(P 8,615,690,576)	P 91,391,784	(P 22,474,837)	P 4,729,953,852	P 15,699,087,977	P 2,148,305,725	P 17,847,393,702	

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024, 2023 AND 2022
(UNAUDITED)
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax	P	888,317,548	P 346,949,931	(P 923,390,869)
Adjustments for:				
Finance costs		1,750,848,063	1,581,946,996	1,052,164,286
Depreciation and amortization		1,095,535,043	1,106,366,751	1,321,147,391
Finance income	(	516,544,564	(789,886,752)	(350,671,221)
Equity in net (profit) losses on associates and joint ventures	10	(10,664,725)	(2,458,791)	(18,463,133)
Gain on disposals of property, plant and equipment	12	(15,853,237)	(8,321,632)	(1,426,939)
Unrealized mark-to-market loss in interest rate swap		-	-	43,247,266
Operating profit before working capital changes		3,212,967,578	2,234,596,503	1,159,533,047
Increase in trade and other receivables	(	1,158,662,796	(4,466,423,209)	(1,125,211,933)
Decrease (increase) in construction materials	(	293,377,788	(1,182,555,587)	(654,880,431)
Increase in real estate inventories	(	490,862,209	-	-
Decrease (increase) in contract assets	(	339,329,690	99,858,525	(556,747,189)
Decrease (increase) in other current assets	(	623,499,498	(677,349,509)	(2,811,939,589)
Decrease in other non-current assets		-	256,637,924	6,335,534
Increase (decrease) in contract liabilities	(	1,426,376,964	552,636,028	(272,104,728)
Increase (decrease) in trade and other payables	(	123,792,317	(133,149,760)	(1,088,570,367)
Increase (decrease) in other liabilities	(	137,482,585	25,904,333	(48,073,189)
Increase in post-employment defined benefit obligation		-	1,688,868	5,127,776
Cash generated from (used in) operations		453,338,303	(3,288,155,884)	(3,209,390,335)
Cash paid for income taxes		-	-	(14,265,462)
Net Cash From (Used in) Operating Activities		453,338,303	(3,288,155,884)	(3,223,655,797)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment, and computer software license	11, 12	(588,106,712)	(326,682,267)	(835,826,503)
Interest received		97,490,177	323,497,364	7,239,183
Acquisitions of investment properties	13	(41,882,147)	(34,727,755)	(8,521,062)
Proceeds from sale of property, plant and equipment	12	36,834,684	88,757,440	81,861,301
Financing granted to related parties	22	(29,179,180)	(379,885,976)	(6,917,338)
Financing collected from related parties	22	26,059,367	192,689,313	-
Investment in an associate	(	36,309,000)	(61,691,000)	-
Increase in other non-current assets		-	(3,395,155,534)	-
Additions to concession assets		-	-	(491,440,496)
Decrease in investment in trust fund		-	-	(163,541,216)
Net Cash Used in Investing Activities		(535,092,811)	(3,593,198,415)	(1,417,146,131)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans and borrowings	28	22,410,418,074	3,060,000,000	16,514,412,802
Repayment of loans and borrowings	28	(19,236,281,422)	(1,978,873,737)	(12,308,942,473)
Dividends paid	21	(322,985,109)	(2,316,026,884)	(380,472,071)
Interest paid	(	1,808,128,391)	(1,579,110,661)	(1,070,641,574)
Proceeds from issuance of preferred shares	27	-	1,487,934,050	-
Retirement of preferred shares		-	(2,622,013,000)	-
Net Cash From (Used in) Financing Activities		1,043,023,152	(3,948,090,232)	2,754,356,684
Effect of Changes in Foreign Exchange Rate on Cash and Cash Equivalents		9,087,531	2,653,779	16,175,369
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		970,356,175	(10,826,790,752)	(1,870,269,875)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,878,885,375	15,758,197,239	5,846,088,030
CASH AND CASH EQUIVALENTS AT END OF YEAR	P	5,849,241,550	P 4,931,406,487	P 3,975,818,155

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
SELECTED NOTES TO INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

Megawide Construction Corporation (Megawide or the Parent Company) was incorporated in the Philippines on July 28, 2004 and is engaged in the general construction business, including constructing, enlarging, repairing, or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, piers, waterworks, railroads and other structures. It performs other allied construction business like the construction and sale of precast items, concrete production, and purchase sale and/or lease of formworks system and construction equipment.

On January 28, 2011, the Philippine Stock Exchange (PSE) and the Securities Exchange Commission (SEC) approved the Parent Company's application for the listing of its common stock. The approval covered the initial public offering (IPO) of 292.0 million unissued common shares of the Parent Company at P7.84 offer price per share and the listing of those shares in PSE's main board on February 18, 2012. On December 3, 2014, the Parent Company made a primary offer of 40.0 million preferred shares at an offer price of P100.0 per share. These preferred shares are also listed in the PSE. Moreover, the Parent Company also made follow-on offerings in 2020, 2021, and 2023 (see Note 21.1).

The Parent Company remains a subsidiary of Citicore Holding Investment, Inc. (Citicore) which owns and controls 35.41% of the issued and outstanding capital stock of the Parent Company as of September 30, 2024 and December 31, 2023, because Citicore still directs the overall business operations of the Parent Company through its Chief Executive Officer and President, who is also the President of Citicore. Moreover, Citicore also appoints majority of the board members and remains as the single largest stockholder controlling the Board of Directors (BOD).

Citicore is a company incorporated in the Philippines and is engaged in the business of a holding company through buying and holding shares of other companies. The registered address of Citicore and the Parent Company, which is also their principal place of business, is at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

1.2 Subsidiaries, Associates and Joint Arrangements

The Parent Company holds ownership interest in the following subsidiaries, associates and joint arrangements (together with the Parent Company, collectively hereinafter referred to as the Group):

Subsidiaries/Associates/Joint Operations/Joint Ventures	Notes	Percentage of Effective Ownership		
		2024	2023	2022
Subsidiaries:				
PH1 World Developers, Inc. (PH1)	a	100%	100%	-
PH1 World Landscapes Inc. (PH1-WL)	a	100%	100%	-
Famtech Properties, Inc. (Famtech)	a	48%	48%	-
Megawatt Power, Inc. (MPI)	b	70%	70%	70%
Globemercants, Inc. (GMI)*	c	-	-	-
Megawide Land, Inc. (MLI)		100%	100%	100%
Megawide Cold Logistics, Inc. (MCLI)	d	60%	60%	60%
Megawide Construction (BVI) Corporation (MCBVI)	e	100%	100%	100%
Megawide Construction DMCC (DMCC)	e	100%	100%	100%
Megawide Infrastructure DMCC (MW Infrastructure)	e	100%	100%	100%
MWM Terminals, Inc. (MWMTT)	f	100%	100%	100%
Megawide Terminals, Inc. (MTI)	g	100%	100%	100%
Megawide International Limited (MIL)	h	100%	100%	100%
Megawide Construction (Singapore) Pte. Ltd. (MC-SG)	h	100%	100%	100%
Cebu2World Development, Inc. (CDI)	i	100%	100%	100%
Wide-Horizons, Inc. (WHI)	j	100%	100%	100%
Tiger Legend Holdings Limited (TLH)	k	100%	100%	100%
Megawide OneMobility Corporation (MOMC)	l	80%	80%	80%
Tunnel Prefab Corporation (TPC)	m	90%	90%	90%
<i>Accounted for as Asset Acquisition –</i>				
Altria East Land, Inc. (Altria)	n	100%	100%	100%
Associates:				
Megawide World Citi Consortium, Inc. (MWCCI)	o	51%	51%	51%
Citicore Megawide Consortium, Inc. (CMCI)	o	10%	10%	10%
GMR Megawide Cebu Airport Corporation (GMCAC)*	p	33%	33%	33%
Evolution Data Centres Philippines, Inc. (EDC)	q	49%	49%	-
Joint Operations:				
Megawide GISPL Construction Joint Venture (MGCJV)	r	50%	50%	50%
Megawide GMR Construction Joint Venture, Inc. (MGCJVI)	s	50%	50%	50%
HDEC- Megawide-Dongah JV (HMDJV)	t	35%	35%	35%
Tokyu-Tobishima-Megawide Joint Venture (ITM-JV)	u	30%	30%	-
Joint Ventures:				
Mactan Travel Retail Group Corp. (MTRGC)	v	-	-	-
Select Service Partners Philippines Corp. (SSPPC)	w	-	-	-

*No longer subsidiaries of the Group (see Note 9)

a) PH1

On July 12, 2023, the Parent Company and Citicore executed a Share Purchase Agreement (SPA) for the Parent Company to acquire 100% of the outstanding capital stock of PH1 from Citicore. The fulfilment of the conditions precedent under the SPA such as the transfer of 579,457,844 common shares from Citicore to the Parent Company, and the payment by the Parent Company to Citicore for the purchase price of P5,200.0 million were fulfilled on July 27, 2023 that resulted in the closing of the transaction (see Note 6).

PH1 was registered with the SEC on February 6, 2009 primarily to engage in the business of buying, selling, leasing, developing and managing real estate properties. The registered office address of PH1, which is also its principal place of business, is located at No. 20 N. Domingo Street, Brgy. Valencia, Quezon City.

PH1 has a wholly owned subsidiary, PH1-WL. PH1-WL, which was registered on September 16, 2022, is engaged in real estate business. Its registered office is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City, Second District, National Capital Region (NCR) 1112.

PH1 also has a 48% ownership in Famtech, a company incorporated in the Philippines and was established to engage in real estate development. Famtech is consolidated in the Group's financial statements as the management considers that the Group has de facto control over Famtech even though it effectively holds less than 50% ownership interest. The registered office of Famtech is located at 5th Floor Pro-Friends Center, 55 Tinio Street, Brgy. Additional Hills, Mandaluyong City.

b) MPI

MPI was incorporated in 2014 to engage in the development of clean or renewable energy sources for power generation. Its registered address, which is also its principal place of business, is located at 20 N. Domingo Street Brgy. Valencia, Quezon City. As of September 30, 2024, MPI has not yet started operations.

c) GMI

GMI was incorporated in the Philippines in 2016 and is primarily engaged in general merchandise operations. GMI's registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City. GMI started its commercial operations in March 2017.

Prior to its sale in 2022, GMI was 50% owned by the Parent Company and was consolidated in the Group's financial statements as the management considers that the Group has de facto control over GMI even though it effectively holds 50% ownership interest.

In December 2022, the Parent Company sold its ownership interest with GMI to GMCAC.

d) MLI

MLI was incorporated in 2016 primarily to engage in real estate and related business. MLI's registered address, which is also its principal place of business, is located at 20 N. Domingo Street Brgy. Valencia, Quezon City. MLI has not commenced its operations as of September 30, 2024.

MLI has a 60% ownership interest in MCLI, a company incorporated in the Philippines and was established to engage in cold and dry storage business. The registered office address of MCLI, which is also its principal place of business, is located at No. 20 N. Domingo Street, Brgy. Valencia, Quezon City.

e) *MCBVI*

On June 20, 2017, the Parent Company acquired 100% ownership interest in MCBVI, an entity incorporated in the territory of British Virgin Islands to primarily engage in buying and holding shares of other companies. MCBVI's registered address, which is also its principal place of business, is Marcy Building, 2nd floor, Purcell Estate, Road Town Tortola, British Virgin Islands. In 2018, MCBVI commenced business operations.

MCBVI has wholly owned subsidiaries, DMCC and MW Infrastructure. DMCC, which was registered on December 10, 2017, is involved in infrastructure works. Its registered office is located at Unit 4401-05, Mazaya Business Avenue BB2, Jumeriah Lake Towers, Dubai UAE. MW Infrastructure was registered on September 30, 2020 as a turnkey project contracting and project development consultant. Its registered office is located at Unit 4501-009 Mazaya Business Avenue BB2 Plot No JLTE-PH2-BB2 Jumeirah Lake Towers, Dubai, UAE. DMCC and MW Infrastructure have not commenced operations as of September 30, 2024.

f) *MWMTI*

MWMTI is a joint venture arrangement formed on February 10, 2015 by the Parent Company and MTI, both exercising joint control to direct the relevant activities of MWMTI. The joint venture undertakes the development and implementation of the Parañaque Integrated Terminal Exchange (PITX) Project granted by the Philippine Government to MWMTI under a Build-Operate-Transfer Agreement (BOT Agreement) through the DOTr. In November 2018, MWMTI commenced commercial operations.

g) *MTI*

On August 9, 2018, the Parent Company acquired 344.5 million shares or 100% ownership interest in MTI from existing shareholders of MTI for P344.1 million. MTI owns 49% interest over MWMTI.

MTI is an entity incorporated and registered on November 11, 2011 to establish, own, manage, administer, operate, maintain, and carry the business of providing property management services, either directly or through third parties, but not limited to the services of rent collection, tenant and lease management, marketing and advertising, repair and maintenance, liaison and other similar services. MTI's registered address and principal place of business is at 20 N. Domingo Street Brgy. Valencia, Quezon City.

h) MIL

MIL, whose registered office is at Marcy Building, 2nd Floor, Purcell Estate, P.O. Box 2416, Road Town Tortola, British Virgin Islands, was incorporated on July 26, 2019. MIL has a 100% owned subsidiary, MC-SG, which was registered on March 1, 2019 as a general building engineering design and consultancy services. Its registered office is located at 8 Cross St. #24-03/04 Manulife Tower Singapore. MIL has not commenced operations as of September 30, 2024.

i) CDI

CDI, whose registered office is at Unit 1504 Ayala Life FGU Center Cebu, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City, was incorporated on November 3, 2020 to deal, engage, or otherwise acquire an interest in land or real estate business, without engaging in real estate investment trust.

j) WHI

WHI, whose registered office is at 20 N. Domingo Street, Brgy. Valencia, Quezon City, was incorporated on November 16, 2020 to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description. As of September 30, 2024, WHI has not yet started commercial operations.

k) TLH

Tiger Legends was incorporated on October 16, 2020 to primarily engage in buying and holding shares of other companies. Tiger Legend's registered address is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands. TLH has not commenced operations as of September 30, 2024.

l) MOMC

MOMC, whose registered address is at 20 N. Domingo Street, Brgy. Valencia, Quezon City, was incorporated in the Philippines and registered with SEC on March 11, 2015 to engage in buying and holding shares of other companies, either by subscribing to unissued shares of capital stock in public or private offering or by purchasing the shares of other stockholders by way of assignment in private sale. In 2022, the Parent Company subscribed to primary shares of MOMC equivalent to 80% ownership interest for a total consideration of P2.4 million. As of the acquisition date, MOMC has net liabilities of P13.8 million. MOMC has not yet started commercial operations as of September 30, 2024.

m) TPC

TPC, whose registered office is at No. 4 Velasquez Street, Sitio Bangiad, Barangay San Juan, 1920, Taytay, Rizal, was incorporated on August 31, 2022 to engage in the business of producing, manufacturing, fabricating, construction, procuring, furnishing, purchasing and/or selling precast concrete materials, items, and systems, formworks materials and systems, construction equipment, and other construction and building supplies for tunnels, highways, horizontal and vertical developments, infrastructure works, and any other construction projects. TPC has not yet started commercial operations as of September 30, 2024.

n) Altria

The Parent Company's acquisition of Altria is accounted for as an asset acquisition since it does not constitute an acquisition of business.

o) MWCCI and CMCI

MWCCI was incorporated in the Philippines on January 16, 2014 and is primarily established to undertake and implement the construction of a 700-bed capacity super-specialty tertiary orthopedic hospital (New Hospital Facility), under the Modernization of the Philippine Orthopedic Center (MPOC) Project. MWCCI's registered office, which is also its principal place of business, is at 20 N. Domingo Street, 1112 Valencia, Quezon City.

CMCI was incorporated in the Philippines on October 15, 2012 and is primarily engaged in general construction business. CMCI's registered address, which is also its principal place of business, is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

The Group's investments in MWCCI and CMCI are accounted for as investments in associates despite the percentage of the Parent Company's ownership interest over these entities.

Significant assets of MWCCI pertain to its receivables from the Department of Health (DOH) from the Build-Operate-Transfer Agreement. MWCCI has undertaken measures to recover compensation costs from DOH. However, based on management's assessment, there is no reasonable expectation of recovery of costs incurred relative to the MPOC Project. Accordingly, the Group has wrote off its investment in MWCCI in 2022.

p) GMCAC

GMCAC was incorporated in the Philippines and registered in the SEC in 2024. GMCAC's primary purpose is to construct, develop, operate and maintain the Mactan Cebu International Airport (MCIA), including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility (MCIA Project). GMCAC started commercial operations on November 1, 2014.

GMCAC was established for the purpose of implementing the provisions of the Concession Agreement that was signed on April 22, 2014 between the Parent Company and GMR Infrastructure Limited (GIL) or GMR, and the Department of Transportation and Communications (currently, the Philippine Department of Transportation or DOTr) and Mactan-Cebu International Airport Authority (MCIAA) (collectively, the Grantors).

GIL is an entity duly organized and registered in India. DOTr and MCIAA are the agencies of the Philippine Government vested with the power and authority to develop dependable and coordinated transportation systems and to principally undertake the economical, efficient, and effective control, management, and supervision of the MCIA Project. GMCAC's registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City.

In 2022, the Parent Company sold a portion of its ownership interest in GMCAC that resulted in the loss of the Group's controlling interest in GMCAC. After the sale transaction, Group's ownership interest in GMCAC was reduced to 33.3%. The remaining ownership interest in GMCAC is classified and presented as Non-current Asset Classified as Held for Sale in the interim condensed consolidated statements of financial position.

q) EDC

EDC, whose registered office is at Unit 53J, Shang Salcedo Place, H.V. dela Costa corner Tordesillas Sts., Salcedo Village, Makati, was incorporated on December 9, 2021 to perform and provide computer programming and consultancy services and engage in the creation and development of technological services. As of December 31, 2023, the Parent Company has 49% ownership interest in EDC. EDC has not yet started commercial operations as of September 30, 2024.

r) MGCJV

MGCJV is an unincorporated joint venture formed in 2014 by the Parent Company and GMR Infrastructure (Singapore) PTE Limited – Philippines Branch (GISPL) each owning 50% interest and exercising joint control. MGCJV was established to provide construction of works for the renovation and expansion of the MCIA Project and other airport related construction projects of the Group. MGCJV began to operate in 2015.

s) MGCJVI

MGCJVI is an incorporated joint arrangement formed in January 2018 by the Parent Company owning 50% interest and GISPL with 45% interest and GMR Holdings Overseas (Singapore) PTE Limited owning the remaining 5%. The Parent Company and GISPL both exercising joint control. MGCJVI was established to provide general construction business including construction, improvement and repair of Clark Airport project. MGCJVI began to operate in 2018.

t) HMDJV

HMDJV is an unincorporated joint venture formed on October 27, 2020, by the Parent Company owning 35% and Hyundai Engineering & Construction Co., Ltd. and Dong-ah Geological Engineering Company Ltd. Owning 57.5%, and 7.5% interest, respectively, and exercising joint control. HMDJV was established to provide construction works for the civil structures, viaducts, bridges, and stations of Malolos-Clark Railway Project. HMDJV began to operate in 2021.

u) TTM-JV

TTM-JV is an unincorporated joint venture formed on May 31, 2022, by the Parent Company owning 30% and Tokyu Construction Co., Ltd. and Tobishima Corporation owning 40%, and 30% interest, respectively, and exercising joint control over the assets and liabilities of the arrangement. TTM-JV was established to provide construction works of the Two Underground Stations (Ortigas North and Ortigas South) and Tunnels of Metro Manila Subway Project. TTM-JV began to operate in 2023.

v) ***MTRGC***

MTRGC was incorporated and registered with the SEC on March 21, 2018 to develop, set-up, operate, maintain and manage the duty paid outlets at the locations in the Mactan Cebu International Airport. It started operations in 2018.

w) ***SSPPC***

SSPPC was incorporated and registered with the SEC on March 13, 2018 to develop, set-up, operate, maintain and manage food and beverage outlets at specified locations in Terminal 1 and Terminal 2 of Mactan Cebu International Airport and the provision of related services thereto. It started operations in 2018.

