COVER SHEET
for
UNAUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	8	4	0	4	4

COMPANY NAME

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

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

4 3 r d F l o o r , R o b i n s o n s - E q u i t a b l
e T o w e r , A D B A v e n u e c o r n e r P o v
e d a R o a d , P a s i g C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q		N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.jgsummit.com.ph	8633-7631	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
983	Last Thursday of May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Brian M. Go	Brian.Go@jgsummit.ph	8633-7631	–

CONTACT PERSON's ADDRESS

42nd Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Pasig City

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

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

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 **184044**

3. BIR Tax Identification No. **000-775-860**

4. Exact name of registrant as specified in its charter **JG Summit Holdings, Inc.**

5. **Pasig City, Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **43rd Floor, Robinsons-Equitable Tower ADB Ave. corner Poveda Road, Pasig City 1600**
Address of principal office Postal Code

8. **(632) 8633-7631**
Registrant's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the RSC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**7,520,983,658**
Long-term Debt	**–**

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

Yes [/] No [ ]
If yes, state the name of such stock exchange and the classes of securities listed herein:

Philippine Stock Exchange
Common Stock

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or 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 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 90 days.

Yes [/] No [ ]

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements are filed as part of this Form 17-Q.

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

Business Overview

JG Summit Holdings, Inc. (JG Summit / the Company / the Group), was incorporated in November 1990 as the holding company for a group of companies with substantial stakes in foods, agro-industrial and commodities, real estate and hotel, air transportation and petrochemicals. The Company also has core investments in telecommunications, banking, and power generation and distribution.

The Company is one of the largest and most diversified conglomerates within the Philippines. The Company was listed on the PSE in 1993.

The Company and its subsidiaries (the Group), conduct businesses throughout the Philippines, but primarily in and around Metro Manila (where it is based) and in the regions of Luzon, Visayas and Mindanao.

The Group also has a branded consumer foods business in ASEAN, and a core investment in a property development company in Singapore.

Results of Operations

Nine Months Ended September 30, 2024 Versus September 30, 2023

JG Summit's 9M profits lifted by double-digit topline expansion and bank merger gains

JG Summit Holdings, Inc. (JGS), one of the largest and most diversified conglomerates in the Philippines, posted a 16.3% year-on-year (YoY) improvement in net income for the first nine months of 2024 (9M24) on the back of a double-digit topline expansion coupled with the gains it realized from merging Robinsons Bank with the Bank of the Philippine Islands (BPI).

Despite inflation headwinds persisting into the third quarter (3Q), the Group delivered a YoY consolidated topline growth of 10.3% to ₱277.0 billion in 9M24, powered by a healthy demand for travel and leisure activities, a higher preference for value food and beverage products, and increased utilization rates in JGS' petrochemical plants.

Improving contributions from the conglomerate's core investments, widening EBITDA margins for most core businesses, and the gain from the bank merger earlier this year allowed 9M24 core profits to rise 39.1% YoY to ₱20.3 billion. These were more than enough to outpace the increases in depreciation and interest expenses observed across its subsidiaries year-to-date (YTD). Incorporating non-core mark-to-market losses, JG Summit's bottomline ended at ₱17.9 billion, up 16.3% versus the same period last year (SPLY).

However, results for 3Q24 showed a YoY decline primarily caused by larger losses from JGSOC with the prolonged trough in the global petrochemical industry cycle, lower sugar profits from URC due to price corrections and high-priced inventories, and reduced average fares from CEB to stimulate demand during the typical lean period in Philippine aviation.

Consolidated cost of sales and services for the 9M24 increased by 11.6% from ₱173.8 billion last year to ₱194.0 billion this year mostly driven by increase in input costs of JGSOC as well as higher fuel consumption of CEB in line with the increased flight activity during the period.

The Group's operating expenses increased by 12.1% to ₱46.3 billion from ₱41.4 billion driven by URC's higher advertising and promotions expenses, as well as increase in CEB's depreciation expense brought about by new aircraft acquisitions and other capital expenditures during the period.

As a result, Consolidated Operating Income or EBIT amounted to ₱36.6 billion for the nine months of 2024, 1.8% increase from ₱36.0 billion SPLY. Consolidated EBITDA amounted to ₱60.7 billion for the nine months of 2024, 5.9% increase from ₱57.3 billion SPLY.

The Group's financing costs and other charges, net of interest income, increased by 31.8% to ₱13.0 billion this year due to higher level of interest-bearing liabilities and higher interest rates.

Market valuation losses recognized from financial assets and derivative instruments for the nine months of 2024 amounted to ₱1.8 billion from ₱1.2 billion gain SPLY mainly attributable to the valuation losses incurred by the Group on its financial assets. The Group also recognized market valuation gains in the SPLY on CEB's embedded derivative from its convertible bonds (nil in 2024).

The Group recognized net foreign exchange (FX) gains of ₱354 million in 2024 from ₱242 million SPLY mainly due to lower depreciation of Philippine Peso vis-à-vis US dollar during the period compared to SPLY. The Group's major exposure to foreign exchange rate fluctuations is in respect to US Dollar-denominated and JPY-denominated loans.

Other income amounted to ₱9.8 billion for the nine months of 2024 from ₱286 million SPLY primarily due to the ₱7.9 billion gain on the merger of Bank of the Philippine Islands (BPI) and Robinsons Bank Corporation (RBC) this year, as well as the ₱1.3 billion higher gain on CEB's sale and leaseback transactions.

Provision for income tax increased to ₱3.8 billion for the nine months of 2024 from ₱2.7 billion SPLY due to higher taxable income of URC and lower benefit from deferred tax of CEB.

The Group's net income after tax from continuing operations for the nine months of 2024 amounted to ₱28.3 billion from ₱25.2 billion net income SPLY mainly from higher operating income coupled with the recognition of gains on BPI-RBC merger and aircraft sale.

Net income attributable to equity holders of the parent amounted to ₱17.9 billion for the nine months of 2024, 16.3% higher from last year's ₱15.4 billion for the nine months of 2023 as a result of the factors discussed above.

FOOD

Universal Robina Corporation (URC) generated a consolidated sale of goods and services of ₱118.9 billion for the nine months ended September 30, 2024, ahead by 1.5% against last year's same period. Sale of goods and services performance by business segment follows:

- Sale of goods and services of URC's BCFG segment increased by ₱1.1 billion or 1.4% to ₱82.7 billion for the nine months of 2024 from ₱81.6 billion recorded in the same period last year.
    - BCF domestic operations, excluding packaging division, posted 0.5% decrease in net sales from ₱56.2 billion for the nine months of 2023 to ₱55.9 billion for the nine months of 2024 due to lower sales contribution of Confectionery and Powdered Beverage.

- Sale of goods and services of URC's packaging division decreased by 9.6% to ₱858 million for the nine months of 2024 from ₱949 million recorded for the nine months of 2023 driven by lower volume and selling prices.

- BCF international operations reported a 6.1% increase in net sales from ₱24.5 billion for the nine months of 2023 to ₱26.0 billion for the nine months of 2024. In constant US dollar ($) terms, total BCF international sales grew by 8.8% with all markets posting growth vs. the same period last year in local currency terms.

- Sale of goods and services of BCFG, excluding packaging division, accounted for 68.8% of total URC consolidated sale of goods and services for the nine months of 2024.

- Sale of goods and services of URC's AIC group amounted to ₱36.2 billion for the nine months of 2024, an increase of 1.7% from ₱35.6 billion recorded in the same period last year.

  - Sale of goods and services of URC's AIG segment amounted to ₱12.1 billion for the nine months of 2024, a decline of 3.7% from ₱12.6 billion recorded for the nine months of 2023 mainly driven by Feeds.

  - Sale of goods and services of Flour business amounted ₱4.6 billion for the nine months of 2024, a growth of 0.3% from ₱4.6 billion recorded in the same period last year.

  - Sales of goods and services of Sugar business amounting to ₱14.4 billion for the nine months of 2024, a growth of 5.6% from ₱13.7 billion for the nine months of 2023 driven by higher refined sugar sales volume, while the Renewables business grew by 6.0% to ₱5.1 billion for the nine months of 2024.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱755 million or 0.9% to ₱86.5 billion for the nine months of 2024 from ₱85.8 billion recorded in the same period last year due to higher volume.

URC's gross profit for the nine months of 2024 amounted to ₱32.4 billion, higher by ₱970 million or 3.1% from ₱31.4 billion reported in the same period last year. Gross profit margin increased by 43 basis points from 26.8% for the nine months of 2023 to 27.2% for the nine months of 2024.

URC's selling and distribution costs and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses, and other administrative expenses. Selling and distribution costs, and general and administrative expenses increased by ₱1.3 billion or 7.0% to ₱20.1 billion for the nine months of 2024 from ₱18.8 billion registered in the nine months of 2023 driven by higher advertising and promotions expenses, freight, and contracted services.

As a result of the above factors, operating income decreased by ₱350 million or 2.8% to ₱12.3 billion for the nine months of 2024 from ₱12.6 billion reported for the nine months of 2023.

URC reported an EBITDA (operating income plus depreciation and amortization) of ₱16.7 billion for the nine months of 2024, 4.2% lower than ₱17.4 billion posted in the same period last year.

URC's finance costs consist mainly of interest expense, which increased by ₱118 million to ₱1.2 billion for the nine months of 2024 from ₱1.1 billion recorded in the same period last year, mostly due to higher debt levels.

Impairment losses of ₱288 million were recorded for the nine months of 2024 from ₱205 million in the same period last year. This year's impairment is from inventory and PPE from Sariaya plant due to typhoon Aghon, and equity investments while last year's impairment pertains to farm assets.

URC's finance revenue consists of interest income from money market placements, savings and dollar deposits, as well as dividend income from investments in equity securities. Finance revenue increased by ₱51 million to ₱255 million for the nine months of 2024 from ₱204 million in the same period last year driven by higher interest income from money market placements.

Market valuation gain on financial instruments at fair value through profit or loss (FVTPL) increased to ₱213 million for the nine months of 2024 from ₱135 million in the same period last year driven by increase in market value of equity investments.

Net foreign exchange gain decreased by ₱834 million to ₱164 million for the nine months of 2024 from ₱998 million in the same period last year.

Equity in net losses of joint ventures increased to ₱107 million for the nine months of 2024 from ₱65 million in the same period last year mainly due to equity take up in the net losses of Calbee-URC Malaysia (CURM) this year versus gain last year.

Other income - net consists of gain on sale of fixed assets, rental income, and miscellaneous income and expenses which amounted to ₱157 million for the nine months of 2024, while ₱123 million other expenses were recorded in the same period last year.

URC recognized a provision for income tax of ₱2.3 billion for the nine months of 2024, a 6.0% increase from ₱2.1 billion recognized for the nine months of 2023.

URC's net income from continuing operations amounted to ₱9.2 billion for the nine months of 2024, lower by ₱1.1 billion or 11.1%, from ₱10.3 billion reported in the same period last year.

URC's net loss from discontinued operations amounted to ₱525 million for nine months of 2024, higher by ₱511 million or 3602.0%, from ₱14 million reported in the same period last year, driven by impairment arising from the closure of URC China this year.

URC's core earnings after tax (operating profit after equity earnings, net finance costs, other income - net and provision from income tax) for the nine months of 2024 amounted to ₱8.9 billion, a decrease of 4.9% from ₱9.4 billion recorded in the same period last year.

Net income attributable to equity holders of the parent decreased by ₱1.7 billion or 17.6% to ₱8.0 billion for the nine months of 2024 from ₱9.7 billion for the nine months of 2023 as a result of the factors discussed above.

Non-controlling interest (NCI) represents primarily the share in the net income attributable to non-controlling interest of Nissin-URC (51.0%-owned). NCI in net income of subsidiaries increased from ₱550 million for the nine months of 2023 to ₱612 million for the nine months of 2024.

REAL ESTATE AND HOTELS

Robinsons Land Corporation (RLC) saw a 4% growth in consolidated revenues, reaching ₱29.3 billion compared to same period last year. Both EBITDA and EBIT significantly increased by 7% to ₱17.8 billion and ₱13.6 billion, respectively. Net income attributable to parent rose by 13% to ₱10.0 billion for the nine months ended September 30, 2024.

Robinsons Malls demonstrated remarkable growth in the first nine months of 2024. Sustained consumer spending and higher occupancy rates drove a 12% increase in mall revenues to ₱13.2 billion, representing 42% of RLC's consolidated revenues. This growth translated into a 13% rise in EBITDA to ₱7.9 billion, enhanced by lower depreciation, resulted to a year-on-year increase in EBIT to ₱5.3 billion.

Robinsons Offices delivered improved top-line results, with revenue growth of 7% to ₱5.9 billion, accounting for 19% of consolidated revenues. EBITDA for this segment reached ₱4.8 billion, with EBIT closing at ₱3.9 billion. This better performance is primarily due to the strength of its portfolio, strategically located in major central business districts, key cities, and urban areas.

With strong contributions across all brand segments, **Robinsons Hotels and Resorts** or RHR exceeded previous year revenues by 33% to ₱4.3 billion. EBITDA and EBIT which closed at ₱1.3 billion and ₱685 million, respectively, have both significantly grown by 62% and 129% year-on-year, respectively.

To optimize synergies and maximize cost efficiencies, RLC Residences and Robinsons Homes were merged under the brand of **RLC Residences**, which generated realized revenues of ₱6.5 billion for the first nine months of 2024. EBITDA and EBIT are at ₱2.7 billion and ₱2.6 billion, respectively.

In the first nine months of 2024, **Robinsons Logistics and Industrial Facilities (RLX)** leasing revenues surged by 36% at ₱649 million driven by the full-period contribution of the new facilities in Calamba and recently completed warehouse in Cainta. EBITDA and EBIT increased by 34% to ₱596 million and 39% to ₱465 million, respectively. RLX owns ten industrial facilities strategically located in Sucat, Muntinlupa, Sierra Valley in Cainta, San Fernando, Mexico in Pampanga, and Calamba, Laguna.

Robinsons Destination Estates recorded ₱867 million of revenues from a portion of deferred gain on the sale of parcels of land to joint venture entities for the nine months ended September 30, 2024. EBITDA and EBIT landed at ₱516 million and ₱513 million, respectively.

AIR TRANSPORTATION

Cebu Air, Inc. (CEB) recorded revenues amounted to ₱74.5 billion for the period ended September 30, 2024, 11.4% higher than the ₱66.9 billion revenues earned in the same period last year. The increase in revenues is accounted for as follows: (1) Passenger revenues grew by ₱5.0 billion or 10.9% to ₱51.2 billion from ₱46.1 billion generated in the same period last year, due to the overall increase in travel demand; (2) Cargo revenues increased by ₱1.0 billion or 34.6% to ₱4.0 billion from ₱3.0 billion generated in the same period last year due to a 34.1% increase in cargo volume carried; and (3) Ancillary revenues were up by ₱1.6 billion or 8.9% to ₱19.4 billion from ₱17.8 billion generated in the same period last year, mainly due to higher passenger volume.

CEB incurred operating expenses of ₱68.8 billion, higher by 13.3% compared to ₱60.7 billion incurred in the same period last year. The increase in flight activity mainly drove the increase, since a material portion of its expenses are based on flights and flight hours. The weakening of the Philippine peso against the U.S. Dollar from an average of ₱55.49 per U.S. Dollar to ₱57.01 per U.S. Dollar for 2024, based on the Philippine Bloomberg Valuation (PH BVAL) weighted average rates, also contributed to the increase in operating expenses.

As a result of the foregoing, CEB earned an operating income of ₱5.7 billion for the nine months ended September 30, 2024, lower by 7.5% or ₱462 million than the ₱6.2 billion posted in the same period last year.

CEB's interest income decreased by ₱197 million or 29.6% to ₱470 million from ₱668 million earned due to a lower average cash balance for nine months ended September 30, 2024 as compared to same period last year.

In 2024 and 2023, CEB received ₱115 million and ₱1 million, respectively, pertaining to insurance proceeds claimed for damages sustained from several incidents and loss events in prior periods.

CEB's market valuation gains amounting to ₱880 million for the nine months ended September 30, 2023 originated from the market valuation gains recognized for the embedded derivative arising from its convertible bonds, interest rate derivatives and fuel derivatives (nil in 2024).

CEB recorded net foreign exchange gain of ₱71 million for the nine months ended September 30, 2024. CEB's major exposure to foreign exchange rate fluctuations is in respect to U.S. Dollar-denominated and JPY-denominated financial assets and liabilities.

For the nine months ended September 30, 2024, and 2023, CEB recorded equity in net income of joint ventures and associates of ₱71 million and ₱36 million, respectively.

Interest expense from debt and lease liabilities increased by ₱1.4 billion or 39.5% to ₱4.8 billion from ₱3.4 billion for the same period last year due to the additional aircraft and engine deliveries.

The net gain on disposal in 2024 amounting to ₱1.7 billion is composed of the gain on sale and leaseback transactions of engines of ₱2.0 billion, net of the loss on sale of aircraft amounting to ₱331 million. The gain on disposal in 2023 amounting to ₱401 million pertains mainly to the sale and leaseback transactions in June and July 2023.

As a result of the foregoing, CEB ended with an income before income tax of ₱3.4 billion for the nine months ended September 30, 2024, lower by ₱799 million or 19.2% than the ₱4.2 billion income before income tax posted for the same period last year.

Net income for the nine months ended September 30, 2024 amounted to ₱3.4 billion, lower by ₱1.7 billion or 32.9% from the ₱5.0 billion net income earned in the same period last year.

PETROCHEMICALS

JG Summit Olefins Corporation (JGSOC) revenues increased by 53% YoY to ₱39.0 billion for the first nine months of 2024 due to the increased plant operations resulting in higher sales volumes across all products this year, as the company did a 5-month strategic commercial shutdown in the previous year to soften the effects of the downcycle. However, weak demand and oversupply in the global market suppressed the selling prices resulting in negative polymer margins, cushioned by the improved results for JGSOC's newer products (Aromatics, Butadiene and LPG trading). This, along with increased operating costs, caused EBITDA to slip ₱1.2 billion YoY to end 9M24 at a ₱3.8 billion loss. Higher financing costs and additional depreciation from the fully completed plant expansion project led to a net loss of ₱11.4 billion.

JGSOC continues to work on its business-wide transformation project, with initiatives already producing various wins such as higher premiums on booked volumes, continued strong sales momentum, more strategic spending on maintenance, and a reduction in spare part inventories.

EQUITY EARNINGS

Equity in net earnings of associated companies and joint ventures amounted to ₱11.5 billion for the nine months of 2024, a 17% increase from ₱9.9 billion for the nine months of 2023. The Group's share in Meralco's income jumped 19% YoY to ₱8.7 billion with record high sales volumes plus increased contributions from its power generation and retail electricity supply businesses.

For Singapore Land Group (SLG), JG Summit's 9M24 results accounts for the first half performance only, given SLG's semi-annual regulatory reporting frequency. Equity earnings from SLG amounted to ₱1.3 billion, a 15% improvement on the back of the robust performance of its hotel business, especially with the full operations of the Pan Pacific this year, along with increases in the company's rental income.

Dividends received from PLDT in 9M24 declined 11% to ₱2.3 billion due to the absence of the special dividends declared in 2023. Nonetheless, its regular dividends increased by ₱2 to ₱96 per share this year.

With the effectivity of the merger between Bank of the Philippine Islands (BPI) and Robinsons Bank at the start of the year, JGS received its first cash dividends from BPI at ₱1.98 per share, totaling to ₱373 million.