1.3 Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements of the Group as of and for the nine months ended September 30, 2024 (including the consolidated financial statements as of December 31, 2023 and interim condensed consolidated financial statements for the nine months ended September 30, 2023 and 2022) were authorized for issue by the Parent Company's BOD on November 11, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies that have been used in the preparation of these interim condensed consolidated financial statements are discussed in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The interim condensed 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 pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

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

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

In relation to the Group's real estate operations following the acquisition of PH1 in 2023, the Group has availed of several 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*
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*

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 impact to the interim condensed consolidated financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

(i) *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry* (deferred until December 31, 2023)

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the interim condensed consolidated financial statements:

- interest expense would have been higher;
- cost of real estate inventories would have been lower;
- total net profit and total comprehensive income would have been lower;
- retained earnings would have been lower; and,
- the carrying amount of real estate inventories would have been lower.

- (ii) 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 interim condensed 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 the applicable years presented since the year of PH1 acquisition 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 Interim Condensed Consolidated Financial Statements*

The interim condensed consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group opted to present a separate interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income.

The Group presents a third interim condensed 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 interim condensed consolidated statement of financial position at the beginning of the preceding period.

The related notes to the third interim condensed consolidated statement of financial position are not required to be disclosed.

(d) *Functional and Presentation Currency*

These interim condensed 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 interim condensed consolidated financial statements 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 Standards*

(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 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.

- (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 interim condensed 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 interim condensed consolidated financial statements.

(b) *Effective in 2023 that are not 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, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Group's interim condensed 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 interim condensed 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 Liabilities 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)

3. SEGMENT REPORTING

The Group's operating businesses are recognized and managed separately according to the nature of services provided with a segment representing a strategic business unit. The Group's business segments follow:

3.1 *Business Segments*

- (a) *Construction Operations* – principally refers to general construction business, including constructing and sale of precast items and concrete production and rental of construction equipment.
- (b) *Landport Operations* – principally relates to the development and implementation of the PITX Project.
- (c) *Real Estate Operations* – mainly pertains to the development and sale of residential condominium units.
- (d) *Airport Operations* – mainly relate to the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining the MCIA, including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility. This segment also has merchandising operations of food and non-food items. In 2022, as a result of the sale and deconsolidation of GMCAC and GMI, the Group's airport operations segment is presented as discontinued operations.

Other operations of the Group comprise the operations and financial control groups. These segments are also the basis of the Group in reporting to its executive committee for its strategic decision-making activities. Transactions between segments are conducted at estimated market rates on an arm's length basis.

Segment revenues and expenses that are directly attributable to business segment and the relevant portions of the Group's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

3.2 *Segment Assets and Liabilities*

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred taxes.

3.3 Analysis of Segment Information

Presented below are the relevant operating segment information about the results of operations of the Group's business segments for the nine months ended September 30, 2024, 2023 and 2022 and financial position as of September 30, 2024 and December 31, 2023 and 2022 (amounts in thousands).

	Continuing Operations										Discontinued	
	Construction			Landport			Real Estate		Total		Operations	
	2024	2023	2022	2024	2023	2022	2024	2023	2024	2023	2022	Airport
Results of operations												
Sales to external customers	P 15,521,868	P 15,182,522	P 10,318,700	P 386,015	P 339,734	P 276,262	P 377,115	P 36,525	P 16,284,998	P 15,558,781	P 10,594,962	P 1,213,140
Intersegment sales	524,113	8,357	524,431	-	-	-	-	-	524,113	8,357	524,431	-
Segment revenues	16,045,981	15,190,879	10,843,131	386,015	339,734	276,262	377,115	36,525	16,809,111	15,567,138	11,119,393	1,213,140
Cost and other operating expenses:												
Cost excluding depreciation and amortization	12,401,479	12,533,748	8,402,489	101,842	85,067	83,984	186,737	22,804	12,690,058	12,641,619	8,486,473	506,384
Depreciation and amortization	891,735	905,176	966,014	148,186	180,619	179,147	38,823	4,124	1,078,744	1,089,919	1,145,161	172,668
Interest income	(582,289)	(788,265)	(348,859)	(5,862)	(170)	(15)	(2,684)	(1,445)	(590,835)	(789,880)	(348,874)	(4,122)
Interest expense	1,507,312	1,397,926	944,904	186,615	178,502	106,793	55,596	362	1,749,523	1,576,790	1,051,697	1,479,485
Material non-cash items	-	-	-	-	-	-	-	-	-	-	-	(43,247)
Equity share in profit or loss and joint ventures	432	(2,459)	(1,675)	-	-	-	-	-	432	(2,459)	(1,675)	20,138
Other income	(21,275)	(16,836)	(157,053)	(51,812)	(99,951)	(78,213)	(908)	(12,837)	(73,995)	(129,624)	(235,266)	(1,539)
Tax expense (income)	350,534	48,118	73,572	(21,598)	(24,819)	(31,949)	-	35	328,936	23,334	41,623	52,503
Other expenses	475,149	668,081	490,318	104,426	106,351	118,526	317,079	50,119	896,654	824,551	608,844	344,084
	15,023,077	14,745,489	10,369,710	461,797	425,599	378,273	594,643	63,162	16,079,517	15,234,250	10,747,983	2,526,354
Segment Net Profit (Loss)	P 1,022,904	P 445,390	P 473,421	(P 75,782)	(P 85,865)	(P 102,011)	(P 217,528)	(P 26,637)	P 729,594	P 332,888	P 371,410	(P 1,313,214)
Consolidated Statements of Financial Position												
Total Segment Assets	P 62,561,794	P 59,670,393	P 61,577,831	P 5,857,072	P 6,314,353	P 6,638,544	P 5,545,700	P 4,850,161	P 73,964,566	P 70,834,907	P 68,216,375	P -
Total Segment Liabilities	P 45,652,036	P 43,460,554	P 42,283,646	P 4,494,189	P 4,879,962	P 4,978,471	P 3,567,730	P 3,303,419	P 53,713,955	P 51,643,935	P 47,262,117	P -
Capital Expenditures	P 378,372	P 667,594	P 946,624	P -	P 6,746	P -	P 3,444	P -	P 381,816	P 674,340	P 946,624	P -
Investment in associates and joint ventures accounted for by the equity method	P 293,115	P 257,239	P 231,296	P -	P -	P -	P -	P -	P 293,115	P 257,239	P 231,296	P -

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its interim condensed consolidated financial statements (amounts in thousands).

	<u>Nine Months Ended September 30 (Unaudited)</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Continuing operations:</u>			
Revenues			
Segment revenues	P 16,809,111	P 15,567,138	P 11,119,393
Intersegment sales	(524,113)	(8,357)	(524,431)
Revenues as reported in the interim condensed consolidated statements of income	<u>P 16,284,998</u>	<u>P 15,558,781</u>	<u>P 10,594,962</u>
Profit or loss			
Segment net profit	P 729,594	P 332,888	P 371,410
Other unallocated income (charges) – net	(168,077)	(339)	(28,617)
Net profit (loss) from continuing operations as reported in the interim condensed consolidated statements of income	<u>P 561,517</u>	<u>P 332,549</u>	<u>P 342,793</u>
<u>Discontinued operations:</u>			
Profit or loss			
Segment net income (loss) and net income (loss) from discontinued operations as reported in the interim condensed consolidated statements of income	<u>P -</u>	<u>P -</u>	<u>(P 1,313,214)</u>
	<u>2024</u>	<u>2023</u>	
Assets			
Total segment assets	P 73,964,566	P 70,834,907	
Elimination of intercompany accounts	(18,735,788)	(16,188,182)	
Other unallocated assets	<u>12,884,849</u>	<u>11,680,415</u>	
Total assets as reported in the interim condensed consolidated statements of financial position	<u>P 68,113,627</u>	<u>P 66,327,140</u>	
Liabilities			
Total segment liabilities	P 53,713,955	P 51,643,935	
Elimination of intercompany accounts	(6,541,942)	(4,846,653)	
Other unallocated liabilities	<u>3,764,569</u>	<u>2,597,085</u>	
Total liabilities as reported in the interim condensed consolidated statements of financial position	<u>P 50,936,582</u>	<u>P 49,394,367</u>	

4.4 Other Segment Information

The Group has not identified any segment based on geographical location since the Group's operation is concentrated in one country of location.

The revenues from three major customers of the construction operations segment in September 30, 2024, 2023 and 2022 that accounted for 42%, 39%, and 45%, respectively, of the total revenues from continuing operations are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Customer A	P 4,646,835,688	P2,150,869,908	P 2,214,843,060
Customer B	1,208,405,309	2,375,529,127	950,203,611
Customer C	<u>966,467,373</u>	<u>1,553,654,585</u>	<u>1,623,303,053</u>
	<u>P 6,821,708,370</u>	<u>P 6,080,053,620</u>	<u>P 4,788,349,724</u>

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand	P 8,451,901	P 6,232,631
Cash in banks	4,301,547,413	4,050,299,984
Short-term placements	<u>1,539,242,236</u>	<u>822,352,760</u>
	<u>P 5,849,241,550</u>	<u>P 4,878,885,375</u>

Cash in banks generally earn interest based on daily bank deposit rates.

Short-term placements are made for varying periods from 14 to 90 days and earn annual average effective interest of 5% in 2024 and 2023.

5. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	Notes	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Contract receivables:			
Third parties		P 4,326,631,445	P 3,287,521,576
Related parties	22.1	<u>1,373,201,196</u>	<u>1,034,875,840</u>
		<u>5,699,832,641</u>	<u>4,322,397,416</u>
Retention receivables:			
Third parties		2,953,132,057	2,290,413,594
Related parties	22.1	<u>733,453,915</u>	<u>739,026,207</u>
		<u>3,686,585,972</u>	<u>3,029,439,801</u>
Real estate sales receivables		<u>204,563,382</u>	<u>538,294,511</u>
Advances to:			
Related parties	22.4	6,471,421,768	6,442,242,587
Officers and employees	22.3	<u>94,399,918</u>	<u>98,512,779</u>
		<u>6,565,821,686</u>	<u>6,540,755,366</u>
Rental receivables:			
Lease receivable – per contract		755,688,069	1,025,536,402
Lease receivable – effect of straight-line method		<u>202,562,723</u>	<u>231,278,304</u>
		<u>958,250,792</u>	<u>1,256,814,706</u>
Accrued interest receivables	22.4	<u>2,847,030,347</u>	<u>2,513,922,379</u>
Other receivables	22.2, 22.5	<u>1,033,313,099</u>	<u>1,216,405,984</u>
		20,995,397,919	19,418,030,163
Allowance for impairment		<u>(226,842,662)</u>	<u>(262,111,638)</u>
		<u>P 20,768,555,257</u>	<u>P 19,155,918,525</u>

Retention receivables pertain to progress billings which are withheld by the project owners equivalent to 5.0% or 10.0% as provided in the respective construction contract of each project. These will only be collected after a certain period of time upon acceptance by project owners of the certificate of completion.

Real estate sales receivables pertain to the balance of uncollected portion of the contract price of completed units sold that are subject for collection from customers through their respective bank financing, which is normally completed within one to two months.

Rental receivables include those unpaid rentals from third party tenants of the Group, and the related rent receivables arising from the difference between the cash basis rent income and the straight-line rent income of all lease contracts with fixed payments as of the end of the reporting period.

Trade and other receivables except certain advances to related parties do not bear any interest.

All receivables, except advances to officers and employees which are subject to liquidation, are subject to credit risk exposure. The Group's trade and other receivables have been reviewed for impairment using the provision matrix as determined by the management.

The total allowance for impairment for contract and retention provided by the Group amounted to P226.8 million and P262.1 million as of September 30, 2024 and December 31, 2023, respectively.

A reconciliation of the allowance for impairment at the beginning and end of 2024 and 2023 is shown below.

	September 30, 2024	December 31, 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at beginning of year	P 262,111,638	P 226,842,662
Additional ECL for the year	-	35,268,976
Write-off	<u>(35,268,976)</u>	<u>-</u>
Balance at end of year	<u>P 226,842,662</u>	<u>P 262,111,638</u>

6. GOODWILL

On July 12, 2023, the Parent Company executed a Share Purchase Agreement to acquire 100% of the outstanding capital stock of PH1 from Citicore for a total cash consideration of P5,200.0 million. As a result of the acquisition, the Parent Company obtained controlling interest over PH1, which was accounted for under the acquisition method. The business combination is expected to integrate the innovative approaches of the Parent Company and PH1 in terms of construction and engineering to the residential projects of PH1 with respect to sustainability and technological advancement in living and community spaces.

At the date of acquisition, PH1 owns 100% and 48.77% of the outstanding capital stock of PH1-WL and Famtech, respectively. As a result of the acquisition of PH1, the Group obtained indirect ownership and control over PH1-WL and Famtech.

There were no contingent considerations arrangements and indemnification assets recognized by the Parent Company related to the business combination.

Presented in the succeeding page is the breakdown of the acquisition-date fair value of the assets and liabilities, including the cost of investment.

<u>Assets:</u>	
Cash	P 158,812,124
Contract and other receivables	1,058,277,667
Real estate inventories	3,280,736,757
Property and equipment	33,002,846
Right-of-use assets	9,312,106
Other assets	<u>233,084,701</u>
	<u>4,773,226,201</u>
 <u>Liabilities:</u>	
Trade and other payables	P 1,688,417,797
Interest-bearing loans and borrowings	508,475,383
Reservation deposits	322,954,005
Contract liabilities	76,644,783
Lease liabilities	8,412,681
Deferred tax liabilities	107,696,473
Other liabilities	<u>129,219,091</u>
	<u>2,841,820,213</u>
 Fair value of net assets	 <u>1,931,405,988</u>
 Cash consideration	 5,200,000,000
Non-controlling interest	<u>528,475,534</u>
	<u>5,728,475,534</u>
 Goodwill	 <u>P 3,797,069,546</u>

Based on the management's assessment, the gross contractual amounts of receivable approximate the fair values as of the acquisition date. The best estimate of the contractual cash flows not expected to be collected at acquisition date is also deemed immaterial.

There were no significant acquisition-related costs incurred from this transaction.

The goodwill recognized from the foregoing acquisition reflects the opportunity to strengthen the Group's position in the real estate market, the synergies and economies of scale expected from combining the operations of the Group as a contractor and real estate developer. This also reflects the opportunity to accelerate the Group's growth momentum associated with property development in the long term.

The Group performed impairment testing of goodwill by using value-in-use in determining the recoverable amount. The value-in-use of the cash generating unit was determined using cash flow projections for 13 years, which reflects the timing of the development and completion of the residential projects including the collection period. The management applied a discount rate of 10.2% and growth rate of 3.8% which are the key assumptions used in determining the value-in-use of the cash-generating unit.

The recoverable amount of the cash-generating unit was determined to be higher than its carrying amount. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount, hence management assessed that there is no impairment loss required to be recognized on goodwill as of September 30, 2024 and December 31, 2023.

7. INVENTORIES

7.1 Real Estate Inventories

As of September 30, 2024 and December 31, 2023, real estate inventories consist of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Land and land development	P 2,127,647,998	P 1,928,308,874
Construction costs	<u>2,236,136,208</u>	<u>1,944,613,123</u>
	<u>P 4,363,784,206</u>	<u>P 3,872,921,997</u>

Construction costs include actual costs of construction and related engineering, architectural and other consultancy fees, and capitalized borrowing costs. In 2023, the Group capitalized borrowing cost of P103.6 million. Borrowing cost are capitalized at 5.9%. All cost incurred relating to the Group's development and construction of its residential condominium projects are recorded under Real Estate Inventories account. The cost of a unit sold under development is charged to cost of sales in the same manner as revenue is recognized.

There were no inventory write-downs recognized in relation to real estate inventories.

7.2 Construction Materials

As of September 30, 2024 and December 31, 2023, construction materials were stated at cost which is lower than net realizable value. This account consists of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Consumables and spare parts	P 1,250,136,745	P 1,275,412,094
Work in progress	433,956,386	805,324,986
Hardware	70,213,135	71,444,583
Mechanical electrical plumbing and fireproof materials	76,960,757	8,076,631
Rebars	57,275,954	30,079,375
Precast	42,239,332	54,725,955
Others	<u>55,178,998</u>	<u>34,275,471</u>
	<u>P 1,985,961,307</u>	<u>P 2,279,339,095</u>

Work in progress inventories pertains to various construction materials delivered to project warehouses and are yet to be installed or used by its subcontractors.

Others pertain to construction materials which include collapsible container office, sand, cement, painting materials, nails and adhesive items.

8. CONTRACT ASSETS

The breakdown of contract assets is as follows:

	September 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Construction contracts	P 6,116,415,221	P 6,034,871,659
Real estate operations	188,340,726	-
Terminal operations	<u>762,177,659</u>	<u>692,732,257</u>
	7,066,933,606	6,727,603,916
Allowance for impairment	<u>(1,087,415,302)</u>	<u>(1,087,415,302)</u>
	<u>P 5,979,518,304</u>	<u>P 5,640,188,614</u>

The significant changes in the contract assets balances during the reporting periods are as follows:

	September 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Balance at beginning of year	P 6,727,603,916	P 6,193,723,087
Increase as a result of changes in measurement of progress	3,249,699,452	6,452,369,216
Decrease as a result of reversal to trade receivables	<u>(2,910,369,762)</u>	<u>(5,918,488,387)</u>
	7,066,933,606	6,727,603,916
	<u>(1,087,415,302)</u>	<u>(1,087,415,302)</u>
Balance at end of year	<u>P 5,979,518,304</u>	<u>P 5,640,188,614</u>

A reconciliation of the allowance for impairment at the beginning and end of 2024 and 2023 is shown below.

	September 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Balance at beginning of year	P 1,087,415,302	P 1,087,415,302
Impairment loss for the year	<u>-</u>	<u>-</u>
Balance at end of year	<u>P 1,087,415,302</u>	<u>P 1,087,415,302</u>

Contract assets pertains to the gross amount due from customers for contract works of all contracts in progress and the portion arising from the real estate operations, which are not yet billed. Contract assets also include the cost of the landport area of the PITX Project will be recovered through the Grantor payments.

The Group satisfies its performance obligation when the full completion of the project and benefit therefrom can be derived by the customers. Invoices are due once related accomplishments for the month is complete.

The Group recognizes contract assets, due to timing difference of billings and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period. Changes in the contract assets are recognized by the Group when a right to receive payment is already established.

There was no additional impairment loss recognized in 2024 and 2023.

9. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

9.1 *Non-current Asset Classified as Held for Sale*

On September 2, 2022 (Execution date), the Parent Company, GMR Airports International BV (GAIBV) and Aboitiz InfraCapital, Inc. (AIC) executed a Share Subscription and Transfer Agreement (the Agreement) for AIC to acquire shares in GMCAC. Subject to the fulfillment of the conditions precedent under the Agreement, the following occurred on December 16, 2022 (Closing date):

1. For a total amount of P9,473.6 million, AIC obtained 33 and 1/3% minus 1 share of the outstanding capital stock of GMCAC. The Parent Company retained 33 and 1/3% plus 1 share, while GAIBV retained 33 and 1/3%; and,
2. The Parent Company and GAIBV issued Exchangeable Notes (Notes) in favor of AIC in the total amount of P15,526.4 million. The Notes will mature on October 30, 2024 (Exercise date) and will be exchanged by AIC for the rest of the 66 and 2/3% plus 1 share of GMCAC's outstanding capital stock currently held by the Parent Company and GAIBV.

On the Exercise date, the Parent Company and GAIBV shall assign, transfer and convey the remaining GMCAC shares to AIC in exchange for the full discharge of the Notes. The Notes is unsecured and non-interest-bearing. At least 10 business days prior to the Exercise date, the Parent Company and GAIBV may exercise the option to pay the Notes in cash and they shall have no obligation to assign, transfer and convey the remaining GMCAC shares. In the event that the Parent Company and GAIBV exercise the cash option, they shall pay the principal amount of the Notes, plus a cash option interest of 19% per annum on the principal amount calculated from the Execution date to the Exercise date. The accrual of the cash option interest and the obligation to pay shall only arise upon exercise of the cash option.

Prior to the closing date, GMCAC converted its shareholders' loans totalling to P2,040.0 million, of which P1,224.0 million came from the Parent Company, to common stock of GMCAC. In addition, GMCAC issued 555.4 million new shares to AIC. The issuance of new shares to AIC resulted in the reduction in the Parent Company's ownership interest in GMCAC from 60.0% to 55.8%.

The transaction closed on December 16, 2022 wherein:

- AIC paid cash amounting to P6,623.6 million to the Parent Company for 1,781.4 million common shares, equivalent to 22.5% of the outstanding capital stock of GMCAC; and,
- the Parent Company issued the Notes for a cash consideration of P7,763.2 million, which will be exchanged by AIC for the rest of the Parent Company's remaining 2,643.3 million common shares, equivalent to 33.3% of the outstanding capital stock of GMCAC, on the Exercise date.

At closing date, the Parent Company retained 33.3% ownership interest in GMCAC.

As a result of the preceding transactions, the Group lost its control over GMCAC. Accordingly, the remaining ownership interest was remeasured at fair value at the date of sale which amounted to P2,879.8 million. The fair value was determined using the discounted cash flow method. The related remeasurement gain amounting to P568.8 million is presented as part of Gain on deconsolidation of subsidiaries under Others – net under Discontinued Operations section in the 2022 consolidated statement of income.

Relative to management's intention to sell the remaining shares held in GMCAC, as evidenced by the issuance of the Notes, the remaining ownership interest in GMCAC amounting to P2,879.8 million is presented as Non-current Asset classified as Held for Sale in the interim condensed consolidated statements of financial position. No cost to sell was recognized as the expenses incurred in relation to the issuance of the Notes was shouldered by AIC.

As of September 30, 2024, the Group remains committed to sell the remaining ownership interest in GMCAC. As the transaction is expected to be completed in 2024, the Exchangeable Notes was presented under Current Liabilities in the 2024 interim condensed consolidated statement of financial position.

The fair values of the identifiable assets and liabilities of GMCAC as at the Closing Date in 2022 were as follows:

<u>Assets:</u>	
Cash and cash equivalents	P 230,051,713
Trade and other receivables – net	865,264,321
Concession assets – net	31,760,874,551
Property and equipment – net	215,513,796
Investment in subsidiaries and joint ventures	1,737,804,166
Investment in trust fund	26,266,008
Deferred input VAT	1,741,663,880
Refundable security and bond deposits	710,829,793
Other assets	<u>528,501,802</u>
	<u>37,816,770,030</u>

<u>Liabilities:</u>	
Interest-bearing loans and borrowings	25,702,185,130
Trade and other payables	2,261,189,055
Retirement obligation	21,689,826
Deferred tax liabilities	970,422,069
Other liabilities	<u>221,975,078</u>
	<u>29,177,461,158</u>
Fair value of net assets	<u>P 8,639,308,872</u>

The gain on deconsolidation of a subsidiary is determined as follows:

Cash consideration received	P 6,623,600,000
Fair value of remaining ownership interest	<u>2,879,769,625</u>
	<u>9,503,369,625</u>
Less:	
Carrying amount of net assets sold	6,182,052,349
Carrying amount of non-controlling interest	(<u>2,670,649,101</u>)
	<u>3,511,403,248</u>
Gain on deconsolidation of a subsidiary	5,423,202,187
Gain on remeasurement of remaining ownership interest	<u>568,764,190</u>
	<u>P 5,991,966,377</u>

The gain on deconsolidation of a subsidiary amounting to P5,992.0 million is presented as part of Gain on deconsolidation of subsidiaries under Others – net under Discontinued Operations section in the 2022 consolidated statement of income.

In addition to the above transaction, in 2022, the Group sold its shareholdings in GMI to GMCAC, wherein the Group recognized a gain on deconsolidation of a subsidiary amounting to P577.1 million which represents the excess of the cash consideration received amounting to P613.2 million over the carrying value of GMI's net assets as of the date of sale amounting to P36.1 million.

The total gain amounting to P6,569.1 million is presented as Gain on deconsolidation of subsidiaries under Others – net under Discontinued Operations section in the 2022 consolidated statement of income.

9.2 Discontinued Operations

The net loss related to the operations of GMCAC and GMI is presented separately in the interim condensed consolidated statements of income as Net Loss from Discontinued Operations.

The analysis of the revenue and expenses of the discontinued operations is as follows:

	<u>2022</u>
Airport operations revenue	P 1,120,011,769
Trading operations revenue	<u>93,128,600</u>
	<u>1,213,140,369</u>
Cost of airport operations	(590,772,923)
Cost of trading operations	<u>(55,935,766)</u>
	<u>(646,708,689)</u>
Gross profit	566,431,680
Other operating expenses	(376,428,528)
Other charges – net	<u>(1,450,715,860)</u>
Loss before tax	(1,260,712,708)
Tax income	<u>(52,501,743)</u>
Net loss	<u>(P 1,208,210,965)</u>

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE AND ACQUISITION OF ASSETS

The Group's associates and joint venture are not listed in the local stock exchange; hence, the fair value of the shares cannot be determined reliably. However, management believes that the carrying amounts of the investments are fully recoverable based on either the prospect of the business or the recoverable amount from the net assets of these associates and joint ventures.

10.1 Investments in Associates

The components of the carrying values of this account are as follows:

	September 30, 2024	December 31, 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Acquisition cost:		
CMCI	P 200,000,000	P 200,000,000
EDC	<u>98,000,000</u>	<u>61,691,000</u>
	<u>298,000,000</u>	<u>261,691,000</u>
Equity share in net profit (losses):		
Balance at beginning of year	(4,452,344)	31,295,805
Equity in net profit (loss) for the year	(<u>10,664,725</u>)	(<u>35,748,149</u>)
Balance at end of year	(<u>15,117,069</u>)	(<u>4,452,344</u>)
	<u>P 282,882,931</u>	<u>P 257,238,656</u>

These associates do not have any other comprehensive income or loss in 2024 and 2023.

(a) MWCCI

As of September 30, 2024 and December 31, 2023, the Parent Company has 51% ownership interest in MWCCI.

In 2016, MWCCI sent a Notice of termination of its BOT Agreement with the DOH, which was accepted by DOH. MWCCI has undertaken measures to recover compensation costs from DOH. However, based on management's assessment, as of December 31, 2022, there is no reasonable expectation of recovery of costs incurred relative to the MPOC Project. Accordingly, the Group wrote-off its investment in MWCCI in 2022.

(b) CMCI

The Parent Company, together with Citicore, formed CMCI as a consortium for the construction of classrooms in Regions 3 and 4 under the build-lease-transfer Public Private Partnership (PPP) agreement with the Philippine Department of Education (DepEd) ownership interest.

As of September 30, 2024 and December 31, 2023, the Parent Company owns 10% interest in CMCI.

(c) EDC

In 2023, the Parent Company subscribed to 616,910 new shares or equivalent to 49% ownership interest in EDC for a total subscription price of P61.7 million. The rights and powers of the Parent Company over the management and control of EDC are exercised through a seat in the BOD of EDC. Taking this into consideration, the Parent Company concluded that it has significant influence over the investee; accordingly, the investment is accounted for as an investment in an associate.

As of September 30, 2024 and December 31, 2023, the Parent Company did not receive any dividends from its associates.

10.2 Interest in Joint Ventures

GMCAC has 42% interest in MTRGC and SSPPC, which are primarily engaged in the set-up, operation and management of duty paid retail, food and beverage outlets and provision of related services thereto in the airport terminals (T1 and T2).

In 2022, as a result of the sale and deconsolidation of GMCAC, the carrying amount of the investment in joint ventures was derecognized from the Group's consolidated statement of financial position.

10.3 Interest in Joint Operations

As discussed in Notes 1.2(r), 1.2(s), 1.2(t), and 1.2(u), MGCJV shall undertake the construction works for the renovation and expansion of the MCI A Project in Cebu, MGCJVI shall undertake the construction works of the Clark Airport, HMDJV shall undertake the construction works of the Malolos-Clark Railway, while TTM-JV shall undertake the construction works of the Two Underground Stations (Ortigas North and Ortigas South) and Tunnels of Metro Manila Subway Project. The Parent Company's interests in MGCJV, MGCJVI, HMDJV and TTM-JV are accounted for as joint arrangement – joint operation, as such, the Parent Company accounts for its interest in the relevant assets, liabilities, revenues, and expenses of MGCJV, MGCJVI, HMDJV and TTM-JV.

As of September 30, 2024 and December 31, 2023 and for the nine months ended September 30, 2024 and 2023, the relevant financial information of the Group's interest in MGCJV, MGCJVI, HMDJV and TTM-JV which are included in the appropriate accounts in the Group's interim condensed consolidated statements of financial position and interim condensed consolidated statements of income are as follows:

	<u>Before</u> <u>Elimination</u>	<u>Elimination</u>	<u>After</u> <u>Elimination</u>
September 30, 2024 (Unaudited)			
<i>Assets:</i>			
Cash and cash equivalents	P 1,579,330,931	P -	P 1,579,330,931
Trade and other receivables	1,451,151,311	-	1,451,151,311
Other current assets	447,391,724	-	447,391,724
Property, plant, and equipment – net	48,586,030	-	48,586,030
Other non-current assets	<u>18,077,724</u>	<u>-</u>	<u>18,077,724</u>
	<u>P 3,544,537,720</u>	<u>P -</u>	<u>P 3,544,537,720</u>

	<u>Before Elimination</u>	<u>Elimination</u>	<u>After Elimination</u>
<i>Liabilities:</i>			
Trade and other payables	P 2,142,756,668	P -	P 2,142,756,668
Other liabilities	<u>476,662,314</u>	<u>-</u>	<u>476,662,314</u>
	<u>P 2,619,418,982</u>	<u>P -</u>	<u>P 2,619,418,982</u>
<i>September 30, 2024 (Unaudited)</i>			
<i>Revenues and Expenses:</i>			
Contract revenues	P 2,188,001,420	P -	P 2,188,001,420
Contract costs	(1,667,867,573)	-	(1,667,867,573)
Other operating expenses	(4,793,267)	-	(4,793,267)
Finance cost	<u>(41,600,886)</u>	<u>-</u>	<u>(41,600,886)</u>
	<u>P 473,739,694</u>	<u>P -</u>	<u>P 473,739,694</u>
<i>December 31, 2023 (Audited)</i>			
<i>Assets:</i>			
Cash and cash equivalents	P 1,465,203,181	P -	P 1,465,203,181
Trade and other receivables	1,660,260,512	-	1,660,260,512
Other current assets	427,964,824	-	427,964,824
Property, plant, and equipment – net	<u>89,739,417</u>	<u>-</u>	<u>89,739,417</u>
	<u>P 3,643,167,934</u>	<u>P -</u>	<u>P 3,643,167,934</u>
<i>Liabilities:</i>			
Trade and other payables	P 2,762,001,970	P -	P 2,762,001,970
Due to related parties	1,052,953	-	1,052,953
Other liabilities	<u>292,620,286</u>	<u>-</u>	<u>292,620,286</u>
	<u>P 3,055,675,209</u>	<u>P -</u>	<u>P 3,055,675,209</u>
<i>September 30, 2023 (Unaudited)</i>			
<i>Revenues and Expenses</i>			
Contract revenues	P 2,391,601,880	(P 175,669,991)	P 2,215,931,889
Contract costs	(1,706,867,516)	175,669,991	(1,531,197,525)
Other operating expenses	(9,884,303)	-	(9,884,303)
Finance cost	<u>(25,101,624)</u>	<u>-</u>	<u>(25,101,624)</u>
	<u>P 649,748,437</u>	<u>P -</u>	<u>P 649,748,437</u>

11. OTHER ASSETS

This account is composed of the following:

	Note	September 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Current:			
Advances to contractors and suppliers	11.1	P 7,576,866,605	P 8,334,686,068
Prepaid taxes	11.4	1,118,200,080	1,345,802,495
Deferred input VAT	11.2	588,786,589	590,050,596
Input VAT	11.2	475,282,261	453,492,959
Deferred fulfilment costs - net	11.6	354,477,777	335,684,686
Refundable security and bond deposits		148,751,347	141,133,290
Prepaid rent		2,035,306	13,979,861
Prepaid insurance		81,016,250	157,533,800
Prepaid subscription		8,183,885	982,976
Deferred commission		22,293,148	5,320,264
Prepaid debt issuance cost		-	13,135,255
Miscellaneous		<u>27,200,081</u>	<u>21,631,219</u>
		<u>10,403,093,329</u>	<u>11,413,433,469</u>
Non-current:			
Deposits for condominium units	11.3	285,953,218	233,837,468
Refundable security deposits		38,636,033	38,590,885
Computer software license – net	11.5	20,174,595	27,178,891
Deferred commission		17,535,300	15,592,268
Deferred input VAT	11.2	10,508,510	17,436,879
Prepaid debt issuance cost		<u>-</u>	<u>22,007,046</u>
		<u>372,807,656</u>	<u>354,643,437</u>
		<u>P 10,775,900,985</u>	<u>P 11,768,076,906</u>

11.1 Advances to Contractors and Suppliers

Advances to contractors and suppliers pertain to down payments made by the Group based on a certain percentage of the contract price. The initial payment will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the contractors and supplier. These advances are classified as current since it would be applied as payments for subcontractors. This also includes materials and supplies provided by the Group to subcontractors which will be deducted to the progress billings of the subcontractors upon installation. The risk of loss on these materials and supplies are borne by the subcontractors.

Impairment of advances to contractors and suppliers was assessed through determining the financial position of the contractors and suppliers on their capacity to comply according to their performance obligation. Despite the impact of COVID-19, the Group deemed the advances to be recouped by qualifying contractors and suppliers through their work progress as well as using outstanding liability of the Group to the contractors and suppliers as leverage.

11.2 Input VAT

Input VAT under other current assets pertains to the payment of VAT on purchases of services and goods that is recoverable within 12 months. Deferred input VAT pertains to the unamortized input VAT on purchases of capital goods exceeding P1.0 million.

Input VAT arising from the purchase of capital goods exceeding P1.0 million starting January 1, 2022 are not amortized. The related input VAT on purchase of capital goods exceeding P1.0 million shall be allowed as credit against output tax outright pursuant to Republic Act (R.A.) No. 10963, known as the *Tax Reform for Acceleration and Inclusion (TRAIN) Law*.

The balance of deferred input VAT non-current pertains to unamortized portion of purchases of capital goods exceeding P1.0 million prior to January 1, 2022.

11.3 Deposits for Condominium Units

Deposits for condominium units represent initial downpayments made for the purchase of condominium units. These will be reclassified to investment property upon execution of contract to sell and deed of sale.

11.4 Prepaid Taxes

Prepaid taxes pertain to the excess of quarterly income tax payments over the current tax due during the year and creditable withholding taxes.

11.5 Computer Software License

The details of this account are presented below.

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost	P 172,479,404	P 166,108,499
Accumulated amortization	(152,304,809)	(138,929,608)
	<u>P 20,174,595</u>	<u>P 27,178,891</u>

A reconciliation of the carrying amounts of computer software license at the beginning and end of the reporting periods is shown below.

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	P 27,178,891	P 33,251,614
Additions	6,370,905	14,617,081
Amortization expense for the year	(13,375,201)	(20,689,804)
Balance at end of year	<u>P 20,174,595</u>	<u>P 27,178,891</u>

11.6 Deferred Fulfilment Costs

Deferred fulfilment costs pertain to costs that are directly related to a specific construction contract, generate or enhance resources that will be used to fulfill a performance obligation of the Group in the future, and are recoverable under the contract. Such costs include, but are not limited to, mobilization costs of equipment and labor, engineering and design costs, insurance and depreciation of equipment related to a specific contract.