Financial Condition

<u>September 30, 2024 vs December 31, 2023</u>

The Group's balance sheet remains robust, providing a solid financial base to support growth across its operations, and has sustained its trillion level status. As of September 30, 2024, the Group reported consolidated assets totaling ₱1.0 trillion. The current ratio stands at 1.00. Furthermore, the Group's indebtedness is well-managed, with a gearing ratio of 0.65, comfortably within the financial covenant limit of 2.0. The net debt, amounting to ₱253.8 billion, translates to a net debt-to-equity ratio of 0.53.

As of September 30, 2024, the Group holds cash and cash equivalents totaling ₱46.5 billion, an increase from the ₱37.9 billion reported as of December 31, 2023. The Group's cash requirements have been largely met through operating activities, resulting in a net cash flow provided by operating activities of ₱37.8 billion for the nine months of 2024. Additionally, the net cash used in investing activities amounted to ₱22.0 billion, primarily utilized for the Group's capital expenditures, partially offset by the proceeds from the sales and leaseback transactions, refunds of pre-delivery payments, and receipt of dividends. Net cash used in financing activities amounted to ₱7.2 billion primarily resulted from lease liability and dividend payments; and the purchase of treasury shares, partly offset by the proceeds from the partial sale of equity interest in RL Commercial REIT, Inc. (RCR) and net availments of short-term and long-term debts.

The Group's capital expenditures totaling ₱44.9 billion in 2024 include URC's capacity expansion initiatives, RLC's investment and development of both new and existing facilities and acquisition of land; CEB's additional aircraft acquisition; JGSOC's tail-end expansion projects and capitalizable maintenance capex and start-up costs.

As of September 30, 2024, the Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period that would have a significant impact on the Group's operations and/or financial condition.

As of September 30, 2024, except as otherwise disclosed in the financial statements and to the best of the Group's knowledge and belief, there are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

Material Changes in the 2024 Financial Statements
(Increase/Decrease of 5% or more versus 2023)

Material changes in the Statements of Consolidated Comprehensive Income were explained in detail in the management discussion and analysis or plan of operations stated above.

Consolidated Statements of Financial Position- September 30, 2024 versus December 31, 2023

22.4% increase in Cash and Cash Equivalents
Due to the Group's cash generated from operations, along with the proceeds from the sale of RCR shares and the sale of PPE (including sales and leaseback) and additional cash secured through short-term and long-term loans, partially offset by capital expenditures, the purchase of treasury shares, dividends, and lease liability payments.

71.1% increase in Financial assets at Fair Value through Other Comprehensive Income (including Noncurrent Portion)
Mainly due to the recognition of Investment in BPI as a result of the merger of RBC with BPI, coupled with higher market valuation of the Group's investments in PLDT and BPI due to increases in their share prices.

18.6% increase in Other Current Assets
Mainly due to higher advances to suppliers of URC for importation of wheat, sugar, and capital expenditures, and RLC's advances to lot owners partly offset by decrease in JGSOC's input VAT and CEB's restricted cash.

19.7% increase in Right-of-use (ROU) Assets
Due to new aircraft deliveries and sales and leaseback transactions partly offset by depreciation during the period.

11.6% increase in Goodwill
Due to higher revaluation of URC's goodwill.

6.9% increase in Intangible Assets
Due to higher revaluation of URC's intangible assets.

17.4% increase in Other Noncurrent Assets
Mainly due to (i) RLC's higher advances to lot owners, (ii) increase in security deposits mainly from CEB's commitment fee for the future purchase of 152 aircrafts, and (iii) higher deferred tax assets for the period.

12.3% increase in Short-term debts
Mainly driven by higher trust receipts payable of JGSOC, and availment of short-term loans by CEB partly offset by settlements during the period.

21.3% increase in Lease Liabilities (including noncurrent portion)
Due to additional lease liability set up for CEB's new leased aircraft deliveries and sale and leaseback transactions for the period, offset by payments made during the period.

10.1% decrease in Income Tax Payable
Due to payment made during the period, net of tax provisions

14.5% increase in Other Current Liabilities
Due to CEB's higher unearned transportation revenue from increased forward bookings as of September 30, 2024 compared to December 31, 2023 in line with the increased airline services demand during the period.

7.1% decrease in Other Noncurrent Liabilities
Due to CEB's settlements of provisions for asset retirement obligation and heavy maintenance visits during the period.

67.4% increase in Other Comprehensive Income
Due to the increases in market value of the Group's investments in PLDT and BPI; along with an increase in URC cumulative translation adjustments.

9.9% increase in Equity Reserve
Mainly due to the gain from RLC's sale of RCR shares *(sale of interest in a subsidiary without loss of control)*.

Stockholders' equity, excluding minority interest, stood at ₱367.2 billion as of September 30, 2024 from ₱335.9 billion last year.

Book value per share amounted to ₱48.83 as of September 30, 2024 from ₱44.66 as of December 31, 2023.

KEY FINANCIAL INDICATORS

The Group sets certain performance measures to gauge its operating performance periodically and to assess its overall state of corporate health. Listed below are the major performance measures, which the Group has identified as reliable performance indicators. Analyses are employed by comparisons and measurements on a consolidated basis based on the financial data as of September 30, 2024 and December 31, 2023 and for the nine months of 2024 and 2023.

Key Financial Indicators	**2024**	**2023**
Revenues	₱276,955 million	₱251,110 million
EBIT	₱36,614 million	₱35,972 million
EBITDA	₱60,663 million	₱57,285 million
Core net income after taxes	₱20,287 million	₱14,589 million
Net income attributable to equity holders of the Parent Company	₱17,879 million	₱15,375 million
Net income attributable to equity holders of the Parent Company (from continuing operations)	₱18,175 million	₱14,783 million
Liquidity Ratio:		
Current ratio	1.00	1.01
Solvency ratios:		
Gearing ratio	0.65	0.68
Net debt to equity ratio	0.53	0.57
Asset-to-equity ratio	2.15	2.50
Interest rate coverage ratio	4.21	5.06
Profitability ratio:		
Operating margin	0.13	0.14
Book value per share	₱48.83	₱44.66

The manner in which the Group calculates the above key performance indicators is as follows:

Key Financial Indicators		
Revenues	=	Total sales of goods and services, dividend income and equity in net earnings
EBIT	=	Operating income
EBITDA	=	Operating income add back depreciation and amortization expense and impairment loss on property, plant and equipment
Core net income after taxes	=	Net income attributable to equity holders of Parent Company as adjusted for the net effect of gains/losses on foreign exchange, market valuations and other nonrecurring items
Current ratio	=	Total current assets over current liabilities
Gearing ratio	=	Total financial debt over total equity
Net debt to equity ratio	=	Total financial debt less cash and cash equivalents including financial assets at FVTPL and FVOCI investments, over total equity
Asset-to-equity ratio	=	Total assets over total equity
Interest rate coverage ratio	=	EBITDA over interest expense
Operating Margin	=	Operating income over revenue
Book value per share	=	Stockholders' equity (equity attributable to parent excluding preferred shares) over outstanding number of common shares

Current assets amounted to ₱236.3 billion while current liabilities reached ₱237.0 billion, for a current ratio of 1:1. Total financial debt amounted to ₱312.6 billion in 2024, higher than last year's ₱301.7 billion. The Group's indebtedness remains manageable with a gearing ratio of 0.65:1, well within the financial covenant of 2.0:1. Net debt stood at ₱253.8 billion, bringing our net debt to equity ratio to 0.53:1.

Commitments and Contingent Liabilities

The Group, in the normal course of business, makes various commitments and has certain contingent liabilities that are not reflected in the accompanying consolidated financial statements. The commitments and contingent liabilities include various guarantees, commitments to extend credit, standby letters of credit for the purchase of equipment and tax assessments. The Group does not anticipate any material losses as a result of these transactions. In addition, the Group has capital expenditure and lease commitments which principally relate to the acquisition and lease of aircrafts and engines.

Trends, Events or Uncertainties

There are (i) no known trends, events or uncertainties that have had or that are reasonably expected to have a material effect on revenues or income from continuing operations, (ii) no significant elements of income or loss that did not arise from the Group's continuing operations, or (iii) no event that may trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

Except for income generated from our retail leasing, and our airline's business which generally records higher revenues as the demand increases significantly between summer season, school break and holiday seasons such as Easter and Christmas, and whose operations are significantly affected by severe weather, natural disaster and seasonal factors that can require the Group to suspend flight operations, there are no seasonal aspects that have a material effect on the Group's financial conditions or results of operations.

PART II – OTHER INFORMATION

Item 1. List of disclosure not made under SEC Form 17 - C.

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JG SUMMIT HOLDINGS, INC.

By:

November 13, 2024

JAMES L. GO
Chairman of the Board

November 13, 2024

LANCE Y. GOKONGWEI
President and
Chief Executive Officer

November 13, 2024

BRIAN M. GO
Chief Financial and Risk Officer

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024
(With Comparative Audited Figures as of December 31, 2023)
(In Thousands)

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱46,450,472**	₱37,944,177
Financial assets at fair value through profit or loss (Note 9)	**7,128,156**	7,258,548
Financial assets at fair value through other comprehensive income (Note 10)	**6,971,389**	8,403,432
Receivables (Note 11)	**43,009,425**	45,061,656
Inventories (Note 12)	**98,706,406**	99,912,008
Assets held for sale (Note 27)	**–**	170,693,533
Other current assets (Note 13)	**33,992,993**	28,664,644
Total Current Assets	**236,258,841**	397,937,998
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (Note 10)	**65,939,699**	34,213,469
Receivables (Note 11)	**7,586,365**	7,353,763
Investments in associates and joint ventures (Note 14)	**158,426,202**	152,000,507
Property, plant and equipment	**282,299,157**	270,080,450
Investment properties	**132,514,579**	129,076,999
Right-of-use assets	**93,045,373**	77,753,092
Goodwill	**21,435,203**	19,201,405
Intangible assets	**6,544,636**	6,123,031
Other noncurrent assets (Note 15)	**21,735,296**	18,516,308
Total Noncurrent Assets	**789,526,510**	714,319,024
	₱1,025,785,351	₱1,112,257,022
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 16)	**₱81,126,984**	₱80,887,373
Short-term debts (Note 18)	**71,354,854**	63,524,866
Current portion of:		
Long-term debts (Note 18)	**44,101,973**	44,984,075
Lease liabilities	**11,920,753**	9,525,814
Income tax payable	**659,104**	732,763
Liabilities directly associated with assets held for sale (Note 27)	**–**	151,292,085
Other current liabilities (Note 17)	**27,870,840**	24,346,824
Total Current Liabilities	**237,034,508**	375,293,800

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debts (Note 18)	**₱183,493,117**	₱179,714,166
Lease liabilities	**91,741,987**	75,922,764
Bonds payable (Note 18)	**13,683,694**	13,437,716
Deferred tax liabilities	**5,754,995**	5,484,349
Other noncurrent liabilities (Note 19)	**16,093,802**	17,325,406
Total Noncurrent Liabilities	**310,767,595**	291,884,401
Total Liabilities	**547,802,103**	667,178,201
Equity		
Equity attributable to equity holders of the Parent Company:		
Paid-up capital (Note 20)	**52,726,818**	52,726,818
Retained earnings (Note 20)	**275,539,451**	260,835,995
Equity reserve (Note 20)	**44,891,078**	40,847,939
Reserves of disposal group held for sale	**–**	(274,757)
Other comprehensive loss	**(5,941,609)**	(18,232,609)
	367,215,738	335,903,386
Non-controlling interests	**110,767,510**	109,175,435
Total Equity	**477,983,248**	445,078,821
	₱1,025,785,351	₱1,112,257,022

See accompanying Notes to Consolidated Financial Statements.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(In Thousands Except Per Share Amounts)

	Quarters Ended		Nine Months Ended	
	2024	2023 (As Restated-Note 27)	**2024**	2023 (As Restated-Note 27)
REVENUE				
Sale of goods and services:				
Foods	**₱38,137,013**	₱38,840,218	**₱118,884,729**	₱117,159,856
Air transportation	**23,092,420**	23,344,788	**74,531,743**	66,896,141
Real estate and hotels	**9,349,808**	9,839,787	**29,308,584**	28,257,813
Petrochemicals	**13,439,067**	11,239,182	**38,963,183**	25,455,268
Equity in net earnings of associates and joint ventures	**3,479,591**	3,249,454	**11,496,271**	9,866,898
Dividend income	**1,348,654**	1,276,348	**2,953,124**	2,801,471
Supplementary businesses	**267,064**	236,082	**817,623**	672,957
	89,113,617	88,025,859	**276,955,257**	251,110,404
COST OF SALES AND SERVICES	**65,144,392**	60,569,440	**193,992,483**	173,788,111
GROSS INCOME	**23,969,225**	27,456,419	**82,962,774**	77,322,293
OTHER OPERATING EXPENSES				
General and administrative expenses	**14,994,206**	14,379,455	**46,058,807**	41,016,086
Impairment losses and others	**140,085**	95,724	**290,444**	334,605
	15,134,291	14,475,179	**46,349,251**	41,350,691
OPERATING INCOME	**8,834,934**	12,981,240	**36,613,523**	35,971,602
OTHER INCOME (LOSSES)				
Financing costs and other charges:				
Financing and others	**(4,101,458)**	(3,355,729)	**(11,625,475)**	(9,700,005)
PFRS 16 Leases	**(1,059,382)**	(664,119)	**(2,794,402)**	(1,618,806)
Finance income	**518,722**	518,220	**1,464,081**	1,485,599
Foreign exchange gains (losses)	**597,468**	(1,182,695)	**353,916**	242,284
Market valuation gains (losses) on financial assets at fair value through profit or loss	**258,287**	8,475	**(1,760,602)**	315,860
Market valuation gains on derivative financial instruments	**–**	421,447	**–**	880,160
Others	**972,341**	213,110	**9,849,610**	286,002
INCOME BEFORE INCOME TAX	**6,020,912**	8,939,949	**32,100,651**	27,862,696
PROVISION FOR INCOME TAX	**613,078**	780,126	**3,756,520**	2,665,537
NET INCOME FROM CONTINUING OPERATIONS	**5,407,834**	8,159,823	**28,344,131**	25,197,159
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**54,925**	240,349	**(524,816)**	986,567
	₱5,462,759	₱8,400,172	**₱27,819,315**	₱26,183,726

	Quarters Ended		Nine Months Ended	
	2024	2023 (As Restated- Note 27)	**2024**	2023 (As Restated- Note 27)
NET INCOME ATTRIBUTABLE TO				
Equity holders of the Parent Company	**₱3,054,568**	₱4,998,884	**₱17,879,069**	₱15,375,259
Non-controlling interests	**2,408,191**	3,401,288	**9,940,246**	10,808,467
	₱5,462,759	₱8,400,172	**₱27,819,315**	₱26,183,726
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX				
Item that may be reclassified subsequently to profit or loss:				
Cumulative translation adjustments	**2,737,492**	(90,018)	**2,612,303**	(1,607,461)
Net gains (losses) on financial assets at FVOCI (debt securities)	**450,217**	(587,327)	**159,253**	(511,106)
Net losses from cash flow hedges	**66,004**	76,938	**35,319**	(97,601)
	3,253,713	(600,407)	**2,806,875**	(2,216,168)
Item that will not be reclassified subsequently to profit or loss:				
Net gains (losses) on financial assets at FVOCI (equity securities)	**4,311,558**	(3,321,111)	**11,042,346**	(3,326,753)
Remeasurement gains (losses) due to defined benefit liability, net of tax	**(107,531)**	(713)	**(168,594)**	151,081
Share in remeasurements of the net-defined benefit liability of associates	**(3,766)**	12,702	**(15,741)**	43,881
Share in net unrealized gains (losses) on FA at FVOCI of associates (equity securities)	**23,331**	3,361	**(969)**	(14,544)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**7,477,305**	(3,906,168)	**13,663,917**	(5,362,503)
TOTAL COMPREHENSIVE INCOME	**₱12,940,064**	₱4,494,004	**₱41,483,232**	₱20,821,223
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Equity holders of the Parent Company	**₱8,991,200**	₱ 1,160,449	**₱30,170,070**	₱10,799,584
Non-controlling interests	**3,968,864**	3,333,555	**11,313,162**	10,021,639
	₱12,960,064	₱4,494,004	**₱41,483,232**	₱20,821,223
Earnings Per Share Attributable to Equity Holders of the Parent Company				
Basic/diluted earnings per share (Note 23)	**₱0.41**	₱0.66	**₱2.38**	₱2.04

See accompanying Notes to Consolidated Financial Statements.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(With Comparative Unaudited Figures for the Nine Months Ended September 30, 2023)
(In Thousands)

	For the Nine Months Ended September 30, 2024 and 2023															
	Attributable to Equity Holders of the Parent Company															
	Paid-up Capital (Note 20)			Retained Earnings				Other Comprehensive Income								
	Capital Stock	Additional Paid-in Capital	Total Paid-up Capital	Unrestricted Retained Earnings	Restricted Retained Earnings	Total Retained Earnings	Equity Reserve (Note 20)	Cumulative Translation Adjustments	Net Unrealized Gains (Losses) on Financial Assets at FVOCI	Net Unrealized Losses on Cash Flow Hedge	Remeasurements of the Net Defined Benefit Liability	Total Other Comprehensive Income (Loss)	Reserves of Disposal Group Held for Sale (Note 27)	Total	Non-Controlling Interests	Total Equity
Balance at January 1, 2024	**₱7,562,984**	**₱45,163,834**	**₱52,726,818**	**₱142,551,666**	**₱118,284,329**	**₱260,835,995**	**₱40,847,939**	**₱292,472**	**(₱18,797,045)**	**₱244,232**	**₱27,732**	**(₱18,232,609)**	**(₱274,757)**	**₱335,903,386**	**₱109,175,435**	**₱445,078,821**
Total comprehensive income	–	–	–	**17,879,069**	–	**17,879,069**	–	**1,407,458**	**11,025,111**	**22,711**	**(164,280)**	**12,291,000**	–	**30,170,069**	**11,313,163**	**41,483,232**
Derecognition of disposal group held for sale	–	–	–	–	–	–	–	–	–	–	–	–	**274,757**	**274,757**	**(7,773,661)**	**(7,498,904)**
Cash dividends	–	–	–	**(3,175,613)**	–	**(3,175,613)**	–	–	–	–	–	–	–	**(3,175,613)**	**(6,273,396)**	**(9,449,009)**
Sale of equity interest in a subsidiary (by a subsidiary)	–	–	–	–	–	–	**4,263,063**	–	–	–	–	–	–	**4,263,063**	**3,904,796**	**8,167,859**
Increase in subsidiaries' treasury shares	–	–	–	–	–	–	**(542,085)**	–	–	–	–	–	–	**(542,085)**	**(1,521,870)**	**(2,063,955)**
Transaction between entities under common control	–	–	–	–	–	–	**191,556**	–	–	–	–	–	–	**191,556**	**149,329**	**340,885**
Change in non-controlling interest without loss of control	–	–	–	–	–	–	**(22,948)**	–	–	–	–	–	–	**(22,948)**	**38,314**	**15,366**
Issuance of shares by a subsidiary	–	–	–	–	–	–	**153,553**	–	–	–	–	–	–	**153,553**	**1,842,375**	**1,995,928**
Acquisition of new subsidary by a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**6,750**	**6,750**
Subsidiary's share-based payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**(93,725)**	**(93,725)**
Balance at September 30, 2024	**₱7,562,984**	**₱45,163,834**	**₱52,726,818**	**₱157,255,122**	**₱118,284,329**	**₱275,539,451**	**₱44,891,078**	**₱1,699,930**	**(₱7,771,934)**	**₱223,879**	**(₱136,548)**	**(₱5,941,609)**	**₱–**	**₱367,215,738**	**₱110,767,510**	**₱477,983,248**
Balance at January 1, 2023	**₱7,562,984**	**₱45,186,067**	**₱52,749,051**	**₱125,531,258**	**₱118,284,329**	**₱243,815,587**	**₱39,128,891**	**₱868,620**	**(₱17,985,729)**	**₱369,272**	**₱1,360,130**	**(₱15,387,707)**	**(₱373,833)**	**₱319,931,989**	**₱107,432,694**	**₱427,364,683**
Total comprehensive income	–	–	–	**15,375,259**	–	**15,375,259**	–	**(837,825)**	**(3,830,659)**	**(65,055)**	**157,864**	**(4,575,675)**	–	**10,799,584**	**10,021,639**	**20,821,223**
Reclassification to reserves of disposal group held for sale	–	–	–	–	–	–	–	**7,114**	**(10,860)**	–	**(1,936)**	**(5,682)**	**5,682**	–	–	–
Cash dividends	–	–	–	**(3,024,393)**	–	**(3,024,393)**	–	–	–	–	–	–	–	**(3,024,393)**	**(6,164,062)**	**(9,188,455)**
Change in non-controlling interest without loss of control	–	–	–	–	–	–	**210,262**	–	–	–	–	–	–	**210,262**	**(114,840)**	**95,422**
Increase in subsidiaries' treasury shares	–	**(5,223)**	**(5,223)**	–	–	–	**1,451,905**	–	–	–	–	–	–	**1,446,682**	**(4,560,409)**	**(3,113,727)**
Subsidiary's share-based payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**(11,934)**	**(11,934)**
Stock issue costs of subsidiaries	–	**(5,503)**	**(5,503)**	–	–	–	–	–	–	–	–	–	–	**(5,503)**		**(5,503)**
Balance at September 30, 2023	**₱7,562,984**	**₱45,175,341**	**₱52,738,325**	**₱137,882,124**	**₱118,284,329**	**₱256,166,453**	**₱40,791,058**	**₱37,909**	**(₱21,827,248)**	**₱304,217**	**₱1,516,058**	**(₱19,969,064)**	**(₱368,151)**	**₱329,358,621**	**₱106,603,088**	**₱435,961,709**