The movements of deferred fulfilment costs are shown below:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	P 664,289,891	P 634,955,943
Additions	18,793,091	33,780,530
Amortization	(-)	(4,446,582)
	683,082,982	664,289,891
Allowance for impairment	(328,605,205)	(328,605,205)
Balance at end of year	<u>P 354,477,777</u>	<u>P 335,684,686</u>

12. PROPERTY, PLANT AND EQUIPMENT

As of September 30, 2024, and December 31, 2023, the property, plant and equipment is composed of building, construction equipment, improvements, and right-of-use assets totalling P5,931.6 million and P6,277.6 million, respectively.

For the periods ended September 30, 2024 and December 31, 2023, the Group recognized additions to property, plant and equipment totalling to P660.0 million and P844.4 million, respectively, and sold certain property, plant and equipment for P36.8 million and P27.0 million, respectively. As a result of sale, the Group recognized gains amounting to P15.9 million and P8.0 million for the periods ended September 30, 2024 and December 31, 2023, respectively.

There are no restrictions on title, and property, plant and equipment pledged as security liabilities, except for right-of-use assets with carrying amount of P551.3 million and P523.0 million as of September 30, 2024 and December 31, 2023, respectively.

There is no contractual commitment to acquire property and equipment.

There were no items of property, plant and equipment that were impaired or retired, lost or given up as of September 30, 2024 and December 31, 2023.

13. INVESTMENT PROPERTIES

As of September 30, 2024, and December 31, 2023, the investment properties are composed of land, commercial area and construction in progress totalling P4,763.2 million and P4,818.9 million, respectively.

MWMTI was granted an exclusive right and obligation under the Concession Agreement. Relative to the arrangement, MWMTI incurred costs necessary to construct the facility. The separately identifiable accumulated costs incurred in the development of the PITX Project are allocated based on development and implementation plan for the terminal and commercial areas.

Investment properties include parcels of land that are not used by the Group for administrative and supply of goods or services of the business and only held for capital appreciation amounting to P995.8 million and P993.1 million as of September 30, 2024 and December 31, 2023, respectively. Based on management's assessment, the carrying amounts of these assets are fully recoverable, hence, no impairment loss is required in both years.

There are no restrictions on the realizability of investment property or the remittance of income and proceeds of disposal.

No contractual obligations to purchase, construct, or develop investment property, or for repairs and maintenance or enhancements has been agreed with.

For the period ended September 30, 2024 and December 31, 2023, the Group recognized total additions amounting to P41.9 million and P242.9 million, respectively. There were no disposals of investment properties in 2024 and 2023.

As of September 30, 2024 and December 31, 2023, the investment properties has a fair value amounting to P3,581.2 million which was recognized under the Level 3 fair value hierarchy.

14. LEASES

The Group has leases for construction equipment and transportation equipment. With the exception of short-term leases and leases of low-value underlying assets, each right-of-use asset and lease liability from leases are reflected on the interim condensed consolidated statements of financial position as part of property, plant and equipment and interest-bearing loans and borrowings, respectively. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet 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 warehouses and offices, 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 ensure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the interim condensed consolidated statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Number of average remaining lease term	Number of leases with extension options	Number of leases with options to purchase	Number of leases with termination options
September 30, 2024:						
Transportation equipment	213	1 – 5 years	2 years	-	53	-
Precast and construction equipment	169	1 – 5 years	3 years	-	55	-
Parcel of land	1	4 years	3 years	-	-	-
December 31, 2023:						
Transportation equipment	209	1 – 5 years	2 years	-	53	-
Precast and construction equipment	169	1 – 5 years	3 years	-	55	-
Parcel of land	1	4 years	3 years	-	-	-

14.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets as at September 30, 2024 and December 31, 2023, and the movements during the periods are shown below.

	<u>Land</u>	<u>Precast and Construction Equipment</u>	<u>Transportation Equipment</u>	<u>Total</u>
Balance at January 1, 2024	P 16,990,939	P 390,986,834	P 115,016,894	P 522,994,667
Additions	-	-	77,863,712	77,863,712
Pre-termination	-	-	(416,159)	(416,159)
Depreciation and amortization	(12,743,204)	(21,996,610)	(14,361,512)	(49,101,326)
Balance at September 30, 2024	<u>P 4,247,735</u>	<u>P 368,990,224</u>	<u>P 178,102,935</u>	<u>P 551,340,894</u>
Balance at January 1, 2023	P 33,981,877	P 483,852,652	P 107,498,352	P 625,332,881
Additions	-	570,808	23,236,606	23,807,414
Pre-termination	-	(36,735,903)	-	(36,735,903)
Effect of sale of subsidiaries	-	-	9,312,106	9,312,106
Depreciation and amortization	(16,990,938)	(56,700,723)	(25,030,170)	(98,721,831)
Balance at December 31, 2023	<u>P 16,990,939</u>	<u>P 390,986,834</u>	<u>P 115,016,894</u>	<u>P 522,994,667</u>

14.2 Lease Liabilities

Lease liabilities are presented in the interim condensed consolidated statements of financial position as part of Interest-bearing Loans and Borrowings (see Note 16) as at September 30, 2024 and December 31, 2023 as follows:

	September 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Current	P 62,593,223	P 124,425,289
Non-current	<u>59,643,242</u>	<u>45,161,433</u>
	<u>P 122,236,465</u>	<u>P 169,586,722</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. An option is only exercised when consistent with the Group's business strategy and the economic benefits of exercising the option exceeds the expected overall cost.

As of September 30, 2024, and December 31, 2023, the Group has not committed to any leases which had not commenced.

14.3 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. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expenses pertaining to short-term leases and low-value assets amounted to P47.8 million, P89.1 million and P38.7 million in 2024, 2023 and 2022, respectively, and is presented as part of Other Operating Expenses in the interim condensed consolidated statements of income. There are no low-value assets that were not recognized as lease liabilities for the periods presented.

14.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P125.2 million and P107.7 million in September 30, 2024 and December 31, 2023, respectively, and is presented as part of Repayment of Loans and Borrowings in the interim condensed consolidated statements of cash flows.

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities as at September 30, 2024, and December 31, 2023 and 2022 is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	December 31, 2022 (Audited)
Within one year	P 69,831,635	P 151,099,807	P 203,589,207
One to two years	21,818,173	39,505,947	74,683,304
Two to three years	20,157,316	18,093,997	25,054,940
Three to four years	19,660,589	18,439,337	11,370,394
Four to five years	6,911,920	15,160,222	1,147,381
	<u>P 138,379,633</u>	<u>P 242,299,310</u>	<u>P 315,845,226</u>

15. TRADE AND OTHER PAYABLES

This account consists of the following:

	Notes	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade payables		P 912,660,213	P 1,303,943,480
Retention payable		2,586,708,615	2,324,103,239
Reservation deposits		491,029,484	369,930,983
Interest payable		151,877,496	208,484,648
Due to related parties	22.4	170,696,593	144,637,225
Accrued expenses		59,883,351	124,131,302
Security deposits	18	20,536,019	40,191,076
Others		<u>103,301,407</u>	<u>138,107,034</u>
		<u>P 4,496,693,178</u>	<u>P 4,653,528,987</u>

Retention payable pertains to amounts withheld from payments made to subcontractors to ensure compliance and completion of contracted projects ranging from 5% to 10% of every billing made by the contractor. Upon completion of the subcontracted projects, the amounts are returned to the subcontractors.

Reservation deposits pertain to the payments received from the buyers of condominium units which have not yet reached the collection threshold for revenue recognition.

Accrued expenses include mainly unpaid utilities.

Others include accrued salaries, other non-trade payables and dividends payable.

16. INTEREST-BEARING LOANS AND BORROWINGS

The details of short-term and long-term interest-bearing loans and borrowings are as follows:

	Notes	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current:			
Bank loans	16.2	P 18,842,114,100	P 17,391,402,346
Notes payable	16.1	-	3,528,000,000
Lease liabilities	14.2	<u>62,593,223</u>	<u>124,425,289</u>
		<u>18,904,707,323</u>	<u>21,043,827,635</u>
Non-current:			
Notes payable	16.1	1,853,500,000	1,860,000,000
Bonds payable	16.3	8,928,869,296	3,953,869,786
Bank loans	16.2	4,082,283,576	3,699,144,709
Lease liabilities	14.2	<u>59,643,242</u>	<u>45,161,433</u>
		<u>14,924,296,114</u>	<u>9,558,175,928</u>
		<u>P 33,829,003,437</u>	<u>P 30,602,003,563</u>

16.1 Notes Payable

(a) 2013 Notes Facility

On February 19, 2013, the Parent Company executed a notes facility agreement with a local universal bank. In this agreement, the Parent Company desired to offer and issue fixed-rate corporate notes in the aggregate principal amount of P4,000.0 million. The net proceeds of the notes after deducting direct issue costs, such as underwriting fees and commissions, documentary stamp tax and other expenses associated with the issuance, amounted to P3,957.3 million.

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Parent Company.

The notes are issued in three tranches with terms of five to ten years and interest rates referring to Philippine Dealing System Treasury (PDST) Fixing rates plus an interest spread of 1.5% to 1.75%. As at December 31, 2022, the notes were fully settled.

The Parent Company had complied with all the debt covenants set forth in the notes facility agreement.

(b) 2016 Various Notes Facility

In 2016, the Parent Company entered into various notes facility arrangement with a local bank to refinance the corporate note issued in 2011 and to finance its capital expenditure and general corporate requirements.

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Parent Company.

The notes are issued with the following details:

<u>Date Issued</u>	<u>Principal</u>	<u>Term in years</u>	<u>Interest Rate</u>
September 16, 2016	P 650,000,000	10	5.50%
December 5, 2016	350,000,000	10	6.37%
December 16, 2016	<u>1,000,000,000</u>	10	6.37%
	<u>P 2,000,000,000</u>		

These 10-year corporate notes bear an interest rate based on the closing per annum rates of a ten (10)-year PDST-R2 rate on the PDS Group website plus a certain spread. The Parent Company has to maintain a debt-to-equity ratio of not more than 2.33 and a debt service coverage ratio of at least 1.1.

On August 10, 2017, the Parent Company sent a letter to the bank requesting the waiver of one of the loan negative covenants that prohibits the stockholdings of Citicore in the Parent Company to fall below 51% or enter into profit sharing, partnership or joint venture whereby its profits are shared with any other person that may have a material adverse effect. In September 2017, the request was granted by the bank.

As of September 30, 2024 and December 31, 2023, the Parent Company has complied with all the debt covenants set forth in the notes facility agreement.

(c) 2020 Various Notes Facility

On February 19, 2020, the Parent Company signed a P5,000.0 million corporate note facility, the proceeds of which will be used by the Parent Company to (a) retire maturing debt obligations, (b) to fund growth projects, and (c) for general corporate purposes.

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Parent Company.

The notes will be issued in five tranches as follows:

	<u>Principal</u>
Tranche A	P 3,600,000,000
Tranche B	350,000,000
Tranche C	350,000,000
Tranche D	350,000,000
Tranche E	<u>350,000,000</u>
	<u>P 5,000,000,000</u>

These 4.5-year corporate notes bear a fixed interest rate based on the closing per annum rates of a 4.5-year PHP BVAL reference rate on the PDS Group website plus a certain spread, subject to a floor rate of 5%. The Parent Company has to maintain a debt-to-equity ratio of not more than 2.33 and a debt service coverage ratio of at least 1.10. Debt pertains to all interest-bearing loans and borrowing.

As of September 30, 2024 and December 31, 2023, the carrying amount of all the corporate notes are P1,853.5 million and P5,388.0 million, respectively.

The Parent Company is in compliance with all covenants required to be observed under the loan facility agreement as of September 30, 2024 and December 31, 2023.

16.2 Bank Loans

(a) Omnibus Loan and Security Agreement – December 17, 2014

On December 17, 2014, GMCAC entered into a P20,000.0 million (which at GMCAC's option may be increased up to P23,300.0 million) OLSA with various local universal banks, as onshore lenders. On January 26, 2015, the parties amended the facility to include another universal bank as offshore lender to contribute US \$75.0 million (or equivalent to P3,500.0 million) into the facility. On June 22, 2018, GMCAC amended the Amended and Restated OLSA increasing the facility by P870.0 million. The additional loan facility will be used to finance the investment related to the Fuel Hydrant System Infrastructure.

The facility had an original term of 15 years, the repayment of which starts in 2019 and shall continue every year thereafter until 2030; and, interest requirements that are payable annually. In 2021, GMCAC renegotiated the terms of its loan agreements with its lenders.

The modifications in the contractual cash flows are not substantial and therefore did not result in the derecognition of the affected financial liabilities.

GMCAC was in compliance with all covenants required to be observed based on the terms of the loan as of December 31, 2021.

In order to hedge the interest rate exposure on this floating rate US dollar-denominated loan, GMCAC entered into an interest rate swap transaction.

In 2022, as a result of the sale and deconsolidation of GMCAC, the outstanding balance of the loan amounting to P25,702.2 million was derecognized from the Group's 2022 consolidated statement of financial position.

(b) OLSA for PITX project

In 2015, MWMTI entered into an Omnibus Loan and Security Agreement (OLSA) with a local universal bank for a loan facility amounting to P3,300.0 million to finance the construction of the ITS Project. In 2019, MWMTI requested the lender to increase the loan by P600.0 million making the total principal loan to P3,900.0 million. In 2017, MWMTI made its first drawdown amounting to P825.0 million while the remaining loan facility was fully drawn in 2019 in tranches amounting to P3,075.0 million. The loan principal shall be amortized quarterly over 15 years and the first principal repayment is due on January 16, 2021. The interest-bearing loan is secured by the Joint Venturers and bears annual interest rates ranging from 4.9% to 7.6%, 2.8% to 6.9%, and 3.55% in 2023, 2022, and 2021, respectively.

The interest-bearing loan requires the MWMTI to maintain a maximum debt-to-equity ratio of 70:30. In addition, the MWMTI is also required to observe at all times until full payment of the loan a debt service coverage ratio of at least 1.25. MWMTI complied with all affirmative and negative covenants indicated in the OLSA.

As of September 30, 2024 and December 31, 2023, the total carrying value of these bank loans amounted to P3,441.8 million and P3,588.0 million, respectively.

(c) Omnibus Loan and Security Agreement – May 10, 2023

On May 10, 2023, Cebu2World entered into an Omnibus Loan and Security Agreement with a local universal bank for a loan facility to finance the development, design, construction and completion of the ongoing projects.

(d) Other Bank Loans

As a result of acquisition of PH1, the Group recognized bank loans amounting to P508.5 million. Subsequent to the acquisition, PH1 obtained additional bank loans amounting to P249.0 million and P400.0 million in as of September 30, 2024 and December 31, 2023, respectively.

As of September 30, 2024 and December 31, 2023, the Group obtained various bank loans with total outstanding balance of P18,842.1 million and P17,391.4 million, respectively, representing unsecured short-term loans from other local banks. The loans bear fixed average annual interest rates of 6% in 2024 and 2023.

16.3 Bonds Payable

On August 17, 2022, the Parent Company listed fixed-rate bonds in the total amount of P4,000.0 million, inclusive of the P1,000.0 million oversubscription option, with the Philippine Dealing & Exchange Corp. The Fixed-Rate Bonds consists of Series A (P1.6 billion maturing in three years and six months from issue date at rate of 6.9506%) and Series B (P2.4 billion maturing in five years from issue date a rate of 7.9663%).

On July 11, 2024, the Parent Company listed fixed-rate bonds in the total amount of P4,000.0 million, inclusive of the P1,000.0 million oversubscription option, with the Philippine Dealing & Exchange Corp. The Fixed-Rate Bonds consists of Series C (P3.1 billion maturing in three years from issue date at rate of 7.6348%) and Series D (P1.1 billion maturing in five years from issue date at a rate of 8.0580%) and Series E (P0.8 billion maturing in seven years from issue date at a rate of 8.4758%).

The net proceeds of the fixed-rate bonds shall be used by the Parent Company primarily to refinance its short-term debts, fund its capital expenditures and other general corporate requirements. The bonds require the Parent Company to maintain a debt-to equity ratio of not more than 2.33 and a debt service coverage ratio of not less than 1.10.

As of September 30, 2024 and December 31, 2023, the Parent Company is in compliance with these covenants.

Bond issue cost capitalized as part of the bonds amounted to 101.7 million. As of September 30, 2024 and December 31, 2023, amortization amounted to P12.1 million and P13.6 million while its net carrying value amounted to P71.1 million and P46.1 million, respectively.

17. CONTRACT LIABILITIES

The breakdown of contract liabilities is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Construction contracts	P 3,884,897,071	P 5,080,265,478
Real estate sales	<u>-</u>	<u>195,098,005</u>
	<u>P 3,884,897,071</u>	<u>P 5,275,363,483</u>

These are presented and classified in the interim condensed consolidated statements of financial position as at September 30, 2024 and December 31, 2023 as follows:

	<u>2024</u>	<u>2023</u>
Current	P 3,537,516,096	P 4,901,660,540
Non-current	<u>347,380,875</u>	<u>373,702,943</u>
	<u>P 3,884,896,971</u>	<u>P 5,275,363,483</u>

The significant changes in the contract liabilities balances during the reporting periods are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	P 5,275,363,483	P 4,995,512,317
Increase due to billings excluding amount recognized as revenue during the year	2,044,618,171	4,007,630,723
Revenue recognized that was included in contract liability at the beginning of the year	(3,469,984,369)	(3,904,142,791)
Effect of consolidation of a subsidiaries	-	76,644,783
Effect of financing component	<u>34,899,786</u>	<u>99,718,451</u>
Balance at end of year	<u>P 3,884,897,071</u>	<u>P 5,275,363,483</u>

18. OTHER LIABILITIES

The details of this account are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current:		
Deferred output VAT	P 149,600,307	P 126,267,249
Deferred revenue	118,093,655	118,093,655
Withholding taxes	64,938,118	79,832,158
Output VAT	55,989,456	-
Government liabilities	33,167,131	23,246,496
Others	<u>8,718,687</u>	<u>9,722,701</u>
	<u>430,507,354</u>	<u>357,162,259</u>
Non-current:		
Security deposits	143,905,039	260,963,874
Unearned rent income	<u>138,958,433</u>	<u>232,727,278</u>
	<u>282,863,472</u>	<u>493,691,152</u>
	<u>P 713,370,826</u>	<u>P 850,853,411</u>

Deferred revenue represents advance payments from customers and concessionaires that are subject to refund or future billing applications within 12 months from the end of the reporting period.

The Group also received security deposits upon full operations of MWMIT's PITX. These deposits on lease agreements will be refunded at the end of the lease terms, which ranges from one to six years.

Unearned rent income pertains to the difference between the fair value and principal amount of security deposits received at the inception of the lease with concessionaires, which are amortized over the corresponding lease term.