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
AS OF SEPTEMBER 30, 2024
(With Comparative Unaudited Figures as of September 30, 2023)
(In Thousands)

	Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	**₱32,100,651**	₱27,862,696
Income (loss) before income tax from discontinuing operations (Note 27)	**(523,784)**	1,223,190
Income before income tax	**31,576,867**	29,085,886
Adjustments for:		
Depreciation and amortization	**23,990,000**	21,550,856
Equity in net earnings of associates and joint ventures	**(11,496,271)**	(9,632,673)
Gain on a merger (Note 27)	**(7,933,064)**	–
Interest expense	**11,285,816**	9,339,414
Market valuation losses (gains) on financial assets fair value through profit or loss	**1,760,602**	(315,860)
Provision for asset retirement obligation (ARO) and heavy maintenance visits (HMV) (Note 19)	**3,354,839**	3,665,319
Dividend income	**(2,953,124)**	(2,808,158)
Interest income	**(1,473,533)**	(1,500,711)
Gain on sale and retirement of property, plant, and equipment	**(1,713,047)**	(429,235)
Provision for impairment losses	**613,441**	812,538
Foreign exchange gains	**(356,025)**	(496,975)
Market valuation gains on derivative financial instruments - net	**–**	(880,160)
Earned and expired portion of travel fund/deferred revenue on rewards program	**–**	(709,870)
Operating income before changes in working capital accounts	**46,656,501**	47,680,371
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Financial assets at fair value through profit or loss	**(1,767,584)**	(13,248)
Receivables	**1,885,393**	(50,762)
Inventories	**1,112,572**	(607,289)
Other current assets	**(5,221,175)**	(3,516,863)
Increase in the amounts of:		
Accounts payable and accrued expenses	**6,252,423**	7,504,085
Unearned revenue	**3,283,426**	2,659,661
Other current liabilities	**101,161**	799,007
Net cash generated from operations	**52,302,717**	54,454,962
Interest paid	**(12,043,523)**	(9,710,909)
Income taxes paid	**(3,891,424)**	(4,098,462)
Interest received	**1,401,489**	1,692,012
Net cash provided by operating activitiess	**37,769,259**	42,337,603

(Forward)

	Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment	**(₱38,280,035)**	(₱33,931,336)
Investment properties	**(6,604,841)**	(7,838,691)
Intangible assets	**(22,081)**	(172,149)
Refund of pre-delivery payments	**7,844,851**	6,119,936
Dividends received	**2,953,124**	2,808,158
Dividends received on investment in associates and joint ventures (Note 14)	**7,305,647**	6,596,951
Increase in other noncurrent assets	**(4,794,821)**	(1,834,988)
Proceeds from sale of property, plant and equipment	**9,584,946**	8,295,922
Net cash used in investing activities	**(22,013,210)**	(19,956,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from the sale of equity interest in a subsidiary (Notes 2 and 20)	**8,167,859**	–
Net availments (payments) of:		
Short-term debts	**7,582,155**	(30,049,329)
Long-term debts	**2,172,315**	5,230,744
Lease liabilities	**(10,497,514)**	(7,435,944)
Dividends paid on:		
Common shares	**(3,158,813)**	(3,008,393)
Preferred shares	**(16,800)**	(16,000)
Dividends paid to non-controlling interests	**(6,273,396)**	(6,164,062)
Decrease in the amounts of other noncurrent liabilities (Note 19)	**(3,161,605)**	(8,291,598)
Subsidiaries' purchase of treasury shares	**(2,063,955)**	(3,113,726)
Net cash used in financing activities	**(7,249,754)**	(52,848,308)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,506,295**	(30,466,902)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**37,944,177**	85,709,747
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱46,450,472**	₱55,242,845

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

JG Summit Holdings, Inc. ("JGSHI" or "the Parent Company"), was incorporated in the Philippines on November 23, 1990. The Parent Company was listed on the Philippine Stock Exchange in 1993. The registered office address of the Parent Company is at 43rd Floor, Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Pasig City, Metro Manila.

JGSHI is the ultimate parent of the JG Summit Group (the Group) and is a holding company with substantial business interests in branded consumer foods, agro-industrial and commodity food products, real estate and hotel, air transportation, banking and financial services, and petrochemicals. The Group also has core investments in telecommunications and power generation and distribution.

The Group conducts business throughout the Philippines, but primarily in and around Metro Manila where it is based. The Group also has branded food businesses in the Association of Southeast Asian Nations region and interests in property development businesses in Singapore.

The principal activities of the Group are further described in Note 6, *Segment Information*, to the consolidated financial statements.

2. **Summary of Significant AccountingPolicies**

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments that are measured at fair value, and certain biological assets and agricultural produce that are measured at fair value less estimated costs to sell.

The consolidated financial statements of the Group are presented in Philippine peso (₱), the functional currency of the Parent Company. All values are rounded to the nearest peso except when otherwise stated.

A summary of the functional currencies of certain foreign subsidiaries within the Group follows:

Subsidiaries	Country of Incorporation	Functional Currency
Parent Company		
JG Summit Philippines, Ltd. and Subsidiaries		
JG Summit Philippines, Ltd.	Cayman Islands	US Dollar
JGSH Philippines, Limited	British Virgin Islands	-do-
Telegraph Development, Ltd.	-do-	-do-
Summit Top Investment, Ltd.	-do-	-do-
JG Digital Equity Ventures and a Subsidiary		
JG Digital Capital Pte. Ltd.	Singapore	Singapore Dollar
JG Summit Capital Services Corp and Subsidiaries		
GoTyme Financial Pte. Ltd.	-do-	-do-

(Forward)

Subsidiaries	Country of Incorporation	Functional Currency
Universal Robina Corporation (URC) Group		
URC Asean Brands Co. Ltd. (UABCL)	British Virgin Islands	US Dollar
Hong Kong China Foods Co. Ltd. (HCFCL)	- do -	- do -
URC Oceania Company Limited (UOCL)	- do -	- do -
URC International Co. Ltd. (URCICL)	- do -	- do -
Shanghai Peggy Foods Co., Ltd.(Shanghai Peggy)	China	Chinese Renminbi
URC China Commercial Co. Ltd. (URCCCL)	- do -	- do -
Xiamen Tongan Pacific Food Co., Ltd.	- do -	- do -
Guangzhou Peggy Foods Co., Ltd.	- do -	- do -
Shantou SEZ Shanfu Foods Co., Ltd.	- do -	- do -
Jiangsu Acesfood Industrial Co., Ltd.	- do -	- do -
Shantou Peggy Co. Ltd.	- do -	- do -
URC Hong Kong Company Limited	Hong Kong	Hong Kong Dollar
PT URC Indonesia	Indonesia	Indonesian Rupiah
URC Snack Foods (Malaysia) Sdn. Bhd. (URC Malaysia)	Malaysia	Malaysian Ringgit
Ricellent Sdn. Bhd.	- do -	- do -
Crunchy Foods Sdn. Bhd (Malaysia)	- do -	- do -
Munchy Food Industries Sdn. Bhd	- do -	- do -
Munchworld Marketing Sdn Bhd	- do -	- do -
URC Foods (Singapore) Pte. Ltd.	Singapore	Singapore Dollar
Advanson International Pte. Ltd. (Advanson)	- do -	- do -
Pan Pacific Investments Co. Ltd. (PPICL)	- do -	- do -
URC Equity Ventures Pte. Ltd.	- do -	- do -
URC (Thailand) Co., Ltd.	Thailand	Thai Baht
Siam Pattanasin Co., Ltd.	- do -	- do -
URC (Myanmar) Co. Ltd.	Myanmar	Myanmar Kyat
URC Vietnam Co., Ltd.	Vietnam	Vietnam Dong
URC Hanoi Company Limited	- do -	- do -
URC Central Co. Ltd.	- do -	- do -
Robinsons Land Corporation (RLC) Group		
Robinsons (Cayman) Limited	Cayman Islands	US Dollar
RLC Resources Ltd	British Virgin Islands	-do-
Land Century Holdings, Ltd.	China	Hong Kong Dollar
World Century Enterprise Ltd.	-do-	-do-
First Capital Development, Ltd.	-do-	-do-
Chengdu Xin Yao Real Estate Development, Co. Ltd	-do-	Chinese Renminbi

Statement of Compliance

The unaudited interim consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic.

The interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting* and do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2023.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority owned subsidiaries:

Subsidiaries	Country of Incorporation	Principal Place of Business	Effective Percentage of Ownership 2024	2023
Food				
URC and Subsidiaries	Philippines*	8th floor Tera Tower Bridgetowne E. Rodriguez Jr., Ave (C5 Road) Ugong Norte, Quezon City	**56.43**	55.93
CFC Corporation	-do-	-do-	**56.43**	55.93
Bio-Resource Power Generation Corporation	-do-	Manjuyod, Negros Oriental	**56.43**	55.93
Nissin-URC	-do-	CFC Bldg., E. Rodriguez Jr. Ave., Bagong Ilog, Pasig City	**28.78****	28.52**
Green Recovery, Incorporated (GRI)	-do-	Block 3 Warehouse No. 4 Baliwag Industrial Subdivision Tarcan 3006 City of Baliwag, Bulacan Philippines	**42.32****	–
URC Snack Ventures Inc.(USVI) (formerly, Calbee-URC, Inc. (CURCI))	-do-	8th floor Tera Tower Bridgetowne E. Rodriguez Jr., Ave (C5 Road) Ugong Norte, Quezon City	**–**	55.93
URC Beverage Ventures Inc. (UBVI) (formerly, Hunt-URC (HURC))	-do-	-do-	**56.43**	55.93
URC Philippines, Limited (URCPL)	British Virgin Islands	Offshore Incorporations Limited, P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	**56.43**	59.93
URC International Co. Ltd. (URCICL) and Subsidiaries	-do-	-do-	**56.43**	55.93
Universal Robina (Cayman), Ltd. (URCL)	Cayman Islands	Maples and Calder, P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands, British West Indies	–	55.93
URC China Commercial Co., Ltd.	China	318 Shangcheng Road, Room 1417 Lian You Bldg., Pudong, Shanghai, China	**56.43**	55.93
Najalin Agri-Ventures, Inc. (NAVI)	Philippines	CAC Compound, La Carlota City, Negros Occidental	**54.07****	53.59**
Air Transportation				
CP Air Holdings, Inc. (CPAHI) and Subsidiaries	Philippines	2nd Floor, Doña Juanita Marquez Lim Building, Osmeña Boulevard, Cebu City	**100.00**	100.00
Cebu Air, Inc. (CAI) and Subsidiaries	-do-	-do-	**65.24**	65.50
CEBGO, Inc. (CEBGO)	-do-	AO-08-09 Mezzanine Level, Passenger Terminal Building, Clark International Airport, Clark Freeport Zone, Pampanga	**65.24**	65.50
Aviation Partnership (Philippines) Corp	-do-	3rd Floor Aviation Partnership Philippines Bldg. 8006 Domestic Road Pasay City	**100.00**	100.00
Real Estate and Hotels				
RLC and Subsidiaries	Philippines	43rd Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City	**65.47**	65.44
Robinson's Inn, Inc.	-do-	-do-	**65.47**	65.44
RL Commercial REIT, Inc. (RCR) (formerly Robinsons Realty and Management Corporation)	-do-	-do-	**43.15****	42.87**
Robinsons (Cayman) Limited	Cayman Islands	Maples and Calder, P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands	**65.47**	65.44
Robinsons Properties Marketing and Management Corporation	Philippines	43rd Floor, Robinsons Equitable Tower, ADB Avenue, Artigas Center, Pasig City	**65.47**	65.44
Manhattan Buildings and Management Corp	-do-	-do-	**65.47**	65.44
Altus Angeles, Inc.	-do-	McArthur Highway, Balisage, Angeles City, Pampanga	**33.39****	33.06**

(Forward)

Subsidiaries	Country of Incorporation	Principal Place of Business	Effective Percentage of Ownership **2024**	2023
Go Hotels Davao, Inc.	Philippines	43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	**33.39****	33.06**
RLC Resources Ltd	British Virgin Islands	Offshore Incorporations Centre, 2nd Floor, Nagico Building 139 Main Street, Tortola	**65.47**	65.44
Land Century Holdings, Ltd.	Hong Kong	Unit A, 14th Floor, Wing Shan Industrial Building No.428 Cha Kwo Ling Road Yau Tong, Kowloon	**65.47**	65.44
World Century Enterprise Ltd.	-do-	Flat/RM, C&D 18/F Monterey Plaza 15 Chong YIP Street, Kwun Tong, Kowloon	**65.47**	65.44
First Capital Development, Ltd	-do-	Flat/RM, A 14/F Wing Shan Industrial Building 428 Cha Kwo Ling Road, Yau Tong	**65.47**	65.44
Chengdu Xin Yao Real Estate Development Co. Ltd.	China	Banbianjie Community, Jitou Street, Wuhou District, Chengdu	**65.47**	65.44
Bacoor R and F Land Corporation (BRFLC)	Philippines	Unit 3202, 32F Robinsons Equitable Tower, ADB Avenue cor. Poveda Road, San Antonio Pasig City	**45.83****	45.37**
Bonifacio Property Ventures, Inc.	-do-	Lower Ground Floor, Cyber Sigma Building, Lawton Avenue, Fort Bonifacio, Taguig City	**65.47**	65.44
Altus Mall Ventures, Inc.	-do-	Level 2 Galleria Corporate Center, EDSA cor. Ortigas Avenue, Quezon City	**65.47**	65.44
RLGB Land Corporation (RLGB)	-do-	Level 2 Galleria Corporate Center EDSA cor. Ortigas Avenue Ugong Norte Quezon City	**65.47**	65.44
Robinsons Logistix and Industrials, Inc. (RLII)	-do-	Level 2 Galleria Corporate Center EDSA cor. Ortigas Avenue Ugong Norte Quezon City	**65.47**	65.44
RL Property Management, Inc. (RLPMI)	-do-	11F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City	**65.47**	65.44
RL Fund Management, Inc. (RLFMI)	-do-	14F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City	**65.47**	65.44
Malldash Corp.	-do-	11F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City	**65.47**	65.44
Staten Property Management, Inc.	-do-	27F Galleria Corporate Center, EDSA cor. Ortigas Avenue, Quezon City	**65.47**	65.44
RL Digital Ventures, Inc.	-do-	14F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Ortigas Center, Pasig City,	**65.47**	65.44
Altus Property Ventures, Inc. (APVI)	-do-	Brgy. 1 San Francisco, San Nicolas, Ilocos Norte	**64.97**	64.97
Petrochemicals				
JG Summit Olefins Corporation (JGSOC)	Philippines	9th Floor, Robinsons Cyberscape Gamma Bldg., Topaz and Ruby Roads, Ortigas Center, Pasig City	**100.00**	100.00
Peak Fuel Corporation	-do-	10th Floor Robinsons Cybergate Gamma, Bldg., Topaz and Ruby Roads, Ortigas Center, Pasig City	**100.00**	100.00
JGSOC Philippines Limited	British Virgin Islands	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	**100.00**	100.00
Banking				
Robinsons Bank Corporation (RBC) and a Subsidiary***	Philippines	17th floor, Galleria Corporate Center EDSA corner Ortigas Avenue, Quezon City	**–**	60.00
Legazpi Savings Bank, Inc. (LSB)	-do-	Rizal Street, Barangay Sagpon, Albay, Legazpi City	**–**	60.00
Supplementary Businesses				
Data Analytics Ventures, Inc. (DAVI)	-do-	37F Cyberscape Gamma Topaz and Ruby Roads Ortigas Center, Pasig City	**44.37****	44.47**
JG Digital Equity Ventures (JG DEV) and a Subsidiary	-do-	37F Cyberscape Gamma Topaz and Ruby Roads Ortigas Center, Pasig City	**100.00**	100.00
JG Digital Capital Pte. Ltd. (JDCPL)	Singapore	168 Tagore Lane Singapore	**100.00**	100.00
JG Summit Capital Services Corp (JGSCSC) and Subsidiaries	Philippines	40th Floor, Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	**100.00**	100.00
JG Summit Capital Markets Corporation (JGSMC)	-do-	-do-	**100.00**	100.00
Summit Internet Investments, Inc.	-do-	-do-	**100.00**	100.00
GoTyme Financial Pte. Ltd. (GTFPL) and a Subsidiary	Singapore	328 North Bridge Road #02-20 Raffles Shopping Arcade, Singapore	**51.00**	51.00
Uploan Asia Pte. Ltd.(UAPL) and Subsidiaries	-do-	72 Circular Road, #02-01 Singapore 049426.	**51.00**	–
New Cross Credit and Financing Gate PH Inc. (NCCFG)	Philippines	12F Armstrong Corporate Centre, 134 H.V. Dela Costa St. Salcedo Village, Bel-Air, Makati City	**51.00**	–
SAVii New Cross Technology Private Limited (SNCTPL)	India	WeWork DLF Forum, Cybercity, Phase III, Gurugram, Haryana 122002	**51.00**	–

(Forward)

Subsidiaries	Country of Incorporation	Principal Place of Business	Effective Percentage of Ownership 2024	2023
JG Summit Cayman, Ltd. (JGSCL)	Cayman Islands	Maples and Calder, P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands	**–**	100.00
JG Summit Philippines Ltd. (JGSPL) and Subsidiaries	-do-	-do-	**100.00**	100.00
JGSH Philippines, Limited (JGSHPL)	British Virgin Islands	Offshore Incorporations Limited, P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	**100.00**	100.00
Telegraph Developments, Ltd.	-do-	-do-	**100.00**	100.00
Summit Top Investments, Ltd.	-do-	-do-	**100.00**	100.00
Unicon Insurance Brokers Corporation (UIBC)	Philippines	25F Robinsons Equitable Tower, ADB Ave. corner Poveda St., San Antonio, Pasig City	**60.00**	93.12
JG Summit Infrastructure Holdings Corporation	-do-	43rd Floor Robinsons Equitable Tower, ADB avenue, Corner Poveda Road, Pasig City	**100.00**	100.00
Merbau Corporation	-do-	Ground floor Cybergate Tower 1 Edsa cor Pioneer St. Mandaluyong City	**100.00**	100.00
Batangas Agro-Industrial Development Corporation (BAID) and Subsidiaries	-do-	43rd Floor, Robinsons Equitable Tower ADB Avenue corner Poveda St., Ortigas Center, Pasig City	**100.00**	100.00
Fruits of the East, Inc.	-do-	-do-	**100.00**	100.00
Hometel Integrated Management Corporation	-do-	5th Floor, Citibank Center Bldg., Paseo De Roxas, Makati	**100.00**	100.00
King Leader Philippines, Inc.	-do-	43rd Floor, Robinsons Equitable Tower ADB Avenue corner Poveda St., Ortigas Center, Pasig City	**100.00**	100.00
Tropical Aqua Resources	-do-	-do-	**100.00**	100.00
United Philippines Oil Trading, Inc.	-do-	-do-	**100.00**	100.00
Samar Commodities Trading and Industrial Corporation	-do-	5th Floor, Citibank Center Bldg., 8741 Paseo De Roxas, Makati	**100.00**	100.00

* *Certain subsidiaries are located in other countries, such as China, Malaysia, Singapore, Thailand, Vietnam, Hongkong etc.*
** *These are majority-owned subsidiaries of the Parent Company's directly-owned subsidiaries.*
****RBC and Subsidiaries were classified as disposal group held for sale due to the planned merger with BPI (Note 27).*

URC and GRI Joint Venture
On December 18, 2023, URC entered into a joint venture agreement with Greencycle Innovative Solutions, Inc., a corporation duly organized in Philippines to form Green Recovery, Incorporated (GRI), a corporation duly incorporated and organized in the Philippines for waste management which includes collection, treatment, recovery, and processing of plastic wastes.

On July 8, 2024, the Board of Directors (BOD) approved the initial subscription of URC to the unissued authorized capital stock of GRI consisting of 20,250,000 common shares for a total cost of ₱20.3 million.

Acquisition of UAPL and Subsidiaries
On June 28, 2024, GTFPL acquired UAPL and Subsidiaries, a leading fintech salary/payroll lender in the Philippines that operates as Savii .

JGSCL and JGSPL Merger
On June 25, 2024, the merger between JGCSL and JGSPL became effective, with JGSPL as the surviving entity.

RLC's Sale of RCR shares
On April 5, 2024, RLC sold a total of 1,725,995,000 RCR shares at a transaction price of ₱4.92 per share. With this block placement, the public float of RCR increased to 49.95% from 33.86%. This placement enables RCR to acquire accretive assets from RLC's diverse pipeline of investment properties.

URCL ad URCICL Merger
On March 25, 2024, the BOD approved the plan to merge URCL into URCICL. Subsequently, on June 25, 2024, the BOD approved the Plan of Merger and Articles of Merger, with the merger becoming effective on June 26, 2024. Both companies, incorporated under Cayman and BVI laws, received the necessary approvals to proceed with the merger.

USVI's declaration of liquidating dividends approval
On April 25, 2024, the BOD of USVI approved the declaration of a liquidating dividend to the URC Parent Company amounting to ₱672.0 million, which was paid on May 6, 2024. This distribution is part of USVI's liquidation process and represents a return of capital to the URC Parent Company.

USVI and UBVI application to shorten corporate terms
On March 18, 2024, USVI applied to the Philippine SEC to shorten its corporate term from 30 years to 9 years and 11 months, to end on March 29, 2024. On the same date, UBVI applied to SEC to shorten its corporate term from 50 years to 40 years and 6 months, to end on March 27, 2024. As of September 30, 2024, SEC has not yet approved said applications.

Investment in GTFPL
In December 2023, JGSCSC invested a total of ₱169.7 million equivalent to 51.0 million common shares and 168.9 million preferred shares of GTFPL. Total additional investment in 2024 amounted to ₱994 million equivalent to 500.0 million preferred shares of GFTPL. As of September 30, 2024, total investment of JGSCSC to GTFPL amounted to ₱1.2 billion equivalent to 51.0 million common shares and 668.4 million preferred shares of GTFPL.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and

- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in profit or loss in the consolidated statement of comprehensive income.

<u>Business Combinations</u>
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss in the consolidated statement of comprehensive income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant PFRS. Changes in the fair value of contingent consideration classified as equity are not recognized.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known, would have effected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

If the business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (the date the Group attains control) and the resulting gain or loss, if any, is recognized in profit or loss in the consolidated statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss in the consolidated statement of comprehensive income, where such treatment would be appropriate if that interest were disposed of.

Goodwill

Goodwill arising on the acquisition of a subsidiary is recognized as an asset at the date the control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held interest, if any, in the entity over the net fair value of the identifiable net assets recognized.

If after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest, if any, the excess is recognized immediately in profit or loss in the consolidated statement of comprehensive income as a bargain purchase gain.

Goodwill is not amortized, but is reviewed for impairment at least annually. Any impairment loss is recognized immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial years, except that the Group has adopted the following PFRSs and Philippine Accounting Standards (PAS) and Philippine Interpretations beginning January 1, 2024. Unless otherwise indicated, the adoption of the new and amended standards and interpretations did not have any impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the ROU use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Material Accounting Policy Information

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement
For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Foreign Currency Translation

The Group's consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities in their respective functional currencies at the foreign exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated using the closing foreign exchange rate prevailing at the reporting date. All differences are charged to profit or loss in the consolidated statement of comprehensive income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in statement of income.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

As of reporting date, the assets and liabilities of foreign subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and their respective income and expenses are translated at the monthly weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation shall be recognized in profit or loss.

Cash and Cash Equivalents

Cash represents cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the dates of placement, and that are subject to an insignificant risk of changes in value.

Restricted cash
Restricted cash are cash in bank set aside as security for letters of credit issued to aircraft lessors and held at separate escrow account for the purchase of land properties. The nature of restriction is assessed by the Group to determine its eligibility to be classified as cash and cash equivalents. The Group classifies restricted cash as current and noncurrent assets depending on the tenure of the restriction.

Financial Instruments - Classification and Measurement

Initial recognition and measurement of financial assets
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

Contractual cash flows characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding. Instruments that do not pass this test are automatically classified at fair value through profit or loss. In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

Business model
The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, rather it refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the portfolio and the financial assets held within that portfolio are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the portfolio (and the financial assets held within that portfolio) and how these risks

are managed and how managers of the business are compensated.

Subsequent measurement of financial assets
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVPL.

Financial assets at FVOCI
Financial assets at FVOCI include debt and equity securities. After initial measurement, investment securities at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of financial assets at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the statements of comprehensive income as 'Net gains (losses) on financial assets at FVOCI'.

Debt securities at FVOCI are those that meet both of the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of restatements on foreign currency-denominated debt securities at FVOCI, is reported in the consolidated statements of comprehensive income. Interest earned on holding debt securities at debt securities at FVOCI are reported as interest income using the EIR method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the consolidated statements of comprehensive income is recognized in profit or loss. The expected credit losses (ECL) arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Impairment losses and others' in the consolidated statements of comprehensive income.

Equity securities designated at FVOCI are those that the Group made an irrevocable election to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the consolidated statements of comprehensive income as 'Dividend income' when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statements of comprehensive income is reclassified to 'Retained earnings' or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Financial assets at FVPL
Financial assets are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity and debt investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the profit or loss in the statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of debt instruments classified as FVOCI and investments securities at amortized cost.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated financial assets at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Derivative Financial Instruments
Derivative financial instruments, including bifurcated embedded derivatives, are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group's derivative instruments provide economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a nonderivative host contract with the effect that some of the cashflows of the combined instrument vary, in a way similar to a stand-alone derivative. The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

a. the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
b. a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
c. the hybrid or combined instrument is not recognized as at FVPL.

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flows on the contract.

The Group's bifurcated embedded derivatives pertain to options arising from the CAI's convertible bonds payable.

Hedge Accounting
The Group uses derivative financial instruments such as jet fuel/sing kero and brent crude swaps and zero cost collars and crack swap contracts to manage its exposure to fuel price fluctuations and forward contracts for the risk associated with foreign currency and interest rate swap to manage the volatilities on swap rates causing uncertainty on monthly rent of the aircraft. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes Group's risk management strategies and objectives focusing on the hedged risks, identification of the hedging instrument, the hedged item, and the nature of the risks being hedged and the Group's assessment on whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrument is recognized in the consolidated statement of comprehensive income as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of comprehensive income as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately under 'Market valuation gains (losses) on derivative financial instruments' in the consolidated statement of

comprehensive income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of comprehensive income.

Derivatives not Designated as Hedging Instruments
Derivative financial instruments previously designated in hedging relationships that have been subsequently discontinued, either fully or partially, were recognized as financial assets or liabilities at FVPL in the consolidated statement of financial position. Hedge accounting is discontinued under the following circumstances:

- Risk management objectives were updated or modified;
- Economic relationship between the hedge item and hedging instrument was subsequently assessed to be non-existing;
- Effect of credit risk dominates the value changes of the hedging relationship upon performing subsequent effectiveness testing; and
- Forecasted underlying or hedged item is no longer highly probable to occur.

Discontinuation of hedge accounting is applied prospectively upon determination that the forecasted cash flow is no longer highly probable, even if still expected to occur. Amounts accumulated in the cash flow hedge reserve remain recognized separately in equity until the forecasted transaction occurs if the loss is recoverable.

When discontinuation of hedge accounting arises due to hedged future cash flows are no longer expected to occur, amounts accumulated in the cash flow hedge reserve are immediately reclassified to profit or loss under 'Market valuation gains (losses) on derivative financial instruments' in the consolidated statement of comprehensive income. Any subsequent changes in the fair value of these derivative financial instruments are recognized under 'Market valuation gains (losses) on derivative financial instruments' in the consolidated statement of comprehensive income and are presented net.

Derivatives that do not meet the hedge accounting criteria are treated as economic hedges and not designated in hedging relationships.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered SPPI

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10.00% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new ' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

Initial recognition and measurement of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, derivatives designated as hedging instruments in an effective hedge, or other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income. Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Other financial liabilities
This category pertains to the Group’s interest-bearing loans and borrowing and payables. After initial recognition, these other financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10.00% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10.00% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Reclassifications of financial instruments
The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

<u>Impairment of financial assets</u>
The Group recognizes an allowance for ECL for all debt instruments not classified as FVPL. ECLs represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

Staging assessment
PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The Group recognizes a 12-month ECL for Stage 1 financial instruments. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.
- Stage 2 is comprised of all financial instruments which have experienced a SICR since initial recognition. The Group recognizes a lifetime ECL for Stage 2 financial instruments. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For credit-impaired financial instruments:

- Stage 3 is comprised of all financial assets that have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Group recognizes a lifetime ECL for Stage 3 financial instruments.

Definition of "default" and "restored"
The Group eventually classifies a financial instrument as in default when it is credit impaired, or becomes past due on its contractual payments for more than 90 days. As part of a qualitative assessment of whether a customer is in default, the Group considers a variety of instances that may indicate unlikeliness to pay. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted.

An instrument is considered to be no longer in default (i.e. restored) if there is sufficient evidence to support that full collection is probable and payments are received for at least six months.

Credit risk at initial recognition
The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

Significant increase in credit risk
The assessment of whether there has been a SICR is based on an increase in the probability of a default occurring since initial recognition. The SICR criteria vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. For exposures without internal credit grades, if contractual payments are more than a specified days past due threshold, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL.

ECL parameters and methodologies
ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating

forward-looking economic information and through the use of experienced credit judgment.

The PD is an estimate of the likelihood of default over a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as GDP growth, exchange rate, interest rate, inflation rate and other economic indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group applied the standard’s simplified approach for the trade receivables and contract assets where ECLs are calculated based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk of these receivables, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For the Real estate and hotels segment’s installment contract and contract assets, the vintage analysis approach is used. This method accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period. The Group has established a provision matrix that is based on its historical credit loss experience , adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, short-term investments and debt securities, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group’s policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor’s (S&P), Moody’s and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Debt instruments measured at fair value through OCI
The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statements of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets are measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon

derecognition of the assets.

Write-off of Financial Assets
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows (e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the Group has effectively exhausted all collection efforts).

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business of default, and event of solvency or bankruptcy of the Group and all of the counterparties.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt, if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Debt Issuance Costs
Debt issue costs are amortized using the effective interest method. The unamortized debt issuance costs are offset against the related carrying value of the loan of the Group's statement of financial position. When a loan is paid, the related unamortized debt issuance costs at the date of repayment are charged against current operations.

Inventories
Inventories, including work-in-process, are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV for materials, spare parts and other supplies represents the related replacement costs. In determining the NRV, the Group deducts from cost 100.0% of the carrying value of slow-moving items and nonmoving items for more than one year.

When inventories are sold, the carrying amounts of those inventories are recognized under 'Cost of sales and services' in profit or loss in the period when the related revenue is recognized.

Some inventories may be allocated to other asset accounts, for example, inventory used as a component of a self-constructed property, plant or equipment. Inventories allocated to another asset in this way are recognized as an expense during the useful life of that asset.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Finished goods, work-in-process, raw materials and packaging materials

a. *Petrochemicals*
   Cost is determined using the moving average costing method. Cost of finished goods and work-in-process includes direct materials and labor and a proportion of manufacturing overhead costs based on actual goods processed and produced.

b. *Branded consumer foods, agro-industrial and commodity food products*
   Cost is determined using the weighted average method. Under the weighted average costing method, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period. Cost of finished goods and work-in-process include direct materials and labor and a proportion of manufacturing overhead costs based on actual goods processed and produced, but excluding borrowing costs.

Subdivision land and condominium and residential units for sale
Subdivision land, condominium and residential units for sale in the ordinary course of business are carried at the lower of cost and NRV. Cost includes land costs, costs incurred for development and improvement of the properties and borrowing costs on loans directly attributable to the projects which were capitalized during construction.

NRV is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale.

The cost of inventory recognized in the consolidated statement of comprehensive income is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Factory supplies and spare parts
Cost is determined using the weighted average method.

<u>Biological Assets</u>
The biological assets of the Group are divided into two major categories with sub-categories as follows:

Swine livestock	-	Breeders (livestock bearer)
	-	Sucklings (breeders' offspring)
	-	Weanlings (comes from sucklings intended to be breeders or to be sold as fatteners)
	-	Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat)
Poultry livestock	-	Breeders (livestock bearer)
	-	Chicks (breeders' offspring intended to be sold as breeders)

Biological assets are measured on initial recognition and at each reporting date at its fair value less estimated costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

Agricultural produce is the harvested product of the Group's biological assets. A harvest occurs when agricultural produce is either detached from the bearer biological asset or when a biological asset's life processes cease. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated costs to sell is recognized in the consolidated statement of income in the period in which it arises. The agricultural produce in swine livestock is the suckling that transforms into weanling then into fatteners/finishers, while the agricultural produce in poultry livestock is the hatched chick and table eggs.

A gain or loss on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset are included in the consolidated statement of income in the period in which it arises.

Assets and Disposal Groups Held for Sale

The Group classifies assets and disposal groups as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, and its sale must be highly probable.

For the sale to be highly probable, (a) an appropriate level of management must be committed to a plan to sell the asset, (b) an active program must have been initiated, (c) the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value, (d) the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and (e) actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Asset and disposal groups classified as held for sale are measured at the lower of their previous carrying amount, net of any impairment, and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

In circumstances where certain events have extended the period to complete the sale of a disposal group beyond one year, the disposal group continues to be classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the disposal group. Otherwise, if the criteria for classification of a disposal group as held for sale are no longer met, the Group ceases to classify the disposal group as held for sale.

Initial and subsequent measurement

Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amount of the asset (or all the assets and liabilities of the disposal group) shall be measured in accordance with applicable standards.

An entity shall present a disposal group held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. These assets and liabilities shall not be offset and presented as a single amount.

Assets and disposal groups held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the assets held for sale to the extent that these have not been previously recognized at initial recognition. Reversals of impairment losses for any subsequent increases in fair value less cost to sell of the assets held for sale are recognized as a gain, but not in excess of the cumulative impairment loss that has been previously recognized. Liabilities directly related to assets held for sale are measured at their expected settlement amounts.

Discontinued Operation
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to a separate major line of business or geographical area of operations , or
- is a subsidiary acquired exclusively with view to resale.

The related results of operations and cash flows of the disposal group that qualify as discontinued operations are separated from the results of those that would be recovered principally through continuing use, and the prior years' profit or loss in the consolidated statement of comprehensive income and consolidated statement of cash flows are re-presented. Results of operations and cash flows of the disposal group that qualify as discontinued operations are presented in profit or loss in the consolidated statement of comprehensive income and consolidated statement of cash flows as items associated with discontinued operations.

Additional disclosures are provided in Note 27. All other notes to the consolidated financial statements include amounts of disposal group, unless otherwise mentioned.

Investments in Associates and Joint Ventures
Associates pertain to all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. In the consolidated financial statements, investment in associates is accounted for under the equity method of accounting.

The Group also has interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

The Group's investments in its associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investments in associates and joint ventures are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associates and joint ventures. The consolidated statement of comprehensive income reflects the share of the results of operations of the associates and joint ventures. Where there has been a change recognized in the investees' other comprehensive income, the Group recognizes its share of any changes and discloses this, when applicable, in the other comprehensive income. Profits and losses arising from transactions between the Group and the associate are eliminated to the extent of the interest in the associates and joint ventures.

The Group's investments in certain associates and joint ventures include goodwill on acquisition, less any impairment in value. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not amortized.

Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used in line with those used by the Group.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Property, Plant and Equipment

Property, plant and equipment, except land which is stated at cost less any impairment in value, are carried at cost less accumulated depreciation, amortization and impairment loss, if any.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes: (a) interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction; and (b) ARO relating to property, plant and equipment installed/constructed on leased properties or leased aircraft.

Subsequent replacement costs of parts of property, plant and equipment are capitalized when the recognition criteria are met. Significant refurbishments and improvements are capitalized when it can be clearly demonstrated that the expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond the originally assessed standard of performance. Costs of repairs and maintenance are charged as expense when incurred.

Foreign exchange differentials arising from the acquisition of property, plant and equipment are charged against profit or loss in the consolidated statement of comprehensive income and are no longer capitalized.

Depreciation and amortization of property, plant and equipment commences once the property, plant and equipment are available for use, and are computed using the straight-line method over the EUL of the assets, regardless of utilization.