19. REVENUES

When the Group prepares its investor presentations and when the Group's Executive Committee evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Note 4.4.

The Group determines that the categories used in the investor presentations and financial reports used by the Group's management can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15 [except for rentals accounted for under PFRS 16 and disclosed herein as additional information], which is to disaggregate revenue from contracts with customers and other counterparties 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 for continuing operations are shown below and in the succeeding page.

	Note	Point in time	Over time	Short-term	Long-term	Total
September 30, 2024:						
Construction operations:	19.1					
Contract revenues	P	-	P 12,724,512,802	P -	P 12,724,512,802	P 12,724,512,802
Sale of precast		-	1,894,588,696	1,894,588,696	-	1,894,588,696
Sale of ready-mix concrete		-	620,186,431	620,186,431	-	620,186,431
Equipment rental		-	282,580,585	282,580,585	-	282,580,585
		-	<u>15,521,868,514</u>	<u>2,797,355,712</u>	<u>12,724,512,802</u>	<u>15,521,868,514</u>
Landport operations:	19.2					
Rental revenue – per contract		-	345,285,170	-	345,285,170	345,285,170
Revenue from grantor payments		-	69,445,402	-	69,445,402	69,445,402
Rental revenue – effect of straight-line method		-	(28,715,582)	-	(28,715,582)	(28,715,582)
		-	<u>386,014,990</u>	-	<u>386,014,990</u>	<u>386,014,990</u>
Real Estate operations –	19.3					
Real estate revenue		-	377,115,243	-	377,115,243	377,115,243
		<u>P -</u>	<u>P 16,284,998,747</u>	<u>P 2,797,355,712</u>	<u>P 13,487,643,035</u>	<u>P 16,284,998,747</u>
September 30, 2023:						
Construction operations:	19.1					
Contract revenues	P	-	P 14,093,139,493	P -	P 14,093,139,493	P 14,093,139,493
Sale of ready mix concrete		-	474,178,586	474,178,586	-	474,178,586
Sale of precast		-	344,244,653	344,244,653	-	344,244,653
Equipment rental		-	270,959,049	270,959,049	-	270,959,049
		-	<u>15,182,521,781</u>	<u>1,089,382,288</u>	<u>14,093,139,493</u>	<u>15,182,521,781</u>
Landport operations:	19.2					
Rental revenue – per contract		-	333,458,459	-	333,458,459	333,458,459
Rental revenue – effect of Revenue from grantor payments		-	58,601,149	-	58,601,149	58,601,149
straight-line method		-	(339,734,241)	-	(339,734,241)	(339,734,241)
		-	<u>52,325,367</u>	-	<u>(52,325,367)</u>	<u>(52,325,367)</u>
Real Estate operations –	19.3					
Real estate revenue		-	36,524,867	-	36,524,867	36,524,867
		<u>P -</u>	<u>P 15,558,780,889</u>	<u>P 1,089,382,288</u>	<u>P 14,469,398,601</u>	<u>P 15,558,780,889</u>
September 30, 2022:						
Construction operations:	19.1					
Contract revenues	P	-	P 9,043,578,135	P -	P 9,043,578,135	P 9,598,334,857
Sale of precast		-	592,511,963	592,511,963	-	592,511,963
Sale of ready mix concrete		-	504,337,493	504,337,493	-	504,337,493
Equipment rental		-	178,272,185	178,272,185	-	178,272,185
		-	<u>10,318,699,776</u>	<u>1,275,121,641</u>	<u>9,043,578,135</u>	<u>10,318,699,776</u>
Landport operations:	19.2					
Rental revenue – effect of straight-line method		-	(15,857,188)	-	(15,857,188)	(15,857,188)
Rental revenue – per contract		-	292,118,886	-	292,118,886	292,118,886
		-	<u>276,261,698</u>	-	<u>276,261,698</u>	<u>276,261,698</u>
		<u>P -</u>	<u>P 10,594,961,474</u>	<u>P 720,364,919</u>	<u>P 9,874,596,555</u>	<u>P 10,594,961,474</u>

19.1 Construction Operation Revenues

The details of this account for the years ended September 30, 2024, 2023 and 2022 are composed of the revenues from:

	2024 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Contracts in progress	P11,343,509,290	P 14,208,444,270	P 8,830,693,260
Completed contracts	<u>4,178,359,224</u>	<u>974,077,511</u>	<u>1,488,006,516</u>
	<u>P 15,521,868,514</u>	<u>P15,182,521,781</u>	<u>P10,318,699,776</u>

19.2 Landport Operations Revenue

The PITX Project undertaken by the Group with the DOTr gives the Group the control over the landport area and the right to collect concessionaire revenue. As disclosed in Note 8, contract assets include unbilled receivables which pertain to the cost of the landport area which is to be recovered through the Grantor payments.

The construction of the PITX Project was completed in 2019 and the Group has no unsatisfied performance obligations as of September 30, 2024 and December 31, 2023.

The details of landport operations revenue for the period ended September 30, 2024, 2023 and 2022 are composed of the revenues from:

	2024 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Rental revenue - per contract	P 345,285,170	P 333,458,459	P 292,118,886
Rental revenue - effect of straight-line method	(28,715,582)	(52,325,367)	(15,857,188)
Revenue from grantor payments	<u>69,445,402</u>	<u>58,601,149</u>	<u>-</u>
	<u>P 386,014,990</u>	<u>P 339,734,241</u>	<u>P 276,261,698</u>

19.3 Real Estate Operations Revenue

Real estate operations revenues comprise of residential condominium units sold in September 30, 2024 and 2023 amounting to P377.1 million and P36.5 million, respectively.

20. DIRECT COSTS***20.1 Cost of Construction Operations***

The following is the breakdown of this account for the period ended September 30:

	2024 <u>(Unaudited)</u>	2023 <u>(Unaudited)</u>	2022 <u>(Unaudited)</u>
Outside services	P 4,773,647,759	P 4,815,257,044	P 3,045,022,806
Materials	4,455,416,965	4,918,475,885	3,270,228,985
Salaries and employee benefits	1,372,849,431	1,179,741,182	1,247,417,397
Project overhead	1,348,733,211	1,589,735,817	370,494,441
Depreciation	<u>858,653,177</u>	<u>841,965,785</u>	<u>891,452,450</u>
	<u>P12,809,300,543</u>	<u>P 13,345,175,713</u>	<u>P 8,824,616,079</u>

Project overhead includes insurance, repairs and maintenance, gas and oil, travel and transportation, professional fees, utilities, municipal permits, taxes, security services, office supplies and various rental expenses of staging areas.

20.2 Cost of Landport Operations

The following is the breakdown of cost of landport operations for the period ended September 30:

	2024 <u>(Unaudited)</u>	2023 <u>(Unaudited)</u>	2022 <u>(Unaudited)</u>
Depreciation and amortization	P 143,993,954	P 171,943,418	P 171,394,051
Terminal costs	69,445,402	58,601,148	53,248,431
Others	<u>32,397,045</u>	<u>26,465,916</u>	<u>30,735,390</u>
	<u>P 245,836,401</u>	<u>P 257,010,482</u>	<u>P 255,377,872</u>

20.3 Cost of Real Estate Operations

Cost of real estate operations include allocated land and development costs aggregating to P186.7 million and P22.8 million in 2024 and 2023, respectively (nil in 2022).

21. EQUITY

21.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2024	2023	2022	2024	2023	2022
Common shares – P1 par value Authorized	<u>4,930,000,000</u>	<u>4,930,000,000</u>	<u>4,930,000,000</u>	<u>P 4,930,000,000</u>	<u>P4,930,000,000</u>	<u>P4,930,000,000</u>
Subscribed and paid in:	<u>2,399,426,127</u>	<u>2,399,426,127</u>	<u>2,399,426,127</u>	<u>P 2,399,426,127</u>	<u>P2,399,426,127</u>	<u>P2,399,426,127</u>
Less: Treasury shares						
Balance at beginning of year and end of year	<u>386,016,410</u>	<u>386,016,410</u>	<u>386,016,410</u>	<u>P 4,615,690,576</u>	<u>P 4,615,690,576</u>	<u>P4,615,690,576</u>
Issued and outstanding	<u>2,013,409,717</u>	<u>2,013,409,717</u>	<u>2,013,409,717</u>			
Preferred shares – P1 par value Authorized						
Balance at beginning of year	<u>186,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>P 186,000,000</u>	<u>P 150,000,000</u>	<u>P 150,000,000</u>
Increase during the year	<u>-</u>	<u>36,000,000</u>	<u>-</u>	<u>-</u>	<u>36,000,000</u>	<u>-</u>
Balance at end of year	<u>186,000,000</u>	<u>186,000,000</u>	<u>150,000,000</u>	<u>186,000,000</u>	<u>186,000,000</u>	<u>150,000,000</u>
Subscribed and paid in:						
Balance at beginning of year:						
Series 1	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>
Series 2A	<u>26,220,130</u>	<u>26,220,130</u>	<u>26,220,130</u>	<u>26,220,130</u>	<u>26,220,130</u>	<u>26,220,130</u>
Series 2B	<u>17,405,880</u>	<u>17,405,880</u>	<u>17,405,880</u>	<u>17,405,880</u>	<u>17,405,880</u>	<u>17,405,880</u>
Series 3	<u>29,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>29,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Series 4	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>
Series 5	<u>15,000,000</u>	<u>-</u>	<u>-</u>	<u>15,000,000</u>	<u>-</u>	<u>-</u>
Issuance during the year:						
Series 3	<u>-</u>	<u>9,000,000</u>	<u>-</u>	<u>-</u>	<u>9,000,000</u>	<u>-</u>
Series 4	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Series 5	<u>-</u>	<u>15,000,000</u>	<u>-</u>	<u>-</u>	<u>15,000,000</u>	<u>-</u>
	<u>167,626,010</u>	<u>167,626,010</u>	<u>143,626,010</u>	<u>167,626,010</u>	<u>167,626,010</u>	<u>143,626,010</u>
Less: Subscription receivable:						
Balance at beginning of year	<u>21,750,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>21,750,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
Subscription – Series 3	<u>-</u>	<u>6,750,000</u>	<u>-</u>	<u>-</u>	<u>6,750,000</u>	<u>-</u>
Balance at end of year	<u>21,750,000</u>	<u>21,750,000</u>	<u>15,000,000</u>	<u>21,750,000</u>	<u>21,750,000</u>	<u>15,000,000</u>
Balance at end of year	<u>145,876,010</u>	<u>145,876,010</u>	<u>128,626,010</u>	<u>P 145,876,010</u>	<u>P 145,876,010</u>	<u>P 128,626,010</u>
Less: Treasury shares:						
Balance at beginning of year	<u>66,220,130</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>6,622,013,000</u>	<u>4,000,000,000</u>	<u>4,000,000,000</u>
Redemption of Series 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Redemption of Series 2A	<u>-</u>	<u>26,220,130</u>	<u>-</u>	<u>-</u>	<u>2,622,013,000</u>	<u>-</u>
Balance at end of year	<u>66,220,130</u>	<u>66,220,130</u>	<u>40,000,000</u>	<u>P 6,622,013,000</u>	<u>P 6,622,013,000</u>	<u>P 4,000,000,000</u>
Issued and outstanding	<u>79,655,880</u>	<u>79,655,880</u>	<u>88,626,010</u>			

On September 22, 2014, the SEC approved the Parent Company's amendment of articles of incorporation, which includes: (i) the Parent Company's power to extend corporate guarantees to its subsidiaries and affiliates; and, (ii) the increase in its authorized capital stock of P5,000.0 million divided into 4,930.0 million common shares and 70.0 million cumulative, non-voting, non-participating, non-convertible to common shares and redeemable, at the option of the Parent Company, perpetual preferred shares. Both common and preferred shares have a par value of P1.00 per share.

On August 16, 2017, Megacore Holdings, Inc. (Megacore) acquired 313,786,575 shares representing 14.7% ownership over the Parent Company from Citicore Holdings Investment, Inc. (Citicore). This resulted in a decrease in Citicore's ownership from 66.7% to 51.0%.

On December 20, 2017, the state-owned Social Security System acquired a total of 110,532,500 shares or equivalent to 5.2% interest of the Parent Company through purchase of 3.45% stake held by Megacore and the remaining interest from the public.

On December 22, 2017, Megacore further acquired additional shares from Citicore which resulted in an increase in Megacore's equity interest to the Parent Company equivalent to 28.9% or 617,709,197 as of December 31, 2017.

On September 22, 2020, the SEC has approved the increase of the authorized capital stock of the Parent Company increasing the total authorized capital stock of the Parent Company to P5,054,000,000, divided into the following classes:

- a. 4,930,000,000 voting common shares with the P1 par value; and
- b. 124,000,000 cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares with the P1 par value

The Preferred Shares shall be issued in series, sub-series or in tranches as the BOD may determine, and authority is hereby expressly granted to the BOD, to establish and designate the series, sub-series or tranches of the Preferred Shares, fix the issue price and the number of shares in each sub-series or tranche, establish the specific terms and conditions of each sub-series or tranche and determine the manner by which the Preferred Shares will be subscribed and paid for, such as but not limited to, a private placement transaction or public offering.

Preferred shares of stock shall be cumulative, non-voting, non-participating, non-convertible, perpetual; Provided, that no share will be issued below par value. The preferred shares shall have the following features, rights and privileges:

- a. The issue value of shares shall be determined by the BOD at the time of the issuance of the shares;
- b. The BOD shall declare a dividend rate equivalent to the 7-year benchmark rate or any other rate determined by the BOD as of issue date, payable on a date to be set by the BOD in accordance with Philippine laws, rules and regulations;
- c. Preferred shares shall be non-convertible into common shares;
- d. Preference over holders of common stock in the distribution of the corporate assets in the event of dissolution and liquidation of the corporation and in the payment of the dividend at the rate specified at the time of issuance;
- e. Preferred shares shall be cumulative;
- f. Preferred shares shall be non-participating in any other or further dividends beyond that specifically payable on the shares;
- g. Holders of preferred shares shall have no pre-emptive rights to any issue of shares, common or preferred; and,
- h. The preferred shares may be redeemed by the corporation at the sole option of the BOD at the price to be determined by the BOD.

On September 30, 2020, the Parent Company entered into a Subscription Agreement with Citicore whereby Citicore subscribed to 13,500,000 preferred shares of the Parent Company at P1.00 each and paid 25% of such subscription in cash amounting to P3.4 million.

On November 5, 2020, the SEC has approved the Parent Company's offer and sale of Series 2 preferred shares which are to be issued in two subseries: Series 2A and Series 2B preferred shares, at a subscription price of P100.00. As of December 31, 2020, preferred shares of 26,220,130 and 17,405,880 for Series 2A and 2B, respectively, were subscribed and listed in the PSE. As a result, the Parent Company recognized additional paid-in capital amounting to P4,281.4 million, arising from the excess of subscription price over par value of the issuance of Series 2A and 2B preferred shares. The Parent Company also recognized issuance-related costs amounting to P37.1 million which was charged against the additional paid in capital recorded from the issuance of Series 2A and 2B preferred shares.

On February 26, 2021, the Parent Company's BOD approved the resolution increasing the Parent Company's authorized capital stock on preferred shares by 26.0 million shares, to a total of 150.0 million cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares at a par value of P1.00 per share, thereby increasing the Parent Company's total authorized capital stock to P5,080.0 million. At the same date, the BOD approved the offer and sale of up to 40.0 million preferred shares from the unissued authorized capital stock of the Parent Company and the issuance of 6.5 million shares to Citicore. On September 9, 2021, the SEC has approved the increase in capital stock of preferred shares.

On July 23, 2021, the Parent Company filed with the SEC a registration statement and preliminary prospectus relating to its offer and sale of up to 40.0 million Series 4 preferred shares with a par value of P1.00 per share, composed of a base offer of 30.0 million shares and an oversubscription option of up to 10.0 million shares, at an offer price of P100.00 per share. On September 30, 2021, the SEC has approved the Parent Company's offer and sale of Series 4 preferred shares. As a result, the Parent Company recognized additional paid-in capital amounting to P3,930.1 million, arising from the excess of subscription price over par value related to the issuance of Series 4 preferred shares. Transaction costs from the issuance amounting to P29.9 million was charged against the additional paid in capital relating to this issuance. The proceeds from such issuance were used for the redemption of the outstanding Series 1 preferred shares as discussed in the succeeding paragraphs.

On September 10, 2021, Citicore subscribed to additional 6.5 million preferred shares at a price of P1.00 per share and paid P1.6 million in cash representing the 25% of such subscription. As of December 31, 2021, Citicore has subscribed to a total of 20.0 million preferred shares at a par value of P1.00 per share, and has paid 25% of such subscription.

On October 19, 2021, the BOD approved the redemption of the Parent Company's Series 1 Preferred Shares on December 3, 2021, at a redemption price of P100.00 per share, increasing the treasury shares by P4,000.0 million. The cost of the redemption was considered temporarily as part of treasury shares until such time that the SEC approves the decrease in authorized capital stock of the Parent Company to reflect such redemption wherein the redemption price will be charged against the paid-up capital arising from the original issuance. The details of the redemption are as follows:

<i>Ex- date</i>	November 4, 2021
<i>Record date</i>	November 9, 2021
<i>Redemption date</i>	December 3, 2021

On November 4, 2022 and December 20, 2022, the Parent Company's BOD and stockholders, respectively, has approved the following increase in its authorized capital stock:

	<u>Common Shares</u>		<u>Preferred Shares</u>	
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>
FROM –				
Authorized – P1 par value	4,930,000,000	P 4,930,000,000	150,000,000	P 150,000,000
TO –				
Authorized – P1 par value	4,930,000,000	P 4,930,000,000	186,000,000	P 186,000,000

Common shares – Voting

Preferred shares – Cumulative, non-voting, non-participating, non-convertible, perpetual

On December 23, 2022, the Parent Company received deposits from Citicore amounting to P2.3 million equivalent to 25% of the subscription price of 9.0 million shares of stock of the Parent Company at par value of P1.00 per share. The deposit is presented as Deposits on Future Stock Subscription under Equity section in the 2022 consolidated statement of financial position.

On January 6, 2023, the Company filed with the SEC a Registration Statement and Preliminary Prospectus relating to its offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable (non-reissuable) perpetual preferred shares with a par value of P1.0 per share (the Offer Shares). The Offer Shares is for a total of 15.0 million Series 5 Preferred Shares, which shall be issued at a subscription price of P100.0 per share.

On February 15, 2023, the Parent Company's application for the increase in authorized capital stock was approved by the SEC. In 2023, the deposits on future stock subscription were converted to preferred shares (Series 3).

As of December 31, 2023, and 2022, the Parent Company has 35 and 29 holders of its common equity securities owning at least one board lot of 100 shares listed in the PSE, respectively, and its share price closed as of such dates at P3.1 and P3.1 per share in 2023 and 2022, respectively. The Parent Company has 2,399.4 million common shares traded in the PSE as of December 31, 2023, and 2022.

As of September 30, 2024, and December 31, 2023, the Parent Company has the following preferred shares traded in the PSE:

	<u>2024</u>		<u>2023</u>	
	<u>No of Shares</u>	<u>Closing Price</u>	<u>No of Shares</u>	<u>Closing Price</u>
Series 2A	26,220,130	P 111.2	26,220,130	P 97.0
Series 2B	17,405,880	94.0	17,405,880	93.8
Series 4	40,000,000	95.5	40,000,000	92.0
Series 5	15,000,000	103.0	15,000,000	101.5

21.2 Retained Earnings

21.2.1 Common Shares Dividends

In 2023, the Parent Company's BOD approved the declaration of cash dividends for common shares in the amount of P0.50 per share or equivalent to P1,006.7 million each declaration date to all stockholders of record as of March 6, 2023 and May 26, 2023, payable on March 24, 2023 and June 16, 2023, respectively. No dividends were paid to common stockholders in 2024.

21.2.2 Preferred Shares Dividends

a) Series 2A and Series 2B Preferred Shares

The Parent Company's BOD approved the declaration of cash dividends of P1.4 per share or equivalent to P25.0 million per quarter (total of P100.1 million per year) to holders of Series 2B preferred shares, which were taken out of the unrestricted earnings as of December 31, 2023.

The series of record dates and payments are as follows:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
2024:				
Series 2B Preferred Shares:				
Approval dates	January 16, 2024	April 23, 2024	July 22, 2024	-
Record dates	February 7, 2024	May 10, 2024	August 8, 2024	-
Payment dates	February 27, 2024	May 27, 2024	August 27, 2024	-
2023:				
Series 2A Preferred Shares:				
Approval dates	February 6, 2023	April 26, 2023	-	-
Record dates	February 20, 2023	May 12, 2023	-	-
Payment dates	February 27, 2023	May 29, 2023	-	-
Series 2B Preferred Shares:				
Approval dates	February 6, 2023	April 26, 2023	August 1, 2023	October 19, 2023
Record dates	February 20, 2023	May 12, 2023	August 16, 2023	November 7, 2023
Payment dates	February 27, 2023	May 29, 2023	August 29, 2023	November 28, 2023
2022:				
Series 2A Preferred Shares:				
Approval dates	January 18, 2022	April 21, 2022	July 22, 2022	October 19, 2022
Record dates	February 4, 2022	May 9, 2022	August 8, 2022	November 7, 2022
Payment dates	February 28, 2022	May 27, 2022	August 30, 2022	November 28, 2022
Series 2B Preferred Shares:				
Approval dates	January 18, 2022	April 21, 2022	July 22, 2022	October 19, 2022
Record dates	February 4, 2022	May 9, 2022	August 8, 2022	November 7, 2022
Payment dates	February 28, 2022	May 27, 2022	August 30, 2022	November 28, 2022

b) Series 4 Preferred Shares

The Parent Company's BOD approved the declaration of cash dividends of P1.3 per share or equivalent to P53.0 million per quarter (total of P212.0 million per year) to holders of Series 4 preferred shares, which were taken out of the unrestricted earnings of the Parent Company as of December 31, 2023.

The series of record dates and payments are as follows:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
2024:				
Series 4 Preferred Shares:				
Approval dates	January 5, 2024	March 22, 2024	June 26, 2024	-
Record dates	January 22, 2024	April 12, 2024	July 12, 2024	-
Payment dates	January 29, 2024	April 29, 2024	July 29, 2024	-
2023:				
Series 4 Preferred Shares:				
Approval dates	March 21, 2023	July 12, 2023	September 13, 2023	-
Record dates	April 11, 2023	July 26, 2023	October 10, 2023	-
Payment dates	May 2, 2023	July 31, 2023	October 30, 2023	-
2022:				
Series 4 Preferred Shares:				
Approval dates	March 22, 2022	June 23, 2022	September 23, 2022	December 21, 2022
Record dates	April 6, 2022	July 8, 2022	October 10, 2022	January 9, 2023
Payment dates	April 29, 2022	July 29, 2022	October 29, 2022	January 30, 2023

c) Series 5 Preferred Shares

The Parent Company's BOD approved the declaration of cash dividends of P1.98 per share or equivalent to P29.6 million per quarter (total of P118.6 million per year) to holders of Series 5 preferred shares, which were taken out of the unrestricted earnings of the Parent Company as of December 31, 2023.

The series of record dates and payments are as follows:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
2024:				
Series 5 Preferred Shares:				
Approval dates	March 13, 2024	June 14, 2024	September 16, 2024	-
Record dates	April 2, 2024	July 2, 2024	October 2, 2024	-
Payment dates	April 17, 2024	July 17, 2024	October 17, 2024	-
2023:				
Series 5 Preferred Shares:				
Approval dates	-	July 12, 2023	September 11, 2023	December 11, 2023
Record dates	-	July 17, 2023	September 26, 2023	December 27, 2023
Payment dates	-	July 17, 2023	October 17, 2023	January 17, 2024

The Group's retained earnings are restricted up to the extent of the cost of its treasury shares, except those treasury shares acquired in the redemption of redeemable preferred shares amounting to P6,622.0 as of September 30, 2024 and December 31, 2023.

Under Section 4(1) of the SEC's 1982 Rules Governing Redeemable and Treasury Shares, the amount of unrestricted retained earnings equivalent to the cost of the treasury shares being held, other than those acquired in accordance with the exceptions provided in Section 3(1) of these rules, shall be restricted from being declared and issued as dividends. Section 3(1) provides that redeemed redeemable shares, although part of treasury shares, is not subtracted from the unrestricted retained earnings to determine the Retained Earnings Available for Dividend Declaration provided that the corporation must still have sufficient assets to cover debts and liabilities inclusive of capital stock, after redemption of the redeemable preferred shares.

21.3 Treasury Shares

On July 20, 2016, the Parent Company's BOD approved the buy-back of 410.8 million common shares held by Sybase Equity Investment Corporation at a price equal to the seven-trading day volume weighted average price ending on July 28, 2016 or equivalent to P10.03 per share. Total purchase price of the treasury shares including incidental cost of the buy-back amounted P4,138.8 million.

On October 20, 2016, the Parent Company's BOD approved the sale of its 150.0 million treasury shares at P14.90 per share. Net proceeds of the sale of treasury share amounted to P2,181.7 million, net of incidental cost of the transaction. Outstanding balance of the treasury shares after the sale is 260.8 million treasury shares at cost of P2,627.7 million.

On October 1, 2018, the Company's BOD approved a share buyback program worth up to P2.0 billion over a period of two years. Total cost to acquire treasury shares in 2020 and 2019 amounted to P703.1 million and P457.8 million, respectively, which is equivalent to 50.2 million and 26.1 million shares, respectively.

On March 3, 2020, the Parent Company's BOD approved an additional P3.0 billion to its share buyback program, making it a total of P5.0 billion and removal of the period within which to execute the program, making it open-ended. Total cost of acquired treasury shares in 2020 amounted to P703.1 million, which is equivalent to 50.2 million shares. There are no buyback transactions in 2022 and 2021.

On October 19, 2021, the Parent Company's BOD approved the redemption of its Series 1 Preferred Shares on December 3, 2021, at a redemption price of P100.00 per share, increasing the treasury shares by P4,000 million.

On April 26, 2023, the Parent Company's BOD approved the redemption of its Series 2A Preferred Shares, on May 29, 2023, at a redemption price of P100.00 per share, increasing the treasury shares by P2,622.0 million.

21.4 Non-controlling Interest

Noncontrolling interests pertain to the equity ownership of minority stockholders in GMCAC, GMI, MCLI, MPI, MOMC, TPC, and Famtech. The Group determined that only the minority interest in GMCAC is considered as a material non-controlling interest, prior to its sale and deconsolidation from the Group in 2022.

Upon incorporation, the Parent Company acquired 15.0 million shares of GMCAC. The purchase of the shares is part of the shareholders' agreement to execute, undertake, and implement the Project in accordance with the concession agreement. The shares acquired represent 60% of the total issued and outstanding shares of GMCAC. The non-controlling interest represents 38.24% ownership of GMR Infrastructure (Singapore) Pte. Ltd. (GISPL) and 1.66% ownership of GIL in GMCAC.

As of September 30, 2024 and December 31, 2023, the non-controlling interests amounting to P501.9 million and P516.7 million, respectively, as presented in the interim condensed consolidated statements of financial position.

There were no dividends declared to non-controlling interests in 2024, 2023, and 2022.

22. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent company and other shareholders, subsidiaries, associates, joint venture, parties related to the Parent Company by common ownership and key management personnel.

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

All individual material related party transactions shall be approved by at least two-thirds vote of the Parent Company's BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock.

For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest interim condensed consolidated financial statements, the same board approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

The summary of the Group's transactions with related parties for the nine months ended September 30, 2024 is as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Ultimate Parent Company:					
Cash advance granted	5, 22.4	P -	P 3,089,095,108	Interest-bearing	Unsecured; Unimpaired
Interest receivable	5, 22.4	191,812,500	1,405,811,161	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	5, 22.2	40,179	296,027	Normal credit terms	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	-	(90,233,593)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Associate:					
Revenue from services	5, 19.1, 22.1	-	997,247,698	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	(2,211,438)	7,180,982	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	-	(30,000,000)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	5, 22.2	40,179	428,750	Normal credit terms	Unsecured; Unimpaired
Joint Arrangement:					
Revenue from services	5, 19.1, 22.1	608,163,822	43,383,873	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	(901,012)	-	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	-	-	On demand; Noninterest-bearing	Unsecured; Unimpaired
Shareholder:					
Revenue from services	5, 22.1	-	682,865,804	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	-	889,795	On demand; Noninterest-bearing	Unsecured; Unimpaired
Related Parties Under Common Ownership:					
Rent income	5, 22.2	4,676,325	39,766,39	Normal credit terms	Unsecured; Unimpaired
Revenue from services	5, 19.1, 22.1	903,212,849	383,157,736	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	32,091,631	3,374,055,883	On demand; Interest-bearing and Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	(26,059,368)	(50,463,000)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Interest receivable	5, 22.4	227,241,887	1,437,972,91	On demand; Noninterest-bearing	Unsecured; Unimpaired
Retirement fund		-	4,947,691	Upon retirement of beneficiaries	Partially funded; Unimpaired
Advances to Officers and Employees	5, 22.3	(4,112,861)	94,399,918	Upon liquidation, Noninterest-bearing	Unsecured; Unimpaired
Key Management Personnel – Compensation	22.6	172,543,661	-	On demand	Unsecured; Unimpaired

The summary of the Group's transactions with related parties for the nine months ended September 30, 2023 is as follows:

<u>Related Party Category</u>	<u>Notes</u>	<u>Outstanding Amount of Transaction</u>	<u>Receivable (Payable)</u>	<u>Terms</u>	<u>Conditions</u>
Ultimate Parent Company:					
Cash advance granted	5, 22.4	P 169,578,457	P 3,258,673,566	Interest-bearing	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	(170,000,000)	(170,000,000)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Interest receivable	5, 22.4	170,500,000	1,150,061,161	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	5, 22.2	40,179	251,384	Normal credit terms	Unsecured; Unimpaired
Associate:					
Revenue from services	5, 19.1, 22.1	168,490,739	997,247,698	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	172,624	9,352,420	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	(5,084,525)	(24,915,475)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	5, 22.2	40,179	384,107	Normal credit terms	Unsecured; Unimpaired
Joint Arrangement:					
Revenue from services	5, 19.1, 22.1	514,162,629	19,355,787	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	17,117	303,738	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	(19,325,804)	-	On demand; Noninterest-bearing	Unsecured; Unimpaired
Shareholder:					
Revenue from services	5, 22.1	20,532	682,513,033	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	(148,118)	889,795	On demand; Noninterest-bearing	Unsecured; Unimpaired
Related Parties Under Common Ownership:					
Rent income	5, 22.2	5,307,179	34,500,387	Normal credit terms	Unsecured; Unimpaired
Revenue from services	5, 19.1, 22.1	14,430,814	801,497,404	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	210,265,895	3,485,993,004	On demand; Interest-bearing and Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	1,721,017	-	On demand; Noninterest-bearing	Unsecured; Unimpaired
Interest receivable	5, 22.4	244,159,895	1,222,417,099	On demand; Noninterest-bearing	Unsecured; Unimpaired

Related Party Category	Notes	Outstanding Amount of Transaction	Receivable (Payable)	Terms	Conditions
Retirement fund		P -	P 4,677,017	Upon retirement of beneficiaries	Partially funded; Unimpaired
Advances to Officers and Employees	5, 22.3	2,362,311	100,953,682	Upon liquidation, Noninterest-bearing	Unsecured; Unimpaired
Key Management Personnel – Compensation	22.6	63,178,989	-	On demand	Unsecured; Unimpaired

The summary of the Group's transactions with related parties for the nine months ended September 30, 2022 is as follows:

Related Party Category	Notes	Outstanding Amount of Transaction	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company:					
Cash advance granted	5, 22.4	(P 200,000)	P3,089,296,278	Interest-bearing	Unsecured; Unimpaired
Interest receivable	5, 22.4	177,085,838	898,429,228	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	5, 22.2	40,179	214,955	Normal credit terms	Unsecured; Unimpaired
Associate:					
Revenue from services	5, 19.1, 22.1	-	997,247,698	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	(7,999,750)	34,179,296	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	-	(20,000,000)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	5, 22.2	40,179	326,786	Normal credit terms	Unsecured; Unimpaired
Joint Arrangement:					
Revenue from services	5, 19.1, 22.1	631,587,506	118,126,891	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	(334,734)	286,621	On demand; Noninterest-bearing	Unsecured; Unimpaired
Related Parties Under Common Ownership:					
Rent income	5, 22.2	8,079,834	34,182,384	Normal credit terms	Unsecured; Unimpaired
Revenue from services	5, 19.1, 22.1	441,106,738	810,590,144	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	1,616,645	3,288,398,891	On demand; Interest-bearing and Noninterest-bearing	Unsecured; Unimpaired
Interest receivable	5, 22.4	177,085,838	898,429,228	On demand; Noninterest-bearing	Unsecured; Unimpaired

Related Party Category	Notes	Outstanding Amount of Transaction	Receivable (Payable)	Terms	Conditions
Retirement fund		P -	P 4,691,732	Upon retirement of beneficiaries	Partially funded; Unimpaired
Advances to Officers and Employees	5, 22.3	28,240,290	98,799,878	Upon liquidation, Noninterest-bearing	Unsecured; Unimpaired
Key Management Personnel – Compensation	22.6	210,024,462	-	On demand	Unsecured; Unimpaired

The summary of the Group's transactions with related parties for December 31, 2023 is as follows:

Related Party Category	Notes	Outstanding Amount of Transaction	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company:					
Cash advance granted	5, 22.4	P -	P 3,089,095,108	Interest-bearing	Unsecured; Unimpaired
Interest receivable	5, 22.4	255,750,000	1,213,998,661	On demand;	Unsecured; Unimpaired
Rent income	5, 22.2	44,643	255,848	Noninterest-bearing Normal credit terms	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	90,233,593	(90,233,593)	On demand;	Unsecured; Unimpaired
				Noninterest-bearing	
Associate:					
Revenue from services	5, 19.1, 22.1	-	997,247,698	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	212,624	9,392,420	On demand;	Unsecured; Unimpaired
				Noninterest-bearing	
Cash advance obtained	15, 22.4	-	(30,000,000)	On demand;	Unsecured; Unimpaired
				Noninterest-bearing	
Rent income	5, 22.2	44,643	388,572	Normal credit terms	Unsecured; Unimpaired
Joint Arrangement:					
Revenue from services	5, 19.1, 22.1	854,651,398	22,486,709	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	614,391	901,012	On demand;	Unsecured; Unimpaired
				Noninterest-bearing	
Cash advance obtained	15, 22.4	(19,325,804)	-	On demand;	Unsecured; Unimpaired
				Noninterest-bearing	
Shareholder:					
Revenue from services	5, 22.1	17,857	682,513,352	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	(148,118)	889,795	On demand;	Unsecured; Unimpaired
				Noninterest-bearing	

Related Party Category	Notes	Outstanding Amount of Transaction	Receivable (Payable)	Terms	Conditions
Related Parties Under Common Ownership:					
Rent income	5, 22.2	5,896,866	35,090,074	Normal credit terms	Unsecured; Unimpaired
Revenue from services	5, 19.1, 22.1	14,433,489	71,654,288	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	5, 22.4	66,237,143	3,341,964,252	On demand; Interest-bearing and Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	15, 22.4	22,682,615	(24,403,632)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Interest receivable	5, 22.4	305,871,433	1,210,731,028	On demand; Noninterest-bearing	Unsecured; Unimpaired
Retirement fund		270,674	4,947,691	Upon retirement of beneficiaries	Partially funded; Unimpaired
Advances to Officers and Employees	5, 22.3	(78,592)	98,512,779	Upon liquidation, Noninterest-bearing	Unsecured; Unimpaired
Key Management Personnel – Compensation	22.6	249,645,711	-	On demand	Unsecured; Unimpaired

22.1 Rendering of Services

In the normal course of business, the Group provides construction services to its associate, a certain previous shareholder, and other related parties. The related revenue from these transactions amounted to P1,511.4 million, P697.1 million and P1,072.8 million and in 2024, 2023 and 2022, respectively, and is recognized as part of Construction Operation Revenues account in the interim condensed consolidated statements of income. Services rendered to the above related parties are based on normal terms similar to terms that would be available to non-related parties.

The outstanding contract receivables from these transactions, which are generally unsecured and settled through cash within three to six months, and the related retention receivables, which can only be collected after a certain period of time upon acceptance by project owners of the certificate of completion, are as part of Contract and Retention receivables under Trade and Other Receivables account in the interim condensed consolidated statements of financial position (see Note 5).

Through application of the ECL model based on the lifetime expected credit loss wherein the Group used its historical experience, external indicators and forward-looking information to calculate the ECL using the provision matrix, no impairment losses was required to be recognized for the period ended September 30, 2024 and December 31, 2023 and 2022.

22.2 Rental of Land and Building

The Group is a lessee of certain parcels of land and building owned by related parties under common ownership.

The Parent Company also leases out its office space to its associates and related parties under common ownership. As a result, the Group recognized rent income amounting to P4.8 million, P5.4 million, and P8.2 million in 2024, 2023 and 2022, respectively, from the lease of its office building to several related parties. This is recognized as part of Others – net under Income and Expenses section in the interim condensed consolidated statements of income. The outstanding balances arising from these transactions are presented as part of Other receivables under the Trade and Other Receivables account in the interim condensed consolidated statements of financial position (see Note 5).