The EUL of property, plant and equipment of the Group follow:

	EUL
Land improvements	5 to 40 years
Buildings and improvements	10 to 50 years
Machinery and equipment	4 to 50 years
Leasehold improvements	15 years or the lease term, whichever is shorter
Passenger aircraft	15 years
Other flight equipment	3 to 5 years
Transportation, furnishing and other equipment	3 to 5 years

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Any change in the expected residual values, useful lives and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

CIP is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are reclassified to a specific category of property, plant and equipment when the construction and other related activities necessary to prepare the properties for their intended use are completed and the properties are available for use.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Group).

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the consolidated statement of comprehensive income, in the year the item is derecognized.

Borrowing Costs
Interest and other finance costs incurred during the construction period on borrowings used to finance property development are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress, and expenditures and borrowing costs are being incurred. The capitalization of these borrowing costs ceases when substantially all the activities necessary to prepare the asset for sale or its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on the applicable weighted average borrowing rate for general borrowings. For specific borrowings, all borrowing costs are eligible for capitalization.

Borrowing costs which do not qualify for capitalization are expensed as incurred.

Interest expense on loans is recognized using the effective interest method over the term of the loans.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and those which are not occupied by entities in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and impairment loss, if any. Land is carried at cost less impairment loss, if any. Investment properties are measured initially at cost, including transaction costs. Transaction costs represent nonrefundable taxes such as capital gains tax and documentary stamp tax that are for the account of the Group. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are classified under investment properties upon: a) entry of judgment in case of judicial foreclosure; b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or c) notarization of the Deed of Dacion in case of dation in payment (dacion en pago).

The Group's investment properties are depreciated using the straight-line method over their estimated useful lives (EUL) as follows:

	EUL
Land improvements	8 to 20 years
Buildings and improvements	10 to 30 years

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under 'Property, plant and equipment' up to the date of change in use.

Construction in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are completed and put into operational use.

Goodwill

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment loss. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see Impairment of Nonfinancial Assets).

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

Intangible assets (other than goodwill) acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the acquisition date. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and impairment loss, if any.

The EUL of intangible assets are assessed to be either finite or indefinite.

The useful lives of intangible assets with finite lives are assessed at the individual asset level.

Intangible assets with finite lives are amortized on a straight-line basis over their useful lives.

The period and the method of amortization of an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized under 'Cost of sales and services' and 'General and administrative expenses' in profit or loss in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset. Intangible assets with finite lives are assessed for impairment, whenever there is an indication that the intangible assets may be impaired.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level (see further discussion under Impairment of Nonfinancial Assets). Such intangibles are not amortized. The intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If the indefinite useful life is no longer appropriate, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Costs incurred to acquire computer software (which are not an integral part of its related hardware) and costs to bring it to its intended use are capitalized as intangible assets. Costs directly associated with the development of identifiable computer software that generate expected future benefits to the Group are also recognized as intangible assets. All other costs of developing and maintaining computer software programs are recognized as expense when incurred.

A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in profit or loss in the consolidated statement of comprehensive income when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets follows:

	Technology Licenses	Licenses	Product Formulation and Brands	Software Costs	Customer Relationship	Trademarks
EUL	Finite (12 to 13.75 years)	Indefinite	Indefinite	Finite (5 to 10 years)	Finite (35 years)	Finite (4 years)
Amortization method used	Amortized on a straight-line basis over the EUL of the license	No amortization	No amortization	Amortized on a straight-line basis over the EUL of the software cost	Straight line amortization	Straight line amortization
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired	Acquired	Acquired

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's 'Investments in associates and joint ventures', 'Property, plant and equipment', 'Investment properties', 'Right-of-Use (ROU) assets', 'Goodwill', 'Intangible assets', and 'Biological assets'.

Except for goodwill and intangible assets with indefinite lives which are tested for impairment annually, the Group assesses at each reporting date whether there is an indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value-in-use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written-down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

Impairment losses or reversal of impairment losses from continuing operations are recognized under 'Provision for (reversal of) impairment losses and others' in profit or loss in the statement of comprehensive income.

The following criteria are also applied in assessing impairment of specific assets:

Property, plant and equipment, investment properties, ROU assets, and intangible assets with definite useful lives and costs
For property, plant and equipment, investment properties, ROU assets, and intangible assets with definite useful lives, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the consolidated statement of comprehensive income. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group performs its impairment test of goodwill every reporting date.

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investments in associates and joint ventures. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount under 'Impairment losses and others' in profit or loss.

Intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are tested for impairment annually as of year-end either individually or at the cash-generating unit level, as appropriate.

Member Redemption Liability
The Group operates a reward program that issues loyalty points to its members for purchases made at any participating partner establishment that can be redeemed against any future purchases, subject to a minimum number of points obtained. The Group receives the cost per points issued (CPP) and service fees from the participating partner establishments based on agreed terms and conditions upon issuance of points to program members. The CPP of outstanding issued and unredeemed points are recognized as 'Membership redemption liability' and is presented under 'noncurrent liabilities' in the statement of financial position while the service fees are recognized as 'Revenues' in the statement of comprehensive income.

Equity
Common and preferred stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as 'Additional paid-in capital' in the consolidated statement of changes in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings represent the cumulative balance of periodic net income/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Treasury Shares
Treasury shares are recorded at cost and are presented as a deduction from equity. When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. No gain or loss is recognized in profit or on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Material Accounting Policy Information Generally Applicable to Foods, Agro-Industrial and Commodities and Petrochemicals

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Sales of goods and services
Revenue from sale of goods and services is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and services. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods and services, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception using the expected value method and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods and services provide customers with a right to return the goods within a specific period.

Sale of sugar and molasses
Sale of raw sugar is recognized upon (a) endorsement and transfer of quedans for quedan-based sales and (b) shipment or delivery and acceptance by the customers for physical sugar sales. Sale of refined sugar and alcohol is recognized upon shipment or delivery to the customers. Sale of molasses is recognized upon (a) surrendering of molasses certificates (warehouse receipts for molasses) or (b) delivery and acceptance by the customer for physical molasses, whichever comes first.

Rendering of tolling services
Revenue derived from tolling activities is recognized as revenue at a point in time when the related services have been rendered.

Material Accounting Policy Information Generally Applicable to Air Transportation

<u>Revenue Recognition</u>
Revenue from contracts with passengers and cargo customers, and any related revenue from services incidental to the transportation of passengers, is recognized when carriage is provided or when the passenger is lifted in exchange for an amount that reflects the consideration to which the Group expects to be entitled to.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of air transportation services
Passenger ticket and cargo waybill sales are initially recorded as contract liabilities under 'Unearned transportation revenue' account in the consolidated statement of financial position until earned and recognized under 'Revenue' account in the consolidated statement of comprehensive income when carriage is provided or when the passenger is lifted or flown.

Flight and booking services
Revenue from services incidental to the transportation of passengers such as excess baggage, inflight sales and rebooking and website administration fees are initially recognized as contract liabilities under 'Unearned transportation revenue' account in the consolidated statement of financial position until the services are rendered.

Revenue from estimated breakage (expiration) of unused travel funds
Travel fund is a virtual wallet that can be used as a form of payment for booking new flights and purchasing add-ons. Travel fund is offered for cancelled flights or for flights with schedule changes of more than 60 minutes.

In accordance with PFRS 15, *Revenue from Contracts with Customers*, upon receipt of a prepayment from customer, an entity shall recognize a contract liability in the amount of the prepayment for its performance obligation to transfer, or to stand ready to transfer, goods or services in the future. An entity shall derecognize that contract liability (and recognize revenue) when it transfers those goods or services and, therefore, satisfies its performance obligation.

A customer's non-refundable prepayment to an entity gives the customer a right to receive a good service in the future (and obliges the entity to stand ready to transfer a good or service). However, customers may not exercise all of their contractual rights. Those unexercised rights are often referred to as breakage.

If an entity expects to be entitled to a breakage amount in a contract liability, the entity shall recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. If an entity does not expect to be entitled to a breakage amount, the entity shall recognize the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Revenue from estimated breakage (expiration) of unused travel funds are recognized based on the historical expiration experience of the Group on the unused travel funds.

Other ancillary revenue
Other revenue such as refund surcharges, service income and cancellation fees are recognized when the services are provided.

Material Accounting Policy Information Generally Applicable to Real Estate and Hotels

Revenue Recognition

Revenue from Contract with Customers
The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, and common use service area in its mall retail spaces, wherein it is acting as agent.

The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales – Philippines Operations – Performance obligation is satisfied over time
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method excludes the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of collections over the total of recognized trade receivables and installment contract receivables is included as 'Contract liabilities' under 'Other current and noncurrent liabilities' in the consolidated statements of financial position.

The impact of the significant financing component on the transaction price has not been considered since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry. Under the SEC Memorandum Circular No. 34, the relief has been extended until December 31, 2023.

Real estate sales – Philippines Operations – Performance obligation is satisfied at a point in time
The Group also derives real estate revenue from sale of parcels of raw land and developed land. Revenue from the sale of these parcels of raw land are recognized at a point in time (i.e., upon transfer of control to the buyer) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use but the Group does not have an enforceable right to payment for performance completed to date. The Group is only entitled to payment upon delivery of the land to the buyer and if the contract is terminated, the Group has to return all payments made by the buyer.

Real estate sales – China Operations
Taking into account the contract terms per house purchase and sales contract, Chengdu Xin Yao's business practice and the legal and regulatory environment in China, most of the property sales contracts in China do not meet the criteria for recognizing revenue over time and therefore, revenue from property sales continues to be recognized at a point in time, while some property sales contracts meet the criteria for recognizing revenue over time as the properties have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from customer for performance completed to date. Under PFRS 15, revenue from property sales is generally recognized when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

Rental income
The Group leases its commercial and office real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Amusement income
Revenue is recognized upon rendering of services or at a point in time.

Revenue from hotel operations
Revenue from hotel operations is recognized when services are rendered or at a point in time. Revenue from banquets and other special events are recognized when the events take place or at a point in time. Rental income on leased areas of the hotel is recognized on a straight-line basis over the lease term. Revenue from food and beverage are recognized when these are served. Other income from transport, laundry, valet and other related hotel services are recognized when services are rendered.

Interest income
Interest income is recognized as the interest accrues using the effective interest rate (EIR) method.
Other income
Other income is recognized when earned.

Cost of Real Estate Sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the

portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

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

Costs and expenses are recognized in the consolidated statement of comprehensive income:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Real estate costs and expenses" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment assets
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, de-recognition and impairment of capitalized costs to obtain a contract
The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using POC following the pattern of real estate revenue recognition. The amortization is included within general and administrative expenses.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Income of the Group (Outside of Scope of PFRS 15)

Rental income
The Group leases its commercial and office real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Dividend income
Dividend income is recognized when the shareholder's right to receive the payment is established.

<u>Costs and Expenses</u>
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than

those relating to distributions to equity participants. Cost and expenses are recognized when incurred.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense under 'Financing costs and other charges' account in the consolidated statement of comprehensive income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Pension Costs

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.
Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Share-based Payments
The Group has a Long-Term Incentive Plan (LTIP) granting eligible persons any one or a combination of Restricted Stock Units (RSUs) and Stock Options to purchase a fixed number of shares of stock at a stated price during a specified period ("equity-settled transactions").

The cost of equity-settled transactions is measured by reference to the fair value at the date at which these are granted. Said cost is recognized in profit or loss, together with a corresponding increase in 'Share-based payments' account in the consolidated statement of financial position, over the period in which the service conditions are fulfilled, ending on the date on which the eligible persons become fully entitled to the award ("vesting date"). The fair value of Stock Options is determined using the Cox-Ross-Rubinstein Binomial Option Pricing Method. The cumulative expense recognized for the share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest.

Where the terms of a share-based award are modified, at a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment agreement, or is otherwise beneficial to the eligible persons as measured at the date of modification.

Where a share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if there were a modification of the original award. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

<u>Income Taxes</u>
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of reporting date.

Deferred tax
Deferred tax is provided using the liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from unused minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Leases

Group as a lessee
The Group assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of the asset, whether the Group has the right to direct the use of the asset. The Group recognizes a ROU asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets.

ROU assets
The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its EUL and the lease term.

The depreciation period for each class of ROU assets follow:

	Period
Land and improvements	2 to 50 years
Buildings and improvements	2 to 30 years
Passenger aircraft and other flight equipment	1.25 to 18 years
Transportation and other equipment	2 to 30 years

ROU assets are also subject to impairment.

ARO
The Group is contractually required under various lease contracts to either restore certain leased aircraft to its original condition at its own cost or to bear a proportionate cost of restoration at the end of the contract period. The event that gives rise to the obligation is the actual flying hours, flying cycles or calendar months of the asset as used, as the usage determines the timing and nature of the overhaul and restoration work required or the amount to be contributed at the end of the lease term. For certain lease agreements, the Group provides for these costs over the terms of the leases through contribution to a maintenance reserve fund (MRF) which is recorded as outright expense. If the estimated cost of restoration is expected to exceed the cumulative MRF, an additional obligation is accounted on an accrual basis. Regular aircraft maintenance is accounted for as expense when incurred.

If there is a commitment related to maintenance of aircraft held under operating lease arrangements, a provision is made during the lease term for the lease return obligations specified within those lease agreements. The provision is made based on historical experience, manufacturers' advice and if relevant, contractual obligations, to determine the present value of the estimated future major airframe inspections cost and engine overhauls.

Advance payment for materials for the restoration of the aircraft is initially recorded under 'Advances to supplier' account in the consolidated statement of financial position. This is recouped when the expenses for restoration of aircraft have been incurred.

The Group regularly assesses the provision for ARO and adjusts the related liability.

HMV
The Group is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advise. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized. HMV liability is carried at amortized cost using the effective interest method.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflected the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of other flight equipment, furniture and fixtures, and machineries (i.e., lease term of 12 months or less). It also applies the lease of low-value assets recognition exemption to leases of office spaces that are considered low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Sale and leaseback
When entering into a sale and leaseback transaction, the Group determines whether the transfer qualifies as a sale based on the requirements satisfying a performance obligation under PFRS 15. When the transfer of the asset is a sale, the Group measures the ROU asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Gain or loss is recognized only at the amount that relates to the rights transferred to the buyer-lessor. When the transfer of the asset is not a sale under PFRS 15 requirements, the Group

continues to recognize the asset in its consolidated statement of financial position and accounts for the proceeds from the sale and leaseback as a financial liability in accordance with PFRS 9.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Joint Operation
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognize in relation to its interest in a joint operation its assets, including its share of any assets held jointly; liabilities, including its share of any liabilities incurred jointly; revenue from the sale of its share of the output arising from the joint operation; share of the revenue from the sale of the output by the joint operation; and expenses, including its share of any expenses incurred jointly.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the period attributable to the ordinary equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the net income attributable to ordinary equity holders of the Parent Company (after deducting interest of the preferred shares, if any) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on the conversion of all the dilutive potential common shares into common shares.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Parent Company in the case of cash dividends, and the BOD and shareholders of the Parent Company in the case of stock dividends.

Segment Reporting
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements.

Subsequent Events
Any post-year-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Group's position at the reporting date (adjusting event) is reflected in the consolidated financial statements. Any post-year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, *Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

  The PIC Q&A provisions covered by the SEC deferral that the Group availed in 2021 follows:

	Deferral Period
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023

  The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
  d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

  After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year consolidated financial statements.

  As of September 30, 2024, the Group adopted the guidelines but has determined that the impact on the existing contracts is not material on interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. Additionally, the impact on the cash flows from operations and cash flows from financing activities for all years presented are also deemed not material. Consequently, no adjustments were made relative to the adoption. For new contracts, the Group will continue to assess and determine if the significant financing component is material and for recognition.

3. **Significant Accounting Judgments and Estimates**

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

a. *Revenue and cost recognition on real estate sales*

Existence of a contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other duly executed and signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Identifying performance obligation

The Group entered into a contract to sell covering a land upon which, site preparation will be performed prior to turnover to the buyer. The Group concluded that the revenue and cost of real estate sales should be recorded upon completion of the site preparation activities as specifically stated in the contract to sell, which is at a point in time, since there is only one performance obligation (i.e., developed land) and the Group does not have a right to demand payment for work performed to date from the buyer. For the nine months ended Septemmber 30, 2023, the related revenue has been recognized as the performance obligations under the contract to sell has been performed.

Revenue recognition method and measure of progress

For the revenue from real estate sales in the Philippines, the Group concluded that revenue is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10.0% on projects that are under development and construction demonstrate the buyer's commitment to pay. For certain inventories that have been fully completed and ready for occupancy, outright investment of the buyer of about 5.0% demonstrates the buyer's commitment to pay.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Principal versus agent considerations

The contract for the mall retail spaces and office spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and common usage service area (CUSA) like maintenance, janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

For the provision of CUSA and air-conditioning of the buildings, the Group acts as a principal because it retains the right to direct the service provider of maintenance, janitorial and security to the leased premises, and air-conditioning, respectively. The right to the services mentioned never transfers to the tenant and the Group has the discretion to price the CUSA and air-conditioning charges.

Revenue and cost recognition

The Group's real estate sales is recognized overtime and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours and actual overhead incurred over the total expected project development cost. Actual costs also include incurred costs but not yet billed which are estimated by the project engineers. Expected project development costs include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Real estate revenue and cost recognition from Chengdu Project

In July 2018, Chengdu Xin Yao Real Estate Development Co. Ltd. secured the license to sell the condominium units in Phase 1 and Phase 2 of its residential development in Chengdu Xin Yao Ban Bian Jie. As of September 30, 2024 and 2023, related revenue for the sale of its Phase 1 and Phase 2 condominium units have been recognized.

Revenue from the sale of real estate units of Chengdu Xin Yao is accounted for under a completed contract method (i.e., at a point in time) in the consolidated financial statements. Under this method, revenue is recognized at the completion of the project. Under PFRS 15, revenue from property sales is generally recognized when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

b. *Definition of default and credit-impaired financial assets*
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria - for installment contract receivables, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria - the customer meets 'unlikeliness to pay' criteria, which indicates the customer is in significant financial difficulty. These are instances where: Qualitative criteria - the customer meets 'unlikeliness to pay' criteria, which indicates the customer is in significant financial difficulty. These are instances where:

a. The customer is experiencing financial difficulty or is insolvent
b. The customer is in breach of financial covenant(s)
c. An active market for that financial assets has disappeared because of financial difficulties
d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

c. *Revenue recognition on sale of goods from the food business*
Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

i. *Existence of a contract*
The Group enters into a contract with customer through an approved purchase order which constitutes a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified. In the case of sales to key accounts and distributors, the combined approved purchase order and trading terms agreement/exclusive distributorship agreement constitute a valid contract.

ii. *Identifying performance obligation*
The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together

with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Based on management assessment, other than the sale of goods and services, no other performance obligations were identified except in the case of milling revenue.

iii. *Recognition of revenue as the Group satisfies the performance obligation*
The Group recognizes its revenue for all revenue streams at a point in time, when the goods are sold and delivered and when services are already rendered. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold that will be transferred to the customer.

iv. *Method to estimate variable consideration and assess constraint*
The Group uses historical experience with key accounts and distributors from the past 12 months to determine the expected value of rights of return and constrain the consideration under the contract accordingly.

v. *Recognition of milling revenue under output sharing agreement*
The Group applies both output sharing agreement and cane purchase agreement in relation to milling operation. Under output sharing agreement, milling revenue is recognized based on the fair value of the millshare at average raw sugar selling price on the month with sugar production after considering in-purchase, which represents cane purchase agreement. Under cane purchase agreement, the Group purchases raw sugar from the traders and/or planters. The in-purchase rate is derived by determining the total raw sugar purchases and the total planters' share. Raw production costs are allocated systematically based on the output sharing and cane purchase agreement rates.

d. *Classification of financial assets from the other businesses*
The Group classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.