22.3 Advances to Officers and Employees

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are to be liquidated 60 days from the date the cash advances were received. The outstanding receivables from these transactions are presented as part of Trade and Other Receivables (see Note 5).

No impairment losses were recognized in 2024, 2023 and 2022 for these advances.

22.4 Advances to and from Related Parties

The Group has provided unsecured, interest-bearing, and noninterest-bearing cash advances to its associates and certain related parties under common ownership for their working capital requirements. Interest income arising from advances to related parties amounted to P419.1 million, P466.4 million and P341.6 million in 2024, 2023 and 2022, respectively, are presented under finance income. Outstanding interest receivable relating to advances to related parties amounting to P2,847.0 million and P2,513.9 million in September 30, 2024 and December 31, 2023, are presented under Trade and Other Receivables (see Note 5). In 2024 and 2023, the Parent Company provided bridge financing to its parent and associates for the Group's business expansion and diversification program.

The breakdown of the outstanding balances are as follows:

	September 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
<i>Due to related parties (see Note 15):</i>		
Ultimate parent company	P 90,233,593	P 90,233,593
Associates	30,000,000	30,000,000
Related party under common ownership	50,463,000	24,403,632
Joint arrangement	<u>-</u>	<u>-</u>
	<u>P 170,696,593</u>	<u>P 144,637,225</u>
<i>Advances to related parties (see Note 5):</i>		
Related party under common ownership	P 3,374,055,883	P 3,341,964,252
Ultimate parent company	3,089,295,108	3,089,095,108
Associates	7,180,981	9,392,420
Shareholder	889,796	889,795
Joint arrangement	<u>-</u>	<u>901,012</u>
	<u>P 6,471,421,768</u>	<u>P 6,442,242,587</u>

Further, upon assessment of recoverability based on the capacity to pay and expected collectability of these advances, no impairment losses were recognized in 2024, 2023 and 2022.

The Group's outstanding receivables from and payables to the same related parties as presented can be potentially offset to the extent of their corresponding outstanding balances.

22.5 Others

The Parent Company's retirement plan is in the form of a bank-trustee managed account. The fair value of the retirement plan totalled P4.9 million as of September 30, 2024 and December 31, 2023.

22.6 Key Management Compensation

The compensation of key management personnel for the periods ended September 30, 2024, 2023 and 2022 pertains only to short-term employee benefits amounting to P172.5 million, P63.2 million and P210. million, respectively.

23. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim condensed consolidated financial information. Management is of the opinion, that losses, if any, from these items will not have any material effect on its interim condensed consolidated financial information.

24. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share is calculated as Company's profit divided by the outstanding shares of its common stock and computed as follows:

	<u>Nine Months Ended September 30 (Unaudited)</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Continuing Operations:</u>			
Net profit (loss) attributable to shareholders of the Parent Company	P 576,330,712	P 333,307,539	P 342,792,658
Dividends on cumulative preferred shares	(322,985,109)	(302,617,167)	(380,472,071)
Net profit (loss) available to common shareholders of the Parent Company	253,345,603	30,690,372	37,679,413
Divided by weighted average number of outstanding common shares	<u>2,013,409,717</u>	<u>2,013,409,717</u>	<u>2,013,409,717</u>
Basic and diluted earnings (loss) from continuing operations per share	<u>P 0.13</u>	<u>P 0.02</u>	<u>(P 0.02)</u>

Nine Months Ended September 30 (Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Discontinued Operations:</u>			
Net profit (loss) available to common shareholders of the Parent Company	P -	P -	(P 788,043,696)
Divided by weighted average number of outstanding common shares	<u>-</u>	<u>-</u>	<u>2,013,409,717</u>
Basic and diluted earnings (loss) from discontinued operations per share	<u>P -</u>	<u>P -</u>	<u>(P 0.39)</u>
Basic and diluted earnings (loss) per share	<u>0.13</u>	<u>0.02</u>	<u>(P 0.41)</u>

The Group does not have dilutive potential common shares outstanding as of September 30, 2024, 2023 and 2022; hence, diluted earnings (loss) per share is equal to the basic earnings (loss) per share.

25. EVENTS AFTER THE END OF THE REPORTING PERIOD***25.1 Preferred Shares Dividends***

The Parent Company's BOD approved the declaration of dividends on the following dates which shall be taken out of the unrestricted earnings of the Parent Company as of December 31, 2023.

	<u>4th Quarter</u>	<u>Amount per share for each approval date</u>
<i>Series 2b Preferred shares:</i>		
Approval dates	October 25, 2024	P 1.44
Record dates	November 12, 2024	
Payment dates	November 27, 2024	
<i>Series 4 Preferred shares:</i>		
Approval dates	September 27, 2024	P 1.325
Record dates	October 14, 2024	
Payment dates	October 29, 2024	

25.2 Maturation of the Exchangeable Notes

On October 30, 2024, in accordance with the agreement dated September 2, 2022 among the Parent Company, GAIBV, and AIC, the Parent Company opted to exchange the rest of its 66 and 2/3% plus 1 share of GMCAC's outstanding capital stock in favor of AIC, for the total amount of P7,763.2 million. On the same date, the Parent Company assigned, sold, transferred, and conveyed, absolutely and irrevocably unto AIC all its remaining 2,643.3 million outstanding capital stock in GMCAC to AIC for the total price of P7,763.2 million.

26. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to its financial instruments. The Group's financial assets and financial liabilities by category are summarized in succeeding pages. The main types of risk are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated with the Group's Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets.

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

26.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from its operating, investing, and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. The Group also holds US dollar denominated cash in banks. The Group does not have any financial liabilities denominated in foreign currency.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency transactions

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing.

The Group is exposed to changes in market rates through its cash in banks and short-term placements which are subject to monthly repricing intervals and some short-term working capital loans which are subject to variable interest rate. Any increase in finance costs due to changes in interest rates will be mitigated by the finance income on cash and cash equivalents and short-term placements.

26.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, such as the granting of loans and receivables to customers and related parties and placing deposits with local banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets and contract assets is the carrying amount of the related assets as shown in the interim condensed consolidated statements of financial position or in the detailed analysis provided in the notes to the interim condensed consolidated financial statements, as summarized below.

	Notes	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and cash equivalents	4	P 5,849,241,550	P 4,878,885,375
Trade and other receivables – net	5	20,674,155,340	19,057,405,746
Contract assets	8	5,979,518,304	5,640,188,614
Refundable security and bond deposits	11	<u>187,382,950</u>	<u>179,724,175</u>
		<u>P 32,690,298,144</u>	<u>P 29,756,203,910</u>

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, as described in the succeeding pages.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables and Contract Assets

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables and contract assets.

To measure the ECL, trade and other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Group also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 36 months before September 30, 2024 or December 31, 2023 respectively, 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 Group has identified the interest rate in the Philippines to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Group identifies a default when the receivables become credit impaired or when the customer has not been able to settle the receivables when due, depending on the terms with customers or after completion and acceptance of the stage of completion as represented by the billings. In making the assessment, the Group considers the net position of the customer after advances and deposits received from the customer, reason for non-payment (i.e. dispute related to quality of work completed has been raised by the customer) and the credit standing of the customer. In addition, the Group considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty. When customer is unlikely to pay a past due account in the next year due to financial difficulty, an ECL is recognized in the books. The Group has determined that the credit standing and liquidity of the significant portion of its receivables and customers from the construction segment are not affected severely by COVID-19 as these customers have reputable cash management strategies.

On that basis, the loss allowance as at September 30, 2024 and December 31, 2023 was determined based on months past due, as follows, for both trade and other receivables:

	Not more than 3 months	More than 3 mos. but not more than 6 mos.	More than 6 mos. but not more than 1 year	More than 1 year	Total
<u>September 30, 2024:</u>					
<i>Expected credit loss rate</i>				21.18%	
Contract receivables	P 5,015,681,459	P 92,862,391	P 64,156,017	P 527,132,774	P5,699,832,641
Lease receivables	398,227,816	6,746,939	9,231,029	544,045,008	958,250,792
	<u>5,413,909,275</u>	<u>99,609,330</u>	<u>73,387,046</u>	<u>1,071,177,782</u>	<u>6,658,083,43</u>
Loss allowance	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 226,842,662</u>	<u>P 226,842,662</u>
<u>December 31, 2023:</u>					
<i>Expected credit loss rate</i>				13.95%	
Contract receivables	P 4,016,814,301	P 27,277,620	P 197,808,828	P 618,791,178	P4,860,691,927
Lease receivables	345,729,767	58,265,555	85,545,831	767,273,553	1,256,814,706
	<u>4,362,544,068</u>	<u>85,543,175</u>	<u>283,354,659</u>	<u>1,386,064,731</u>	<u>6,117,506,633</u>
Loss allowance	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 262,111,638</u>	<u>P 262,111,638</u>

The Group recognized an allowance for ECL amounting to P1,087.4 million representing unbilled costs incurred by the Group and assessed to be not recoverable. In 2022, the Group wrote-off certain contract assets. No impairment losses on contract assets have been recognized in 2024 and 2023.

The real estate sales receivables account pertaining to PH1 is secured to the extent of the fair value of the residential condominium units sold (i.e., based on current prices less estimated cost to sell) since the title to the real estate properties remains with the Group until the contract assets are fully collected. The fair value of the condominium units sold is usually higher than the carrying value of the related contract assets, hence, there is no expected loss given default on contract assets.

In 2023, estimated fair value of collaterals held against the real estate sales receivables of PH1 exceeded the gross maximum exposure amounting to P538.3 million; hence, the related credit risk exposure is deemed immaterial.

The Group's rental receivables are secured to the extent of advance rentals and security deposits received from lessees. Furthermore, in case of delay in collection of rentals from lessees, the Group imposes penalties pursuant to its standard lease agreements.

ECL for advances to and receivable from related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties. The Group does not consider any significant risks in the advances to and receivable from related parties since the related parties have enough capacity to pay the advances and receivables upon demand.

(c) *Refundable Security and Bond Deposits*

The Group is not exposed to any significant credit risk exposures to its lessors as lease agreements were executed with reputable entities. The Group can negotiate, before the end of the lease term, to apply deposit to rentals due.

26.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring cash outflows due in 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 six-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

	<u>Current</u>		<u>Non-current</u>
	<u>Within</u>	<u>6 to 12</u>	<u>1 to 5</u>
	<u>6 Months</u>	<u>Months</u>	<u>Years</u>
September 30, 2024:			
Interest-bearing loans and borrowings	P 17,693,216,388	P 670,168,596	P20,667,344,203
Trade and other payables	4,496,693,178	-	-
Security deposits*	-	-	143,905,039
	<u>P 22,189,909,566</u>	<u>P 670,168,596</u>	<u>P20,811,249,242</u>
December 31, 2023:			
Interest-bearing loans and borrowings	P 17,082,878,391	P4,167,091,185	P10,839,396,032
Trade and other payables	4,371,038,698	-	-
Security deposits*	-	-	260,963,874
	<u>P 21,453,917,089</u>	<u>P 4,167,091,185</u>	<u>P11,100,359,906</u>

*Under Other Non-Current Liabilities only, current portion of security deposits is included as part of Trade and Other Payables

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of reporting periods.

27. CATEGORIES, OFFSETTING AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Notes	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets					
At amortized cost:					
Cash and cash equivalents	4	P 5,849,241,550	P 5,849,241,550	P 4,878,885,375	P 4,878,885,375
Trade and other receivables – net	5	20,674,155,339	20,674,155,339	19,057,405,746	19,057,405,746
Refundable security and bond deposits	11	<u>187,382,950</u>	<u>187,382,950</u>	<u>179,724,175</u>	<u>179,724,175</u>
		<u>26,710,779,839</u>	<u>26,710,779,839</u>	<u>24,116,015,296</u>	<u>24,116,015,296</u>
Financial assets at FVOCI:					
Club shares		1,044,472	1,044,472	1,044,472	1,044,472
Investment in SSPI		<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
		<u>3,544,472</u>	<u>3,544,472</u>	<u>3,544,472</u>	<u>3,544,472</u>
		<u>P 26,714,324,311</u>	<u>P 26,714,324,311</u>	<u>P 24,119,559,768</u>	<u>P 24,119,559,768</u>
Financial Liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	16	P 33,829,003,437	P 33,829,003,437	P 30,602,003,563	P 27,735,555,609
Trade and other payables	15	4,496,693,178	4,496,693,178	4,653,528,987	4,653,528,987
Security deposits*	18	<u>143,905,039</u>	<u>143,905,039</u>	<u>260,963,874</u>	<u>260,963,874</u>
		<u>P 38,469,601,654</u>	<u>P 38,469,601,654</u>	<u>P 35,516,496,424</u>	<u>P 32,650,048,470</u>

*Under Other Non-Current Liabilities only, current portion of security deposits is included as part of Trade and Other Payables

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 26.

27.1 Offsetting of Financial Assets and Financial Liabilities

Currently, all other financial assets and financial liabilities are settled on a gross basis and no offsetting of financial instruments has been made in 2024 and 2023. However, each party to the financial instrument (particularly related parties) will have the option to settle 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 22 can be potentially offset to the extent of their corresponding outstanding balances.

27.2 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.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

27.3 Financial Instruments Measured at Fair Value

Since the fair value of the Group's financial assets through FVOCI approximates the cost amounting to P3.5 million both as of September 30, 2024 and December 31, 2023, respectively, the fair value change is deemed immaterial. The Parent Company's financial assets through FVOCI are under Level 2 and 3 of the fair value hierarchy.

As of September 30, 2024, and December 31, 2023, instrument included in Level 2 comprise equity securities classified as financial assets at FVOCI. These securities were valued based on their fair market values by reference on published share prices of golf club shares and as at September 30, 2024 and December 31, 2023, respectively. These are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

The Group has equity interest of 1% in SSPI as of September 30, 2024 and December 31, 2023. These securities were valued based on entity specific estimate, thus included in Level 3.

The Group has no financial liabilities measured at fair value as of September 30, 2024 and December 31, 2023.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

27.4 Financial Instruments Measured at Amortized Cost

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the interim condensed consolidated statements of financial position but for which fair value is disclosed.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2024:				
<i>Financial assets:</i>				
Cash and cash equivalents	P 5,849,241,550	P -	P -	P 5,849,241,550
Trade and other receivables - net	-	-	20,674,155,339	20,674,155,339
Refundable security and bond deposits	-	-	187,382,950	187,382,950
	<u>P 5,849,241,550</u>	<u>P -</u>	<u>P 20,861,538,289</u>	<u>P 26,710,779,839</u>
<i>Financial liabilities:</i>				
Interest-bearing loans and borrowings	P -	P -	P 33,829,003,437	P 33,829,003,437
Trade and other payables	-	-	4,496,693,178	4,496,693,178
Security deposits	-	-	143,905,039	143,905,039
	<u>P -</u>	<u>P -</u>	<u>P 38,469,601,654</u>	<u>P 38,469,601,654</u>
December 31, 2023:				
<i>Financial assets:</i>				
Cash and cash equivalents	P 4,878,885,375	P -	P -	P 4,878,885,375
Trade and other receivables - net	-	-	19,057,405,746	19,057,405,746
Refundable security and bond deposits	-	-	179,724,175	179,724,175
	<u>P 4,878,885,375</u>	<u>P -</u>	<u>P 19,237,129,921</u>	<u>P 24,116,015,296</u>
<i>Financial liabilities:</i>				
Interest-bearing loans and borrowings	P -	P -	P 27,735,555,609	P 27,735,555,609
Trade and other payables	-	-	4,653,528,987	4,653,528,987
Security deposits	-	-	260,963,874	260,963,874
	<u>P -</u>	<u>P -</u>	<u>P 32,650,048,470</u>	<u>P 32,650,048,470</u>

27.5 Fair Value Measurement for Investment Property Carried at Cost

The table below shows the fair value of the Group's investment property measured at cost but for which fair value is disclosed and determined under the Level 3 fair value hierarchy.

	<u>Note</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Building for lease	13	P 3,985,165,000	P 3,985,165,000
Land	13	<u>1,915,926,447</u>	<u>1,915,926,447</u>
		<u>P 5,901,091,447</u>	<u>P 5,901,091,447</u>

The fair value of certain parcels of land are determined on the basis of the appraisals performed by an independent appraiser 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. On the other hand, the fair value of other parcels of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Both valuation process was applied as sale comparable method.

In estimating the fair value of investment property, 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. In 2024 and 2023, the Level 3 fair value of commercial area under investment properties was determined using the income approach which utilized discounted cash flow method to convert future cash flows to be generated by the non-financial assets in reference to the value of expected income, net of cost of services, other operating expenses and income taxes. The significant unobservable inputs used in the valuation of the property were future annual free cash flows ranging from P520.0 million to P2,400.0 million for average period of 29 years. The discount rates applied in determining the present value of future annual free cash flows is 12%. The management has determined that a reasonably possible change in the unobservable inputs to a different amounts or rates would not cause the fair values of the non-financial assets to be increase or decrease significantly.

There has been no other change to the valuation techniques used by the Group for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2024 and 2023.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Bank Loans (Note 16)	Notes Payable (Note 16)	Lease Liabilities (Note 14)	Bonds Payable (Note 16)	Exchangeable Notes (Note 9)	Total
Balance as of January 1, 2024	P21,090,547,054	P 5,388,000,000	P 169,586,723	P 3,953,869,786	P 7,763,200,000	P 38,365,203,563
Cash flows from financing activities:						
Additional borrowings	17,410,418,074	-	-	5,000,000,000	-	22,410,418,074
Repayment of borrowings	(15,576,567,452)	(3,534,500,000)	(125,213,970)	-	-	(19,236,281,422)
Non-cash financing activities:						
Effect of consolidation of a subsidiaries	-	-	-	-	-	-
Pre-termination	-	-	-	-	-	-
Additional lease liabilities	-	-	77,863,712	-	-	77,863,712
Amortization of deferred charges	-	-	-	(25,000,490)	-	(25,000,490)
Balance as of September 30, 2024	<u>P22,924,397,676</u>	<u>P 1,853,500,000</u>	<u>P 122,236,465</u>	<u>P 8,928,869,296</u>	<u>P 7,763,200,000</u>	<u>P41,592,203,437</u>
Balance as of January 1, 2023	P18,112,968,586	P 5,444,000,000	P 281,819,227	P 3,940,233,693	P 7,763,200,000	P 35,542,221,506
Cash flows from financing activities:						
Additional borrowings	15,962,201,900	-	-	-	-	15,962,201,900
Repayment of borrowings	(13,484,686,134)	(56,000,000)	(107,716,696)	-	-	(13,648,402,830)
Non-cash financing activities:						
Effect of consolidation of a subsidiaries	500,062,702	-	8,412,681	-	-	508,475,383
Pre-termination	-	-	(36,735,903)	-	-	(36,735,903)
Additional lease liabilities	-	-	23,807,414	-	-	23,807,414
Amortization of deferred charges	-	-	-	13,636,093	-	13,636,093
Balance as of December 31, 2023	<u>P21,090,547,054</u>	<u>P 5,388,000,000</u>	<u>P 169,586,723</u>	<u>P 3,953,869,786</u>	<u>P 7,763,200,000</u>	<u>P38,365,203,563</u>
Balance as of January 1, 2022	P43,466,007,561	P 5,569,791,232	P 465,697,699	P -	P -	P49,501,496,492
Cash flows from financing activities:						
Additional borrowings	16,541,804,650	-	-	3,940,233,693	7,763,200,000	28,245,238,343
Repayment of borrowings	(16,190,177,018)	(125,791,232)	(296,845,377)	-	-	(16,612,813,627)
Non-cash financing activities:						
Effect of deconsolidation	(25,704,666,607)	-	-	-	-	(25,704,666,607)
Additional lease liabilities	-	-	112,966,905	-	-	112,966,905
Balance as of December 31, 2022	<u>P18,112,968,586</u>	<u>P 5,444,000,000</u>	<u>P 281,819,227</u>	<u>P 3,940,233,693</u>	<u>P 7,763,200,000</u>	<u>P35,542,221,506</u>

29. 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 services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the interim condensed consolidated statements of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, equity and liabilities. The Group manages the capital structure and makes adjustments to it in the 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, re-issuance of treasury shares or sell assets to reduce debt.

	<u>Note</u>	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Interest-bearing loans and borrowings (<i>excluding lease liabilities</i>)	16	P 33,706,766,972	P 30,432,416,841
Total equity		<u>17,177,045,660</u>	<u>16,932,773,747</u>
		<u>1.96:1.00</u>	<u>1.80:1.00</u>

14 October 2024

THE DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **MS. ALEXANDRA D. TOM WONG**
Officer-in-Charge, Disclosure Department

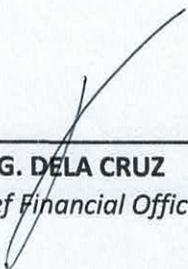
Gentlemen and Mesdames:

In compliance with the disclosure requirements of the Philippine Stock Exchange, Inc., please find enclosed are the following:

1. Quarterly Progress Report on the Application of Proceeds from the Preferred Shares Offering of Megawide Construction Corporation as of and for the Quarter Ended 30 September 2024; and
2. Report of Independent Auditors on Factual Findings.

MEGAWIDE CONSTRUCTION CORPORATION

By:



JEZ G. DELA CRUZ
Chief Financial Officer

14 October 2024

THE DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **MS. ALEXANDRA D. TOM WONG**
Officer-in-Charge, Disclosure Department

Re: **MEGAWIDE CONSTRUCTION CORPORATION**
Quarterly Progress Report as of and for the Quarter Ended 30 September 2024 on the Application of Proceeds from the Preferred Shares Offering with Certification of Independent Auditors

Gentlemen and Mesdames:

In connection with the preferred shares offering of **MEGAWIDE CONSTRUCTION CORPORATION** (the "Company") on 27 November 2020, we submit herewith the Company's quarterly report on the application of the proceeds from the said offering. The details of the disbursements made as of and for the quarter ended 30 September 2024 are as follows:

Offering Proceeds (43,626,010 shares at PhP 100.00 per share)	PhP	4,362,601,000.00
Less: Expenses related to the public offering*		
Underwriting fees		23,881,930.83
Registration and filing fees		6,830,655.00
Professional fees		5,986,013.50
Documentary stamp tax		436,260.10
Net Offering Proceeds	PhP	4,325,466,140.57
Less: Disbursements		
Accumulated costs incurred as of June 30, 2024		2,980,305,927.91
Costs incurred for the quarter ended September 30, 2024		62,717,343.35
	PhP	3,043,023,271.26
Balance of the Offering Proceeds as of September 30, 2024	PhP	1,282,442,869.31

**The expenses related to the preferred shared offering amounting to PhP 36.7 million, which were incurred prior to the receipt of the proceeds from the offering, were initially funded using the Company's working capital. The Company charged this amount against the proceeds from the offering in the last quarter of 2020.*

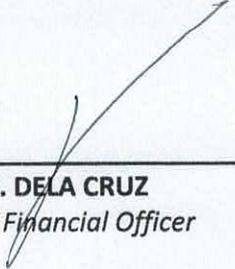
We hope you find everything in order.



Very truly yours,

MEGAWIDE CONSTRUCTION CORPORATION

By:



JEZ G. DELA CRUZ
Chief Financial Officer

Report of Independent Auditors on Factual Findings

Punongbayan & Araullo

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1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders Megawide Construction Corporation (A Subsidiary of Citicore Holdings Investment, Inc.)

20 N. Domingo Street
Brgy, Valencia
Quezon City

We have performed the procedures agreed with you and enumerated in the succeeding page with respect to the attached Quarterly Progress Report (the Report) as of and for the quarter ended September 30, 2024 on the application of proceeds from the Preferred Shares Offering (Offering Proceeds) of Megawide Construction Corporation (the Company) on November 27, 2020. The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report relating to the application of the Offering Proceeds accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements*, applicable to agreed-upon procedures engagements.

We present below the summary of the breakdown and application of the Offering Proceeds as of and for the quarter ended September 30, 2024 based on the information we obtained from the Company.

	Initial Allocation of Offering Proceeds on November 27, 2020	Revised Allocation of Offering Proceeds as of February 26, 2021	Application of Offering Proceeds as of June 30, 2024	Application of Offering Proceeds for the Quarter ended September 30, 2024	Balance of Offering Proceeds as of September 30, 2024
Ninoy Aquino International Airport (NAIA) rehabilitation	P1,224,188,530.35	P -	P -	P -	P -
Development of					
Cebu Integrated Transport Hub	830,037,568.21	1,274,700,551.18	1,274,700,551.18	-	-
Expansion of MCIA Under Concession Agreement 2 (CA2)	816,125,686.90	816,125,686.90	816,125,686.90	-	-
Development of Lot 2 of the Paranaque Integrated Terminal Exchange (PITX) and other locations	647,702,950.76	994,686,674.38	-	-	994,686,674.38
Expansion of Pre-cast and other ancillary business	375,609,437.17	576,828,778.51	480,043,151.93	62,717,343.35	34,068,283.23
Mactan Cebu International Airport (MCIA) multi-use development	215,900,983.59	331,562,224.80	77,874,313.10	-	253,687,911.70
General corporate purposes	215,900,983.59	331,562,224.80	331,562,224.80	-	-
	P4,325,466,140.57	P4,325,466,140.57	P2,980,305,927.91	P62,717,343.35	P1,282,442,869.31

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

Offices in Cavite, Cebu, Davao
BOA/ PRC Cert of Reg. No. 0002
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Agreed-upon Procedures

The agreed procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
 - a. The Report;
 - b. Reallocation of the Use of Proceeds Report;
 - c. Schedule of planned use of proceeds from the Offering Prospectus; and,
 - d. Detailed schedule of utilization of proceeds as of and for the quarter ended September 30, 2024.
2. Agreed total amount of disbursement of the Offering Proceeds shown in the Report to the detailed schedule of disbursements of proceeds as of and for the quarter ended September 30, 2024.
3. Compared the disbursements of the Offering Proceeds shown in the Report with the schedule of planned use of proceeds indicated in the Offering Prospectus.
4. Inquired and identified the nature of disbursements of the Offering Proceeds in the detailed schedule and checked that such disbursements were consistent with the planned use of the Offering Proceeds.
5. Traced and examined supporting documents of the disbursements in the schedule and agreed the total amount of disbursements per category in the Report.

Results of the Performance of Agreed-Upon Procedures

1. With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.
2. With respect to item 2, we noted that the total amount of disbursements appearing in the Report agrees with the amount in the detailed schedule of disbursements of the Offering Proceeds.
3. With respect to item 3, we found the disbursements of proceeds in the Report as of and for the quarter ended September 30, 2024 is consistent with the planned application of proceeds indicated in the Use of Proceeds section of the Offering Prospectus and its subsequent revision of allocation as approved by the Company's Board of Directors (BOD) on February 26, 2021 and disclosed in the Philippine Stock Exchange Electronic Disclosure Generation Technology on March 1, 2021.
4. With respect to item 4, we noted the following:
 - a.) The details of the disbursements incurred from July 1 to September 30, 2024 showed that the Company used the Offering Proceeds for the following purposes:

- ***NAIA Rehabilitation***

The government's airport modernization and expansion program opened up exciting opportunities for the private sector to contribute to the country's infrastructure development program. Being the largest private sector airport operator, by virtue of its concession agreement with the Philippines' second busiest airport, the Company is well positioned and has a unique advantage to participate in other airport development projects in the government's pipeline.

In a letter dated July 15, 2020, the Manila International Airport Authority (MIAA) granted the consortium led by the Company with GMR Infrastructure Limited as partner operator, the Original Proponent Status (OPS) for the development of the NAIA. Under the Build-Operate-Transfer (BOT) Law, the holder of the OPS will have the right to match any competing offer from another proponent under the Swiss Challenge scenario, subject to the terms and conditions of the Swiss Challenge process.

The project proposal plans for a phased redevelopment of existing NAIA terminals to remove decongestion and increase annual total passenger-handling capacity from the existing 30 million passengers to 65 million. The deliverables also include expanding and interconnecting the existing terminals of NAIA using a People Mover System, upgrading airside facilities, developing commercial facilities to increase airline and airport efficiencies, enhancing passenger comfort and experience and elevating the status of NAIA as the country's premier international gateway.

The Company received communication from the MIAA on December 15, 2020 stating that consortium's OPS had been revoked, with no formal notice on the reasons for the revocation. The Company submitted a motion for reconsideration for its proposal on December 21, 2020, as it had, at all stages, complied with all the government's requirements for its unsolicited proposal. The BOD of MIAA denied the motion for reconsideration of the Company, which sought to overturn the revocation of the Megawide's OPS for the rehabilitation of the NAIA. The Company was formally informed of the said denial through a letter from the Corporate Secretary of the MIAA BOD dated January 25, 2021.

The proceeds initially allocated for the said project were reallocated to other projects as approved by the Company's BOD on February 26, 2021 and disclosed in the PSE Edge on March 1, 2021.

- ***Development of the Cebu Integrated Transport Hub***

The Company executed an Agreement with the Local Government of Cebu on January 12, 2021 for a 50-year concession agreement to redevelop and operate the Carbon Market. The project requires pre-development and logistical expenses in line with its five-year development timetable.

The proposal involves the transformation of the existing Carbon Market into a mixed-use development anchored on a modern public market and an integrated multi-modal transport hub. Phase 1 of the project involves the rehabilitation of the existing public market, including a new wholesale market, construction of a new night market, and other lifestyle commercial establishments, land transport and ferry terminals, among others. Phase 2 includes a mixed-use development plan (hotel, Meetings, Incentives, Conference, Exhibitions (MICE), retail, etc.) envisioned to transform the property into one of Cebu's primary attractions.

P1,274.7 million from the Offering Proceeds were allocated and were fully used for this purpose as of September 30, 2024.

- ***Expansion of MCIA Under Concession Agreement 2 (CA2)***

The Company's expansion of MCIA under CA2 has an OPS status, which will extend its existing Concession Agreement (CA1) in MCIA by another 25 years. Phase 1 involves the takeover of the airside facility, rehabilitation of the existing runway and taxiways, construction of an additional full-length parallel taxiway, development of additional rapid exit taxiways and runway holding positions. Phase 2 involves the construction of a second parallel and independent instrument runway and Phase 3 comprises the construction of Terminal 3.

P816.1 million from the Offering Proceeds were allocated and were fully used for this purpose as of September 30, 2024.

- ***Development of Lot 2 of the PITX and Other Locations***

The PITX is a flagship project under the government's Build, Build, Build infrastructure program, dubbed as the Philippines "first landport". PITX is a 4.5 hectare development and currently Lot 1 (2.7 hectares) houses the transport terminal, commercial spaces, and office buildings under one roof. PITX is effectively 100% owned by the Company.

With a rated capacity of 100,000 passengers daily, PITX offers seamless connections to and from the southwest portion of Metro Manila, via multiple modes of transportation, from provincial to city buses, taxis, jeepneys and utility vehicles express shuttles.

The development of Lot 2 (1.8 hectares) will further improve terminal operations by providing a staging area for buses. It will also offer additional employment and business opportunities through the construction of office towers and retail establishments inside the facility.

The original plan is to develop a similar structure to the existing terminal, to be comprised of four levels, with commercial leasing assets occupying the floors above the bus staging area. Estimated cost for the PITX Lot 2 development project is around P5,000.0 million.

The development of PITX Lot 2 has become more imperative, considering that current foot traffic at the existing terminal has breached the capacity of 200,000 daily. In addition, Light Rail Transit 1 (LRT 1) Asia World Station is scheduled to be completed by the fourth quarter of 2024, which is expected to boost foot traffic, based on LRT 1's 100,000 daily ridership.

As for other PITX locations, Baguio is scheduled to be signed towards the end of the year while the location in the south is also being finalized to target signing within the year, with amendments being implemented to comply with the provisions of the new Public Private Partnership Law.

P994.7 million from the Offering Proceeds were allocated to this project. As of and for the quarter ended September 30, 2024, there were no disbursements made yet related to this project.

- ***Expansion of Pre-Cast and Other Ancillary Business Units***

The Company is anticipating an increased demand for pre-fabricated construction materials under the new normal, both for its traditional market (i.e., residential, office, and commercial/industrial) and new segments (horizontal infrastructure) it plans to expand and enter into. With the new occupational health and safety protocols arising from the Corona Virus Disease 2019 (COVID-19) pandemic, the Company believes that the pre-cast technology will be well-suited for the industry, given its less human labor requirement and faster turnaround compared with the traditional method.

Moreover, the government's roll out of major infrastructure projects enabled the Company to identify opportunities in this segment, which will be the driving force to Company's infrastructure pivot. In addition to the Company's engineering, procurement and construction business, these projects will likewise require huge support from other ancillary services (batching plant, formworks, specialized equipment, transport, and others), being a vertically integrated construction company.

In relation to this, the Company has recalibrated its short-term pre-cast expansion plan to approximately 25,000 cu/m/month, including the new and existing plants in Taytay, Rizal, as well as other mobile plants in key locations, and enhancements of other ancillary services within the Precast and Construction Solutions (PCS) Unit, such as batching plant, formworks, specialized equipment, and other capacities. Estimated cost of the project is around P1,000.0 million. As of September 30, 2024, the project is around 80% complete, with the balance allocated to pre-cast tunnel lining system products to be used for the Metro Manila Skyway Project. The original targeted capacity expansion to 35,000-40,000 cu m/month has been recalibrated to 25,000 cu m/month and is expected to be achieved the end of 2024 or early 2025, subject to market conditions and operating environment.

Furthermore, the expansion of its construction services and ancillary businesses require additional funding and the Company expects the progress of these initiatives to accelerate as soon as new infrastructure contracts are secured within the year.

P576.8 million from the Offering Proceeds were allocated to this project, P531.5 million of which were released as of September 30, 2024. Disbursements for the quarter then ended amounted to P62.7 million.

- **MCIA Multi-Use Developments**

MCIA, the gateway to the Visayas and Southern Philippines, is the second largest airport facility in the country with a consistently growing number of passengers annually.

Under the existing CA1, GMR-Megawide Cebu Airport Corporation (GMCAC) shall deliver a 2nd terminal and rehabilitate the existing terminal, which the company completed in July 2018 and September 2019, respectively, to reduce congestion as well as meet the growing passenger traffic into Cebu. The Capacity Augmentation, which is part of CA1 designed to further expand the airport's capacity, remains in balance. GMCAC is undertaking this capital extensive project to provide a world-class terminal airport with a welcoming ambiance that is distinctly Filipino.

The MCIA mixed-use development project is envisioned to further accelerate the airport's value creation. The initial plans involve the construction of a 400-room hotel, a MICE facility, and a travel retail concept to complement the airport's features. Estimated cost of the MCIA mixed use development project is P3,000.0 million.

While the Cebu hotel industry had been affected by the COVID-19 pandemic, long-term prospects remain sound given Cebu's ideal location as both a tourism and business hub. In addition, the project development timetable of two to three years provides enough time for the situation to revert back to pre-COVID-19 environment.

The project completed the final design and concept stages but is currently on push-button mode and will be re-evaluated on when initial development will commence, subject to resumption of normalcy of travel and airport operations and the project's overall value creation to all its stakeholders.

P331.6 million from the Offering Proceeds were allocated to this project, P77.9 million of which were released as of September 30, 2024. In December 2022, the Company disposed a portion of its interest in GMCAC which was reduced from 60.00% to 33.33% as of December 31, 2022. The management intends to reallocate the remaining balance of the proceeds to another project after the completion of the second close by October 2024. In relation to this, the management intends to reallocate the remaining balance of the proceeds to another project towards the end of 2024. There were no disbursements related to this project for the quarter ended September 30, 2024.

- **General Corporate Purposes**

General corporate purposes include: (1) purchase or lease or repair of construction equipment; (2) provision for potential projects and business opportunities; and, (3) working capital.

P331.6 million from the Offering Proceeds were allocated and were fully used for this purpose as of September 30, 2024.

- b.) The remaining balance of the Offering Proceeds amounting to P1,293.7 million as of September 30, 2024 is expected to be applied on costs to be incurred in accordance with the planned use and estimated timing as disclosed in the Offering Prospectus and to the PSE and its subsequent revision of allocation.

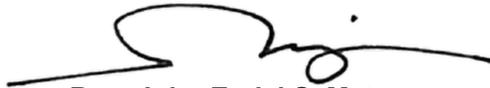
5. We found no exceptions with respect to item 5.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of Offering Proceeds based on the said standards. Had we performed additional procedures, or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, taken as a whole.

PUNONGBAYAN & ARAULLO



By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-012 (until Aug. 12, 2027)

October 14, 2024

Accounts Receivable Aging

	<u>Not more than 3 mos.</u>	<u>More than 3 mos. but not more than 6 mos.</u>	<u>More than 6 mos.</u>	<u>More than 1 year</u>	<u>TOTAL</u>
September 30, 2024					
Contract receivables	5,015,681,459	92,862,391	64,156,017	527,132,774	5,699,832,641
Rental receivables	398,227,816	6,746,939	9,231,029	544,045,008	958,250,792
	5,413,909,275	99,609,330	73,387,046	1,071,177,782	6,658,083,433