The Group performs the business model assessment based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of those assets managed or on the contractual cash flows collected
- Expected frequency, value, and timing of sales

e. *Determination of fair values of financial instruments*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any change in fair value of these financial assets and liabilities would affect the consolidated statements of comprehensive income.

Where the fair values of certain financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

f. *Determining whether it is reasonably certain that a renewal and termination option will be exercised – Group as a lessee*
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include renewal and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or terminate (e.g., a change in business strategy).

For most of its leases, the Group did not include the renewal or termination options in the lease term as the Group assesses that these options are not reasonably certain to be exercised. However, for some leases of parcels of land, the Group included the renewal period as part of the lease term due to significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one year) and there will be a significant negative effect on the operations if a replacement is not readily available.

g. *Classification of leases - Group as lessor*
Operating lease commitments
The Group has entered into commercial, office and industrial property leases on its investment property portfolio. Based on the evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the EUL of the related asset.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee.

Finance lease commitments
The Group has entered into property leases on some of its real estate condominium unit property portfolio. The Group has determined based on evaluation of terms and conditions of the arrangements, particularly the bargain purchase option and minimum lease payments that the Group has transferred all the significant risks and rewards of ownership of these properties to the lessee and accounts for them as finance leases.

h. *Assessment on whether lease concessions granted constitute a lease modification*
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

i. *Distinction between investment properties and owner-occupied properties*
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property, only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether The Group considers each property separately in making its judgment.

j. *Consolidation of SPEs*
The Group periodically undertakes transactions that may involve obtaining the rights to variable returns from its involvement with the SPEs. These transactions include the purchase of aircraft and assumption of certain liabilities. In all such cases, management makes an assessment as to whether the Group has: (a) power over the SPEs; (b) the right over the returns of its SPEs; and (c) the ability to use power over the SPEs to affect the amount of the Group's return, and based on these assessments, the SPEs are consolidated as a subsidiary or associated company. In making these assessments, management considers the underlying economic substance of the transaction and not only the contractual terms. The Group has assessed that it will benefit from the economic benefits of the SPEs' activities and it will affect the returns for the Group. The Group is directly exposed to the risks and returns from its involvement with the SPEs. Such rights and risks associated with the benefits and returns are indicators of control. Accordingly, the SPEs are consolidated.

Upon loss of control, the Group derecognizes the assets and liabilities of its SPEs and any surplus or deficit is recognized in profit or loss.

k. *Determination of functional currency*
PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine an entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, each entity in the Group considers the following:

a. the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
b. the currency in which funds from financing activities are generated; and
c. The currency in which receipts from operating activities are usually retained.

In the case of an intermediate holding company or finance subsidiary, the principal consideration of management is whether it is an extension of the Parent Company and performing the functions of the Parent Company - i.e., whether its role is simply to hold the investment in, or provide finance to, the foreign operation on behalf of the Parent Company or whether its functions are essentially an extension of a local operation (e.g., performing selling, payroll or similar activities for that operation) or indeed it is undertaking activities on its own account. In the former case, the functional currency of the entity is the same with that of the Parent Company; while in the latter case, the functional currency of the entity would be assessed separately.

l. Significant influence over an associate with less than 20.0% ownership

In determining whether the Group has significant influence over an investee requires significant judgment. Generally, a shareholding of 20.0% to 50.0% of the voting rights of an investee is presumed to give the Group a significant influence.

There are instances that an investor exercises significant influence even if its ownership is less than 20.0%. The Group applies significant judgment in assessing whether it holds significant influence over an investee and considers the following: (a) representation on the BOD or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

m. Determination of jet fuel/sing kero price risk components

The Group has historically entered into fuel derivatives to provide extensive protection against the unexpected jet fuel prices movement due to various economic and political events happening across the world. Beginning September 1, 2019, the Group commenced the application of hedge accounting under PFRS 9 on fuel derivatives maturing in 2020 and beyond and has classified these as cash flow hedges. Along with the jet fuel price risk hedging, the Group also adopted risk component hedging strategy given the lack of liquidity in the jet fuel derivatives with long-term maturities across financial markets. Risk components of the jet fuel price are identified as the Brent crude oil and cracks. These components are determined to be separately identifiable and changes in the fair value of the jet fuel attributable to changes in the Brent crude oil price can be measured reliably.

The existence of a separate market structure for the Brent crude oil and the crack which represents the refining component corroborates with the management's assertion that these two risk components are separately identifiable and corresponding prices can be reliably measured among others.

n. Disposal group held of sale and discontinued operations

As of September 30, 2024 and December 31, 2023, the Group classifies its Banking Segment as a disposal group held for sale as it meets the following conditions at the reporting date:
- The entity is available for immediate sale and can be sold in its current condition;
- Sale is highly probable (a buyer has already been identified and the merger plan has been initiated); and

- The entity is to be genuinely sold, not abandoned.

The Group determined that the sale of its Banking Segment and Oceania business, along with the cessation and abandonment of several China entities' business activities and operations, qualified for presentation as discontinued operations since it represented a separate line of business for which the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes from the rest of the Group (Note 27).

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

a. *Impairment of goodwill and intangible assets*

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of reporting date. The recoverable amounts of the intangible assets were determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The following assumptions were also used in computing value in use:

Growth rate estimates - growth rates include long-term growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Value-in-use is the most sensitive to changes in revenue growth rates and discount rates.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

b. *Expected credit losses on receivables*

For loans and receivables from the banking business, the Group reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the balance sheet and any changes thereto in the statement of income. In particular, judgments and estimates by management are required in determining the following:

- whether a financial asset has had a significant increase in credit risk since initial recognition; whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of
- default as well as the Group's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes;
- sufficiency and appropriateness of data used and relationships assumed in building the
- components of the Group's expected credit loss models;
- measuring the exposure at default for unused commitments on which an expected credit loss
- should be recognized and the applicable loss rate

For installment contract receivables from the real estate business, the Group uses vintage analysis approach to calculate ECLs for installment contract receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

For other trade receivables, provision matrix was used to calculate ECLs. The provision rates are based on historical default rates days past due for groupings of various segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (i.e., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

c. *Valuation of ROU assets and lease liabilities*
The application of PFRS 16 requires the Group to make assumptions that affect the valuation of its ROU assets and lease liabilities. These include determining the length of the lease term and determining the interest rate to be used for discounting future cash flows.

Lease term. The lease term determined by the Group comprises non-cancellable period of lease contracts, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. For lease contracts with indefinite term the Group estimates the length of the contract to be equal to the economic useful life of noncurrent assets located in the leased property and physically connected with it or determines the length of the contract to be equal to the average or typical market contract term of particular type of lease. The same economic useful life is applied to determine the depreciation rate of ROU assets.

Discount rate. The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is determined using the rate of interest rate swap applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified.

d. *Determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination*
The Group measures the identifiable assets and liabilities acquired in a business combination at fair value at the date of acquisition.

The fair value of the intangible assets acquired in a business combination is determined based on the net sales forecast attributable to the intangible assets, growth rate estimates and royalty rates using comparable license agreements. Royalty rates are based on the estimated arm's length royalty rate that would be paid for the use of the intangible assets. Growth rate estimate includes long-term growth rate and terminal growth rate applied to future cash flows beyond the projection period.

The fair value of property, plant and equipment acquired in a business combination is determined based on comparable properties after adjustments for various factors such as location, size and shape of the property. Cost information and current prices of comparable equipment are also utilized to determine the fair value of equipment.

e. *Revenue and cost recognition from the real estate business*
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue and cost from real estate where performance obligation is satisfied over time and recognized based on the percentage of completion is measured principally on the basis of the estimated completion by reference to the actual costs incurred to date over the estimated total costs of the project. For the nine months ended September 30, 2024 and 2023, the real estate sales recognized over time amounted to ₱4.0 billion and ₱6.3 billion, respectively, while the related cost of real estate sales amounted to ₱1.8 billion and ₱3.2 billion, respectively.

f. *Determination of NRV of inventories*
The Group, in determining the NRV, considers any adjustment necessary for obsolescence which is generally providing a 100.0% write down for nonmoving items for more than one year. The Group adjusts the cost of inventory to the recoverable value at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Group reviews the classification of the inventories and generally provides adjustments for recoverable values of new, actively sold and slow-moving inventories by reference to prevailing values of the same inventories in the market.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets.

Inventory obsolescence and market decline included under 'Impairment losses and others' in profit or loss in the consolidated statements of comprehensive income.

The carrying value of the Group's inventories, net of inventory obsolescence and market decline, is disclosed in Note 12 to the consolidated financial statements.

g. *Estimation of ARO*
The Group is contractually required under certain lease contracts to restore certain leased passenger aircraft to stipulated return condition or to bear a proportionate cost of restoration at the end of the contract period. The contractual obligation includes regular aircraft maintenance, overhaul and restoration of the leased aircraft to its original condition. Since the first operating lease entered by the Group in 2001, these costs are accrued based on an internal estimate which includes certain overhaul, restoration, and redelivery costs at the end of the operating aircraft lease. Regular aircraft maintenance is accounted for as expense when incurred, while overhaul and restoration are accounted on an accrual basis.

Assumptions and estimates used to compute ARO are reviewed and updated annually by the Group. As of September 30, 2024 and December 31, 2023, the cost of restoration is computed based on the Group's assessment on expected future aircraft utilization.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. The recognition of ARO would increase other noncurrent liabilities and repairs and maintenance expense.

The carrying values of the Group's ARO (included under 'Other noncurrent liabilities' in the consolidated statements of financial position) is disclosed in Note 19 to the consolidated financial statements.

h. *Estimation* of *HMV*
The Group is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advise. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized.

The carrying values of the Group's HMV (included under 'Other noncurrent liabilities' in the consolidated statements of financial position) is disclosed in Note 19 to the consolidated financial statements.

i. *Estimation of useful lives of property, plant and equipment, investment properties, intangible assets with finite life and biological assets at cost*
The Group estimates the useful lives of its depreciable property, plant and equipment, investment properties, intangible assets with finite life and biological assets at cost based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property, plant and equipment, investment properties and intangible assets would increase depreciation and amortization expense and decrease noncurrent assets.

In 2022, the Group's review indicated that the EUL of certain buildings, machinery and equipment should be extended from 40 to 50 years based on the Group's reassessment of the expected period over which the Group will benefit from the use of these assets.

j. *Estimation of pension and other benefits costs*
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

k. *Assessment of impairment of nonfinancial assets excluding goodwill and intangible assets*
The Group assesses impairment on its nonfinancial assets (i.e., property, plant and equipment, investment properties, investments in associates and joint ventures, biological assets carried at cost and goodwill and other intangible assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

l. Recognition of deferred tax assets

The Group reviews the carrying amounts of its deferred tax assets at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized.

The Group has certain subsidiaries which enjoy the benefits of an income tax holiday (ITH). As such, no deferred tax assets were set up on certain gross deductible temporary differences that are expected to reverse or expire within the ITH period.

4. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at FVPL, financial assets at FVOCI, financial liabilities at FVPL and interest-bearing loans and borrowings. The main purpose of these financial instruments is to finance the Group's operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as receivables and payables which arise directly from its operations. Also, the Parent Company and certain subsidiaries are counterparties to derivative contracts, such as interest rate swaps, currency forwards and currency swaps. These derivatives are entered into as a means of reducing or managing their respective foreign exchange and interest rate exposures.

The BOD of the Parent Company and its subsidiaries review and approve the policies for managing each of these risks which are summarized below, together with the related risk management structure.

Risk Management Structure

The BOD of the Parent Company and the respective BOD of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

The BOD has reconstituted its Audit Committee to integrate Audit, Related Party Transactions (RPT) and Risk Oversight Committee to spearhead the managing and monitoring of risks.

Audit, RPT and Risk Oversight Committee (AURROC)

The AURROC shall assist the Group's BOD in its fiduciary responsibility by providing oversight over the Group's financial reporting, Internal Control System, Internal and External Audit processes, and compliance with applicable laws and regulations. Furthermore, it is also the Committee's purpose to oversee the establishment of Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks.

The Committee has the following functions:

a. monitor and evaluate the adequacy and effectiveness of the Parent Company's internal control system, integrity of financial reporting, and security of physical and information assets;
b. discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination and coverage of work;
c. review the reports submitted by the Internal and External Auditors and review and monitor Management's responsiveness to findings and recommendations;
d. review and approve the interim and Annual Financial Statements;
e. review and approve the Parent Company's transactions with related parties within the set materiality threshold;
f. evaluate the ERM Plan to ensure its continued relevance, comprehensiveness and effectiveness, as well as look for emerging risks;
g. review the Parent Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment;
h. provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Parent Company ; and
i. report to the BOD on a regular basis, or as deemed necessary, the Parent Company's risk, material risk exposures, the actions taken to reduce the risks.

Enterprise Risk Management

The role of ERM is to oversee that a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. A Chief Risk Officer or its equivalent position, is appointed by the BOD to oversee the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation. The ERM Head reports functionally to the Committee and administratively to the CEO.

Enterprise Resource Management Framework
The ERM framework revolves around the following activities:

1. Risk Identification. It involves the identification of key business drivers that influence the operability and performance of the business units. Each business driver is assigned strategic and operational objectives which are owned by risk champions and risk owners. Each risk champion and owner conduct their risk identification process using different tools such as risk factor analysis, megatrends analysis, and systems dynamics analysis.

2. Risk Assessment. Each identified risk is assessed to determine which can pose significant impact to the business unit's ability to implement strategy and deliver business objectives. This process involves grouping similar risks into categories, such as Reputational Risk, Strategic Risk, Financial Risk, and Compliance Risk. For each risk category, a risk assessment scale is developed to provide objective definitions on what is considered insignificant, minor, moderate, major, or extreme impact to the business. The impact severity of the risk is rated based on their nature, regardless of the organization's circumstances and capability to manage them.

3. Risk Prioritization. This process enables the organization to focus the implementation of risk responses into certain high and medium severity risks based on the organization's risk profile, vulnerability, and contribution to the risk. Risk impact velocity and mitigation timeframe are also considered in prioritizing the organization's actions and urgency of response to risks.

4. Risk Response, Monitoring, and Evaluation. Appropriate risk responses are put in place for each priority risk, both at the level of the risk champions and risk owners and at the enterprise and Group level. Risk champions continually monitor and evaluate the effectiveness of the risk responses. Material residual risks are assessed for improvement of risk response and identification of recovery measures.

5. Risk Reporting. At the Group level, top risks are reviewed, updated and reported to the Committee twice a year.

Risk Management Policies
The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risk, such as foreign currency risk, commodity price risk, equity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group transacts only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group continuously delivers credit notifications and implements various credit actions based on assessed risks to reduce credit exposure. Regular monitoring of receivable balances from trade customers ensures that appropriate credit treatments are applied to overdue accounts. Similarly, other receivable balances are also closely monitored and managed through appropriate actions to mitigate credit risk.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, financial assets at FVPL, financial assets at FVOCI, investment securities at amortized cost and certain derivative investments, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.

a. Credit risk exposure

   Real estate receivables are secured by the real estates sold to the buyers as the ownership shall only be transferred upon full payment of the receivables.

   The collateral securities related to the Group's trade receivables consist of standby letters of credit. The Group holds no other collateral or guarantee that would reduce the maximum exposure to credit risk.

b. Risk concentrations of the maximum exposure to credit risk

   Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

   The Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. In order to avoid excessive concentrations of risks, identified concentrations of credit risks are controlled and managed accordingly.

c. Credit quality per class of financial assets

Classification of Financial Assets by Class used by the Group
High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top 10 banks in the Philippines in terms of resources and profitability.

Other high grade accounts are considered to be of high value since the counterparties have a remote likelihood of default and have consistently exhibited good paying habits.

Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

d. Aging analysis of receivables by class

The aging analysis of the Group's receivables as of September 30, 2024 follow:

		Past Due But Not Impaired					
	Neither Past Due Nor Impaired	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	Past Due and Impaired	Total
Trade receivables	₱33,145,385	₱5,423,563	₱1,553,062	₱865,260	₱2,046,839	₱590,923	₱43,625,032
Due from related parties	3,958,799.	–	–	–	–	–	3,958,799
Interest receivable	432,048	–	–	–	–	–	432,048
Others	3,170,834	–	–	–	–	205,932	3,376,766
	₱40,707,066	₱5,423,563	₱1,553,062	₱865,260	₱2,046,839	₱798,475	₱51,392,645

Liquidity risk
Liquidity risk refers to the possibility of being unable to meet financial obligations promptly. These obligations include repaying liabilities or making payments for asset purchases as they become due. The Group's liquidity management strategy involves maintaining sufficient funding capacity to cover capital expenditures, service maturing debts, and accommodate fluctuations in asset and liability levels. These fluctuations may arise due to changes in the Group's business operations or unforeseen events influenced by customer behavior or capital market conditions.

To ensure liquidity, the Group holds a level of cash and cash equivalents deemed adequate for financing its ongoing operations. As part of its liquidity risk management, the Group regularly assesses projected and actual cash flows. Additionally, it continuously monitors financial market conditions to identify opportunities for fund-raising activities. These activities may involve obtaining bank loans or issuing capital in both onshore and offshore markets.

Market risk
Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.

Foreign currency risk
Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured. The Group makes use of derivative financial instruments, such as currency swaps, to hedge foreign currency exposure.

Equity price risk
Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks.

Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to the Parent Company's and its subsidiaries' long-term debt obligations which are subject to floating rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates.

Price interest rate risk
The Group is exposed to the risks of changes in the value/future cash flows of its financial instruments due to its market risk exposures. The Group's exposure to interest rate risk relates primarily to the Group's financial assets at FVPL and financial assets at FVOCI investments.

Commodity price risk
The Group enters into commodity derivatives to hedge its exposure to jet fuel price risks arising from its forecasted fuel purchases. Commodity hedging allows stability in prices, thus, offsetting the risk of volatile market fluctuations. Depending on the economic hedge cover, the price changes on the commodity derivative positions are offset by higher or lower purchase costs on fuel. A change in price by US$10.00 per barrel of jet fuel affects the Group's fuel costs in pre-tax income by ₱2.1 billion and ₱1.8 billion for the nine months ended September 30, 2024 and 2023, respectively, in each of the covered periods, assuming no change in volume of fuel is consumed.

Derivative financial instruments which are part of hedging relationships do not expose the Group to market risk since changes in the fair value of the derivatives are offset by the changes in the fair value of the hedged items.

There is an economic relationship between the hedged items and hedging instruments as the terms of the foreign exchange forward contracts and commodity swaps and zero cost collars match the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign currency forward contracts and commodity derivatives are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of hedging instruments against the changes in the fair value of hedged items attributable to the hedged risks.

The hedge ineffectiveness arising from the differences on the counterparty and own credit risk incorporated in the hedging instrument and zero credit risk on the hedged item are deemed insignificant given that all counterparties are given investment grade ratings by the major credit rating agencies.

5. Fair Value Measurement

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash and cash equivalents, receivables (except for installment contract receivables), accounts payable and accrued expenses and short-term debt
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Installment contract receivables
Fair values of installment contract receivables are based on the discounted value of future cash flows using the applicable rates for similar types of receivables.

Debt securities
Fair values of debt securities are generally based on quoted market prices. If the fair value of financial assets cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models using inputs from observable markets subject to a degree of judgment.

Quoted equity securities
Fair values are based on quoted prices published in markets.

Unquoted equity securities
Investment in unquoted equity security classified as FVOCI include interest in unlisted preference shares of stock of a fintech company.

Due from and due to related parties
Carrying amounts of due from and due to related parties which are collectible/payable on demand approximate their fair values. Due from related parties are unsecured and have no foreseeable terms of repayments.

Noninterest-bearing refundable security deposits
The fair values are determined as the present value of estimated future cash flows using prevailing market rates.

Investment in convertible note
The fair value of the convertible notes are determined using HP binomial pricing model and EV/Sales multiple of comparable companies' market data.

Biological assets
Biological assets are measured at their fair values less costs to sell. The fair values of Level 2 biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit while Level 3 are determined based on adjusted commercial farmgate prices. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

The Group has determined that the highest and best use of the sucklings and weanlings is finishers while for other biological assets is their current use.

Derivative financial instruments
The fair values of the interest rate derivatives are determined based on the quotes obtained from counterparties. The fair value of the embedded derivative component for the equity conversion and redemption options of the convertible bonds payable was determined using the Jarrow-Rudd model (Note 18).

Investment properties
Fair value of investment properties is based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties have been determined by appraisers, including independent external appraisers, in the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

Deposits from Lessees
The fair value of customers' deposits is based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date.

Bonds payable
The fair value of bonds payable is based on the discounted value of future cash flows (interests and principal).

Long-term debt
The fair value of long-term debt is based on the discounted value of future cash flows (interests and principal) using the applicable rates for similar types of loans.

Fair Value Hierarchy Assets and Liabilities
Assets and liabilities carried at far value are those whose fair values are required to be disclosed.

(a) Level 1: quoted (unadjusted) prices in an active market for identical assets or liabilities;
(b) Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
(c) Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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6. **Segment Information**

<u>Operating Segments</u>
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Group operates are as follows:

- Foods, agro-industrial and commodities businesses - manufacturing and distribution of a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, instant noodles and pasta; hog and poultry farming, manufacturing and distribution of animal feeds, glucose and soya products, and production and distribution of animal health products; and sugar milling and refining and flour milling.

- Air transportation - air transport services, both domestic and international, for passengers and cargos; and line and light maintenance services.

- Real estate and hotels - ownership, development, leasing and management of shopping malls and retail developments; ownership and operation of prime hotels in major Philippine cities; development, sale and leasing of office condominium space in office buildings and mixed-use developments including high rise residential condominiums; and development of land into residential subdivisions and sale of subdivision lots and residential houses and the provision of customer financing for sales.

- Petrochemicals - manufacturer of polyethylene (PE), polypropylene (PP), polymer grade ethylene, polymer grade propylene, partially hydrogenated pyrolysis gasoline, pyrolysis fuel oil, aromatics, butadiene and liquefied petroleum gas (LPG).

- Other supplementary businesses - insurance brokering, data analytics, securities investment and business process outsourcing. This also includes dividend income from PLDT and equity in net earnings of Meralco.

No operating segments have been aggregated to form the above reportable operating business segments.

The Group does not have a single external major customer (which represents 10.0% of Group's revenues).

Management monitors the operating results of each segment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as the consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance cost and other charges), finance income, market valuation gains(losses) on financial assets at FVPL and derivatives, foreign exchange gains (losses), other operating income, general and administrative expenses, impairment losses and others and income taxes are managed on a group basis and are not allocated to operating segments. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The Executive Committee (Excom) is actively involved in planning, approving, reviewing, and assessing the performance of each of the Group's segments. The Excom oversees Group's decision making process. The Excom's functions are supported by the heads of each of the operating segments, which provide essential input and advice in the decision-making process. The Excom is the Group's chief operating decision-maker.

The following tables present the financial information of each of the operating segments in accordance with PFRS except for 'Core earnings', EBIT' and EBITDA' as of and for the nine months ended September 30, 2024 and 2023. Core earnings pertain to income before income tax excluding market valuation gains (losses) on financial assets at FVPL, market valuation gains (losses) on derivative financial instruments and foreign exchange gains (losses).

The Group's operating segment information follows:

	September 30, 2024						
	Foods, Agro-Industrial and Commodities	**Air Transportation**	**Real Estate and Hotels**	**Petrochemicals**	**Other Supplementary Businesses**	**Adjustments and Eliminations**	**TOTAL OPERATIONS**
Revenue							
Sale of goods and services:							
External customers	**₱118,884,729**	**₱74,531,743**	**₱29,308,584**	**₱38,963,183**	**₱817,623**	**₱–**	**₱262,505,862**
Intersegment revenue	–	–	**113,770**	–	–	**(113,770)**	–
	118,884,729	**74,531,743**	**29,422,354**	**38,963,183**	**817,623**	**(113,770)**	**262,505,862**
Dividend income	**32,303**	–	–	–	**2,920,821**	–	**2,953,124**
Equity in net earnings of associates and joint ventures (Note 14)	**(107,350)**	**71,131**	**3,331,677**	–	**8,145,200**	**55,613**	**11,496,271**
Total revenue	**118,809,682**	**74,602,874**	**32,754,031**	**38,963,183**	**11,883,644**	**(58,157)**	**276,955,257**
Cost of sales and services	**86,511,248**	**49,249,834**	**13,919,078**	**44,464,450**	**149,200**	**(301,327)**	**193,992,483**
Gross income (loss)	**₱32,298,434**	**₱25,353,040**	**₱18,834,953**	**(₱5,501,267)**	**₱11,734,444**	**₱243,170**	**82,962,774**
General and administrative expenses							**46,058,807**
Impairment losses and others							**290,444**
Operating income							**36,613,523**
Financing cost and other charges							**(14,419,877)**
Finance income							**1,464,081**
Other operating income							**9,849,610**
Core earnings							**33,507,337**
Market valuation losses on financial assets							**(1,760,602)**
Foreign exchange losses							**353,916**
Income before income tax							**32,100,651**
Provision for income tax							**3,756,520**
Net income from Continuing Operations							**28,344,131**
Net loss from Discontinued Operations (Note 27)							**(524,816)**
Net income							**₱27,819,315**
Net Income Attributable To							
Equity holders of the Parent Company							
Income (loss) from Continuing Operations	**₱4,799,375**	**₱2,230,659**	**₱7,409,691**	**(₱11,403,706)**	**₱15,082,320**	**₱56,899**	**₱18,175,238**
Loss from Discontinued Operations	–	–	–	–	–	–	**(296,169)**
	₱4,799,375	**₱2,230,659**	**₱7,409,691**	**(₱11,403,706)**	**₱15,082,320**	**₱56,899**	**₱17,879,069**
EBIT	**₱12,280,873**	**₱5,687,916**	**₱13,561,223**	**(₱7,304,611)**	**₱12,818,555**	**(₱430,433)**	**₱36,613,523**
Depreciation, amortization and impairment	**4,384,903**	**11,915,510**	**4,225,244**	**3,464,171**	**137,376**	**(77,564)**	**24,049,640**
EBITDA	**₱16,665,776**	**₱17,603,426**	**₱17,786,467**	**(₱3,840,440)**	**₱12,955,931**	**(₱507,997)**	**₱60,663,163**

	September 30, 2023						
	Foods, Agro-Industrial and Commodities	**Air Transportation**	**Real Estate and Hotels**	**Petrochemicals**	**Other Supplementary Businesses**	**Adjustments and Eliminations**	**TOTAL OPERATIONS**
Revenue							
Sale of goods and services:							
External customers	₱117,159,856	₱66,896,141	₱28,257,813	₱25,455,268	₱672,957	₱–	₱238,442,035
Intersegment revenue	–	–	215,592	–	–	(215,592)	–
	117,159,856	66,896,141	28,473,405	25,455,268	672,957	(215,592)	238,442,035
Dividend income	32,303	–	–	–	2,769,168	–	2,801,471
Equity in net earnings of associates and joint ventures (Note 14)	(64,624)	36,201	2,560,333	–	7,299,542	35,446	9,866,898
Total revenue	117,127,535	66,932,342	31,033,738	25,455,268	10,741,667	(180,146)	251,110,404
Cost of sales and services	85,760,592	44,053,435	13,965,181	29,877,536	215,031	(83,664)	173,788,111
Gross income (loss)	₱31,366,943	₱22,878,907	₱17,068,557	(₱4,422,268)	₱10,526,636	(₱96,482)	77,322,293
General and administrative expenses							41,016,086
Impairment losses and others							334,605
Operating income							35,971,602
Financing cost and other charges							(11,318,811)
Finance income							1,485,599
Other operating income							286,002
Core earnings							26,424,392
Market valuation losses on financial assets							1,196,020
Foreign exchange gains							242,284
Income before income tax							27,862,696
Provision for income tax							2,665,537
Net income from Continuing Operations							25,197,159
Net income from Discontinued Operations (Note 27)							986,567
Net income							₱26,183,726
Net Income Attributable To							
Equity holders of the Parent Company							
Income (loss) from Continuing Operations	₱5,451,377	₱3,390,413	₱7,113,592	(₱8,802,186)	₱7,714,929	(₱85,386)	₱14,782,739
Income from Discontinued Operations	–	–	–	–	–	–	592,520
	₱5,451,377	₱3,390,413	₱7,113,592	(₱8,802,186)	₱7,714,929	(₱85,386)	₱15,375,259
EBIT	₱12,630,398	₱6,150,123	₱12,650,638	(₱5,756,841)	₱10,854,908	(₱557,624)	₱35,971,602
Depreciation, amortization and impairment	4,766,119	9,090,529	4,012,885	3,164,073	224,274	55,713	21,313,593
EBITDA	₱17,396,517	₱15,240,652	₱16,663,523	(₱2,592,768)	₱11,079,182	(₱501,911)	₱57,285,195

	September 30, 2024						
	Foods, Agro-Industrial and Commodities	**Air Transportation**	**Real Estate and Hotels**	**Petrochemicals**	**Other Supplementary Businesses**	**Adjustments and Eliminations**	**TOTAL OPERATIONS**
Other information							
Non-cash expenses other than depreciation and amortization:							
Impairment losses on:							
Receivables	**₱3,488**	**₱2,525**	**₱–**	**₱–**	**₱266**	**₱–**	**₱6,279**
Inventories	**93,031**	**–**	**–**	**–**	**–**	**–**	**93,031**
Property, plant and equipment	**53,761**	**–**	**–**	**–**	**–**	**–**	**53,761**
Investments	**137,373**	**–**	**–**	**–**	**–**	**–**	**137373**
	₱287,653	**₱2,525**	**₱–**	**₱–**	**₱266**	**₱–**	**₱290,444**

	September 30, 2023						
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Other Supplementary Businesses	Adjustments and Eliminations	TOTAL OPERATIONS
Other information							
Non-cash expenses other than depreciation and amortization:							
Impairment losses on:							
Receivables	₱–	₱35,020	₱–	₱–	₱4,154	₱–	₱39,174
Inventories	2	–	–	–	–	–	2
Property, plant and equipment	205,487	–	–	–	–	–	205,487
Other assets	–	–	–	–	89,942		89,942
	₱205,489	₱35,020	₱–	₱–	₱94,096	₱–	₱334,605

Other information on the Group's operating segments follow:

	September 30, 2024						
	Foods, Agro-Industrial and Commodities	**Air Transportation**	**Real Estate and Hotels**	**Petrochemicals**	**Other Supplementary Businesses**	**Adjustments and Eliminations**	**Consolidated**
Segment assets	**₱184,021,043**	**₱213,154,093**	**₱252,158,403**	**₱148,136,401**	**₱336,167,251**	**(₱107,851,840)**	**₱1,025,785,351**
Segment liabilities	**₱64,222,859**	**₱215,919,450**	**₱95,507,735**	**₱119,506,731**	**₱65,891,419**	**(₱13,246,091)**	**₱547,802,103**
Capital expenditures	**₱5,694,472**	**₱26,961,981**	**₱9,020,876**	**₱3,122,074**	**₱85,472**	**₱–**	**₱44,884,875**

	September 30, 2023						
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Other Supplementary Businesses	Adjustments and Eliminations	Consolidated
Segment assets	₱180,320,568	₱186,340,997	₱235,689,675	₱149,346,783	₱314,323,265	(₱124,579,664)	₱941,441,624
Segment liabilities	₱61,828,704	₱192,425,494	₱94,214,866	₱109,255,165	₱87,758,187	(₱29,733,777)	₱515,748,639
Capital expenditures	₱7,921,589	₱19,341,819	₱9,402,084	₱4,757,656	₱275,827	₱–	₱41,698,975

**Excludes Assets held for sale and Liabilities directly associated with assets held for sale and Capital expenditures for the banking business of ₱71,052*

Intersegment Revenues
Intersegment revenues are eliminated at the consolidation level.

Segment Results
Segment results pertain to the net income (loss) of each of the operating segments. The chief decision maker also uses the 'Core earnings', 'EBIT' and 'EBITDA' in measuring the performance of each of the Group's operating segments. The Group defines each of the operating segment's 'Core earnings' as the total of the 'Operating income', 'Finance income' and 'Other operating income' deducted by the 'Financing cost and other charges'. EBIT is equivalent to the Group's operating income while EBITDA is computed by adding back to the EBIT the depreciation and amortization expenses including impairment of property, plant and equipment during the period.

Depreciation and amortization
The amount of reported depreciation and amortization includes depreciation of property, plant and equipment, investment properties, ROU assets and amortization of intangible assets and biological assets.

Segment Assets
Segment assets are resources owned by each of the operating segments with the exclusion of intersegment balances, which are eliminated.

Segment Liabilities
Segment liabilities are obligations incurred by each of the operating segments excluding intersegment balances which are eliminated. The Group also reports, separately, to the chief operating decision maker the breakdown of the short-term and long-term debt of each of the operating segments.

Capital Expenditures
The components of capital expenditures reported to the chief operating decision maker are the acquisitions of investment properties and property, plant and equipment during the period, including those acquired through business combination.

7. Cash and Cash Equivalents

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand	**₱137,424**	₱161,201
Cash in banks	**15,517,200**	22,041,775
Cash equivalents	**30,795,848**	15,741,201
	₱46,450,472	₱37,944,177

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents represent money market placements made for varying periods depending on the immediate cash requirements of the Group, and earn annual interest ranging from 0.01% to 6.25% and from 0.10% to 7.30% for foreign currency-denominated money market placements as at September 30, 2024 and December 31, 2023, respectively. Peso-denominated money market placements, on the other hand, earn interest ranging from 2.60% to 6.25% and from 2.00% to 6.00% as at September 30, 2024 and December 31, 2023, respectively.

Interest earned on cash and cash equivalents amounted to ₱1.1 billion for the nine months ended September 30, 2024 and 2023.

8. Derivative Financial Instruments

This account consists of fuel derivatives with liability position as of September 30, 2024 and December 31, 2023 amounting to ₱16 million and ₱1 million, respectively.

Interest Rate Derivatives
Designated hedges
CAI entered into interest rate derivative contracts to manage exposure to the volatility of interest rates on the lease rates of the expected aircraft deliveries. These derivative contracts have various maturity dates where hedge accounting under PFRS 9 were also applied.

For the nine months ended September 30, 2024 and 2023, CAI has recycled the effective portion of its cash flow hedge reserves to 'Financing costs and other charges' in the consolidated statement of comprehensive income amounting to ₱67 million and ₱78 million, respectively.

Fuel Derivatives
Designated Hedges
CAI enters into zero cost collars and call options derivative contracts to manage its exposure to fuel price fluctuations. The notional quantity is the amount of the derivatives' underlying asset or liability, reference rate or index and is the basis upon which changes in the value of derivatives are measured. These collars and options can be exercised at various calculation dates with specified quantities on each calculation date. These instruments have various maturity dates through 2024 and 2025.

As of September 30, 2024 and December 31, 2023, CAI has designated for hedge accounting derivatives with net asset and net liability position, which is shown as 'Derivative liabilities' under 'Other current liabilities' in the consolidated statement of financial position, amounting to ₱16 million and ₱1 million, respectively (Note 17).

For the nine months ended September 30, 2024 and 2023, CAI has recycled the effective portion of its cash flow hedge reserves to 'Cost of Sales and Services' in the consolidated statement of comprehensive income amounting to nil and ₱6 million, respectively.

Conversion Option Arising from Convertible Bonds
On May 10, 2021, CAI issued at face value US$250.0 million convertible bonds (CB) to the International Finance Corporation (IFC), IFC Emerging Asia Fund LP and Indigo Philippines LLC (collectively known as "the CB Holders") due on May 10, 2027 (Note 18). The bonds bear an interest rate of 4.5% payable semi-annually in arrears on May 10 and November 10 of each year.

The CB contains conversion and redemption options which were identified as embedded derivatives and were separated and accounted for separately on issuance date of the CBs (see Note 18).

As of September 30, 2024 and December 31, 2023, the fair value of embedded derivatives, which is shown under 'Other current liabilities' in the consolidated statements of financial position amounted to nil (Note 17). For the nine moths ended September 30, 2024 and 2023, net market valuation gains recognized by CAI in the consolidated statement of comprehensive income amounted to nil and ₱880 million, respectively.

Fair Value Changes in Derivatives

Fair value changes in derivatives designated as accounting hedges

The net movements in fair value of the Group's derivative financial instruments designated as accounting hedges follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	**(₱1,292)**	₱60,911
Net changes shown in OCI:		
Net changes in fair value of derivatives taken to OCI	**(14,621)**	(189,121)
Fair value of settled instruments	**–**	126,918
	(₱15,913)	(₱1,292)

Net changes in fair value of derivatives taken to other comprehensive income are recorded under 'Net gains (losses) from cash flow hedges' in the consolidated statement of comprehensive income.

Refer to Note 18 for the changes in fair value of conversion option arising from convertible bonds.

9. Financial Assets at Fair Value through Profit or Loss

This account consists of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Equity securities:		
Quoted	**₱3,435,157**	₱2,808,083
Unquoted	**246,882**	310,361
Debt securities - unquoted	**3,446,117**	4,140,104
	₱7,128,156	₱7,258,548

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of investments in:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Debt securities:		
Private	**₱6,605,313**	₱7,803,343
Government	**366,076**	600,089
	6,971,389	8,403,432
Equity securities:		
Quoted	**62,343,080**	31,675,970
Unquoted	**3,596,619**	2,537,499
	65,939,699	34,213,469
	₱72,911,088	₱42,616,901

Quoted equity securities pertain to investment in PLDT and BPI common shares and various golf club shares. The Group has irrevocably elected to classify these investments under this category as it intends to hold these investments for the foreseeable future.

Breakdown of financial assets at FVOCI as shown in the consolidated statements of financial position follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current portion	**₱6,971,389**	₱8,403,432
Noncurrent portion	**65,939,699**	34,213,469
	₱72,911,088	₱42,616,901

The Group has classified its 24.3 million PLDT shares representing 11.27% ownership interest as financial assets at FVOCI, which have carrying values of ₱36.3 billion and ₱31.1 billion as of September 30, 2024 and December 31, 2023, respectively.

In January 2024, the Group received 188.4 million BPI shares, valued at ₱19.6 billion, representing 3.58% ownership interest, as a result of the merger of RBC with Bank of Philippine Islands (BPI) (Note 27). The shares are recorded as financial assets at FVOCI. The Group's investment in BPI has a carrying value of ₱25.5 billion as of September 30, 2024.

11. Receivables

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables	**₱43,625,032**	₱45,335,250
Due from related parties	**3,958,799**	3,914,716
Interest receivable	**432,048**	360,004
Other receivables	**3,376,766**	3,600,043
	51,392,645	53,210,013
Less allowance for impairment losses	**796,855**	794,594
	₱50,595,790	₱52,415,419

Total receivables shown in the consolidated statements of financial position follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current portion	**₱43,009,425**	₱45,061,656
Noncurrent portion	**7,586,365**	7,353,763
	₱50,595,790	₱52,415,419

Noncurrent receivables consist of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables	**₱6,360,672**	₱6,181,149
Due from related parties	**1,225,693**	1,172,614
	₱7,586,365	₱7,353,763

<u>Trade Receivables</u>
Included in trade receivables are installment contract receivables of the real estate segment of the Group. These are collectible in monthly installments over a period of between one (1) year to ten (10) years. The title of the real estate property, which is the subject of the installment contract receivable due beyond 12 months, passes to the buyer once the receivable is fully paid. Revenue from real estate and hotels includes interest income earned from installment contract receivables.

Other trade receivables are noninterest-bearing and generally have 30- to 90-day terms.

<u>Others</u>
Other receivables include claims receivables, advances to employees and other non-trade receivables. As of September 30, 2024 and December 31, 2023, claims receivables amounted to ₱828 million and ₱794 million, respectively.

12. **Inventories**

This account consists of inventories held as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At cost:		
Subdivision land, condominium and residential units for sale	**₱39,509,383**	₱35,684,565
Finished goods	**12,072,199**	18,052,450
Raw materials	**20,281,472**	19,781,160
Spare parts, packaging materials and other supplies	**4,551,293**	4,065,655
Work-in-process	**2,474,228**	2,410,463
	78,888,575	79,994,293
At NRV:		
Spare parts, packaging materials and other supplies	**12,326,341**	11,426,941
Finished goods	**4,168,067**	4,037,661
Raw materials	**3,323,423**	4,453,113
	19,817,831	19,917,715
	₱98,706,406	₱99,912,008

13. **Other Current Assets**

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Advances to suppliers and contractors	**₱ 15,513,772**	₱9,595,348
Input value-added tax (VAT)	**8,463,709**	9,766,674
Creditable withholding tax	**3,411,948**	3,207,446
Prepaid expenses	**3,112,045**	3,328,878
Advances to lot owners	**2,525,909**	667,427
Biological assets	**157,937**	111,278
Restricted cash	**112,633**	1,322,412
Others	**695,040**	665,181
	₱33,992,993	₱28,664,644

Advances to Suppliers
Advances to suppliers include advance payments for the acquisition of raw materials, engines, spare parts, packaging materials and other supplies. This also includes prepayments for the construction of residential projects.

Input VAT
Input tax pertains to VAT from purchases of goods and services, which will be claimed as credit against output tax liabilities in a manner prescribed by pertinent revenue regulations. The Group believes that the amount of input VAT is fully realizable in the future.

Prepaid Expenses
This account consists of prepayments on rent, insurance, taxes, and office supplies.

Advances to Lot Owners
Advances to lot owners consist of advance payments to landowners which shall be applied against the acquisition cost of the real estate properties.

Restricted Cash
RLC has restricted cash which includes deposits in local banks for the purchase of land. CAI also has restricted cash deposited with certain banks to secure standby letters of credit issued in favor of lessors. In 2024, the lessors have released all holdout from cash in banks and money market placements.

14. **Investments in Associates and Joint Ventures**

Details of this account follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Acquisition cost:		
Balance at beginning of year	**₱101,348,528**	₱100,048,412
Additional investments	**1,692,713**	1,495,642
Disposal of investment	**(48,455)**	–
Reclassification to Assets Held for Sale due to a merger (Note 27)	**–**	(195,526)
Balance at end of year	**102,992,786**	101,348,528
Accumulated equity in net earnings:		
Balance at beginning of year	**50,290,927**	41,947,181
Equity in net earnings from continuing operations	**11,496,271**	14,188,912
Equity in net losses from discontinued operations (Note 27)	**–**	(234,225)
Dividends received	**(7,305,647)**	(6,597,951)
Realization of deferred gain from downstream sales	**574,775**	752,785
Accumulated equity in net earnings of disposed investment	**6,798**	–
Reclassification to Assets Held for Sale due to a merger (Note 27)	**–**	234,225
Balance at end of year	**55,063,124**	50,290,927
Share in unrealized gain on financial assets at FVOCI of associates:		
Balance at beginning of year	**46,432**	7,748
Share in net changes in fair value of financial assets at FVOCI of associates	**36,473**	38,684
Balance at end of year	**82,905**	46,432
Share in remeasurements of the net defined benefit liability of associates:		
Balance at beginning of year	**469,249**	1,491,405
Share in net changes in remeasurements of the net defined benefit liability of associates	**(15,539)**	(1,022,156)
Balance at end of year	**453,710**	469,249
Cumulative translation adjustment	**184,150**	230,738
	158,776,675	152,385,874
Less allowance for impairment losses	**350,473**	385,367
	₱158,426,202	₱152,000,507

The composition of the carrying value of the Group's investments in associates and joint ventures and the related percentages of ownership interest are shown below:

	Effective Ownership		Carrying Value	
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
			(In Million Pesos)	
Associates				
Domestic:				
Manila Electric Company (Meralco)	**26.37**	26.37	**₱83,293.2**	₱80,921.0
Oriental Petroleum and Mining Corporation (OPMC)	**19.40**	19.40	**691.2**	762.5
G2M Solutions Philippines Pte. Ltd. (G2M)	**12.48**	13.07	**672.8**	668.5
Luzon International Premiere Airport Development Corp. (LIPAD)	**33.00**	33.00	**371.2**	378.5
GoTyme Bank Corporation	**16.10**	23.84	**1,531.2**	653.1
DHL Summit Solutions, Inc. (DSSI)	**50.00**	50.00	**245.9**	196.1
Cebu Light Industrial Park, Inc. (CLIPI)	**20.00**	20.00	**60.1**	57.8
Foreign:				
Singapore Land Group Limited (SLG)	**37.05**	37.05	**62,477.4**	62,031.6
Zyllem Pte. Ltd	**13.33**	13.33	**–**	–
Value Alliance Travel System Pte. Ltd. (VATS) (formerly Air Block Box Asia Pacific Pte. Ltd.)	**8.48**	8.52	**–**	–
			149,343.0	145,669.1
Joint Ventures				
Domestic:				
Shang Robinsons Properties, Inc. (SRPI)	**32.74**	32.72	**5,672.4**	3,367.9
RHK Land Corporation (RHK Land)	**39.28**	39.26	**1,628.3**	1,373.9
Robinsons Double Dragon Corporation (RDDC)	**43.02**	43.01	**674.9**	672.9
RLC DMCI Property Ventures, Inc. (RLC DMCI)	**32.74**	32.72	**529.0**	516.9
Philippine Academy for Aviation Training (PAAT)	**39.15**	39.30	**411.6**	300.4
Vitasoy-URC, Inc (VURCI)	**28.22**	27.97	**91.2**	22.5
1Aviation Groundhandling Services Corp. (1Aviation)	**26.10**	26.20	**–**	–
Danone Universal Robina Beverages, Inc. (DURBI)	**28.22**	27.97	**–**	–
Foreign -				
Calbee - URC Malaysia Sdn. Bhd (CURM)	**28.22**	27.97	**75.8**	76.9
			9,083.2	6,331.4
			₱158,426.2	₱152,000.5

Material investees

Meralco
On July 28, 2022, the BOD of the Parent Company approved the holding of an overnight block trade for the sale of its 36.0 million common shares in Meralco. On the same day, the Parent Company entered into a Secondary Block Trade Agreement with UBS AG, Singapore Branch (UBS) whereby it appointed UBS, to procure purchasers for the 36.0 million common shares of Meralco at a price of ₱344.0 per share for a total consideration of ₱12.4 billion together with all dividends, distributions and other benefits attaching to the shares. The total consideration, net of transaction costs, amounted to ₱12.2 billion and with resulting gain on sale of ₱3.1 billion recognized under 'Other Operating Income (Expenses)' in the consolidated statements of income. The sale represents 3.2% of Meralco's total outstanding shares which resulted in the change in the Parent Company's equity interest over Meralco from 29.56% to 26.37%.

OPMC
OPMC is a company incorporated in the Philippines with the purpose of exploring, developing and producing petroleum and mineral resources in the Philippines. As an exploration company, OPMC operational activities depend principally on its service contracts with the government. The Group accounts for its investment in OPMC as an associate although the Group holds less than 20.00% of the issued share capital, as the Group has the ability to exercise significant influence over the investment, due to the Group's voting power (both through its equity holding and its representation in key decision-making committees) and the nature of the commercial relationships with OPMC.

SLG
SLG, a company incorporated in Singapore, is engaged in residential property management. SLG follows the fair value model in measuring investment properties while the Group follows the cost model in measuring investment properties. The financial information of SLG below represents the adjusted amounts after reversal of the effect of revaluation and depreciation on the said assets.

<u>Individually immaterial investees</u>

LIPAD
On February 18, 2019, the Parent Company invested in LIPAD. The shares acquired represented 33.0% of LIPAD's total outstanding common shares. LIPAD is a corporation organized and incorporated in the Philippines to engage in the operation and maintenance of airports, whether operating as a domestic or international airport or both, including day-to-day administration, functioning, management, manning, upkeep, and repair of all facilities necessary for the use or required for the safe and proper operation of airports.

In December 2020, the Parent Company made additional investment amounting to ₱116 million equivalent to 115.5 million shares.

CLIPI
The Group accounts for its investments in CLIPI as an associate as it owns 20.0% of the issued share capital of CLIPI. In 2015, CLIPI returned JGDEV's deposit for future stock subscription amounting to ₱5 million. As of September 30, 2024 and December 31, 2023, the Group has deposit for future stock subscription in CLIPI amounting to ₱10 million. These represents 20.0% of CLIPI's proposed increase in authorized capital stock.

G2M
On September 20, 2018, the Parent Company invested in G2M's convertible note amounting to On September 16, 2020, the Parent Company entered into an assignment of agreement with JG Digital Capital Pte. Ltd (JGDCPL) to assign all its rights and obligations in the investment.

In June 2021 and December 2020, JGDCPL invested in G2M's convertible note amounting to $0.7 million and $1.5 million, respectively.

As of December 31, 2021, the convertible note has been converted into 231,120 preferred shares of series A2 and 34,668 preferred shares of series B, equivalent to the Group's 14.2% ownership in G2M. The Group has one representation in the BOD of G2M.

In March 2022, JGDCPL subscribed to G2M's 31,336 series C investments which resulted in a slight dilution of the Group's ownership in G2M to 13.1%.

In August 2024, JGDCPL sold 3,206 of G2M Series A shares at 197.872 per share which resulted in a slight dilution of the Group's ownership in G2M to 12.5%.

PAAT
Investment in PAAT pertains to CAI's 60.0% investment in shares of the joint venture. However, the joint venture agreement between the CAI and CAE International Holdings Limited (CAE) states that CAI is entitled to 50.0% share on the net income/loss of PAAT. As such, the CAI recognizes equivalent 50.0% share in net income and net assets of the joint venture.

PAAT was created to address the Group's training requirements and to pursue business opportunities for training third parties in the commercial fixed wing aviation industry, including other local and international airline companies. PAAT was formally incorporated on January 27, 2012 and started commercial operations in December 2012.

1Aviation
Investment in 1Aviation refers to CAI's 40.0% investment in shares of the joint venture. The joint venture agreement indicates that the agreed ownership ratio is 40.0% for CAI and the remaining 60.0% shall be collectively owned by PAGSS and an individual. CAI recognizes 40.0% share in net income and net assets of the joint venture.

1Aviation is engaged in the business of providing groundhandling services for all types of aircraft, whether for the transport of passengers or cargo, international or domestic flights, private. commercial, government or military purposes to be performed at the Ninoy Aquino International Airport and other airports in the Philippines as may be agreed by the co-venturers.

In October 2024, CAI signed a Deed of Assignment of Credit and Subscription with 1Aviation for the assignment of credit and subscription to 1,130,000 shares, equivalent to an additional 20% ownership. Each share has a par value of ₱100, amounting to a total of ₱113 million. The subscription of additional shares resulted from the agreement by 1Aviation stockholders to convert certain shareholder loans and advances into common stock (a "debt-to-equity conversion"). This debt-to-equity conversion is subject to approval by the Securities and Exchange Commission (SEC).

As of September 30, 2024, prior to the conversion, the carrying amount of the investment in 1Aviation is nil.

VATS (formerly Air Black Box)
In May 2016, CAI entered into Value Alliance Agreement with other low cost carriers (LCCs), namely, Scoot Pte. Ltd, Nok Airlines Public Company Limited, CEBGO, and Vanilla Air Inc. The alliance aims to increase passenger traffic by creating interline partnerships and parties involved have agreed to create joint sales and support operations to expand services and products available to passengers. This is achieved through LCCs' investment in Air Black Box Asia Pacific Pte. Ltd.

In November 2016, CAI acquired shares of stock in ABB amounting to ₱44 million. ABB is an entity incorporated in Singapore in 2016 to manage the ABB settlement system, which facilitates the settlement of sales proceeds between the issuing and carrying airlines, and of the transaction fee due to ABB. The investment gave CAI a 15.0% shareholding proportion to ABB. CAI has assessed that it has significant influence over ABB through its representation in the BOD and participation in the policy-making process of ABB. Accordingly, the investment was classified as an investment in an associate and is accounted for at equity method.

In 2021, CAI assessed that its investment in VATS was impaired. VATS has incurred operating losses since it started its operations and is currently on a capital deficiency. The target growth turned significantly lower than actual, and expectation has also been further tempered due to the impact of the ongoing COVID-19 pandemic. On this basis and following the key requirements of PAS 36, *Impairment of Assets* wherein assets can be carried at no more than their recoverable amount, CAI has recognized impairment provisions of ₱37 million.

Subsequently, after incurring further losses and even after the resumption of operations that had previously disrupted by the global pandemic, the management of CAI decided to divest its 13% shareholding in VATS. On January 5, 2024, the investment in VATS was divested. The net carrying amount of CAI investment with VATS amounted to nil. The divestment did not have a significant impact on the consolidated financial statements.

DURBI
URC entered into a joint venture agreement with Danone Asia Holdings Pte. Ltd., a corporation duly organized in the Republic of Singapore to form Danone Universal Robina Beverages, Inc. (DURBI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "Blue" brand name, which is under exclusive license to DURBI in the Philippines.

On April 19, 2021, URC made additional subscriptions to unissued authorized capital stock of DURBI consisting of 5,000,000 common shares for a total cost of ₱105 million.

On October 23, 2023, URC made additional subscriptions to unissued authorized capital stock of DURBI consisting of 8.75 million common shares for a total cost of ₱175 million which has been fully paid in cash.

VURCI
URC entered into a joint venture agreement with Vita International Holdings Limited, a corporation duly organized in Hong Kong to form VURCI, a corporation incorporated and organized in the Philippines to manufacture and distribute food products under the "Vitasoy" brand name, which is under exclusive license to VURCI in the Philippines.

On May 19, 2022, URC made additional subscriptions to the unissued authorized capital stock of VURC consisting of 46,100,000 common shares for a total cost of ₱461 million.

On April 28, 2023, URC made additional subscriptions to the unissued authorized capital stock of VURCI consisting of 7.5 million common shares for a total cost of ₱75 million which has been fully paid in cash.

On March 18, 2024, the Philippine Securities and Exchange Commission (SEC) approved the Parent Company's additional subscription to the capital stock of VURCI consisting of 17.0 million common shares for a total cost of ₱170 million, which has been fully paid in cash.

CURM
On August 23, 2017, URC Malaysia entered into a joint venture agreement with Calbee, Inc., a corporation duly organized in Japan to form Calbee – URC Malaysia Sdn Bhd (CURM), a corporation registered with the Companies Commission of Malaysia organized to manufacture savoury snack products. Total consideration amounted to MYR2.7 million (₱34 million).

SRPI
On November 13, 2017, the Parent Company's BOD approved the agreement with Shang Properties, Inc. (SPI) to form a joint venture corporation (JVC).

On May 23, 2018, SRPI., the JVC, was incorporated. Both RLC and SPI each own 50% of the outstanding shares in the JVC. The office address of the JVC is at Lower Ground Floor, Cyber Sigma Building, Lawton Avenue, Fort Bonifacio Taguig.

RLC and SPI, through SRPI, shall build and develop a property situated at McKinley Parkway corner 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The project is intended to be a mixed-use development and may include residential condominium units, serviced apartments and commercial retail outlets. SRPI also plans to pursue other development projects.

The investment in the SRPI is accounted as an investment in joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

In accordance with the joint venture agreement with SPI, RLC agrees to extend loan to SRPI, at fair and commercial rates comparable to loans extended by third party banks and financial institutions, an amount of ₱1.0 billion annually starting April 1, 2019 up to April 1, 2022. As of September 30, 2024 and December 31, 2023, RLC has already extended a loan to SRPI amounting to ₱1.0 billion. Out of this amount, ₱750 million has already been paid as of September 30, 2024.

RHK Land
On February 5, 2018, RLC's BOD approved the agreement with Hong Kong Land Group (HKLG) represented by Hong Kong Land International Holdings, Ltd. and its subsidiary Ideal Realm Limited to form a joint venture corporation (JVC).

On June 14, 2018, RHK Land Corporation, the JVC, was incorporated. RLC and HKLG owns 60.0% and 40.0%, respectively, of the outstanding shares in the JVC. The principal office of the JVC is at 12F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City.
RLC and HKLG, through RHK Land, shall engage in the acquisition, development, sale and leasing of real property. The JVC shall initially undertake the purchase of a property situated in Block 4 of Bridgetowne East, Pasig City, develop the property into a residential enclave and likewise carry out the marketing and sales of the residential units. RHK Land also plans to pursue other development projects.

On October 2018, RLC entered into a Shareholder Loan Agreement with RHK Land to make available a loan facility of ₱1.4 billion which RHK Land may draw from time to time subject to the terms and conditions set out in the agreement.

RDDC
On December 26, 2019, RDDC was incorporated as the joint venture company (JVC) between RLC and DoubleDragon Corporation. The primary purpose is to engage in realty development.

RLC DMCI
In October 2018, RLC entered into a Joint Venture Agreement with DMCI Project Developers, Inc. (DMCI PDI) to develop, construct, manage, and sell a residential condominium situated in Las Piñas City. Both parties agreed to incorporate a joint venture corporation where each party will hold a 50.0% ownership.

On March 18, 2019, RLC DMCI was incorporated as the joint venture company (JVC) between RLC and DMCI PDI. The proposed project is intended to be a multi-tower residential condominium and may include commercial spaces.

The investments in JVCs are accounted as joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

DHL Summit Solutions, Inc. (DSSI)
On December 18, 2019, the Parent Company invested in DSSI. DSSI was incorporated on October 1, 2019 and shall engage in the business of providing domestic transportation, logistics, warehousing and distribution of cargoes, and other supply chain management activities. DSSI started commercial operations in July 2020.

Zyllem Pte. Ltd.
In August 2019, JGDCPL invested in 7,476,857 Series A+ shares of Zyllem Pte. Ltd. (Zyllem) at SGD0.1806 per share, or total subscription price of SGD1.35 million. Zyllem is a private company incorporated and based in Singapore that provides fast, cost-effective and reliable on-demand delivery service. Zyllem operates in certain cities in Southeast Asia. Post-subscription, JGDCPL holds 13.3% ownership interest in Zyllem. Also, under the Shareholders' Agreement, subject to JGDCPL holding less than 10.0% ownership interest, JGDCPL is entitled to appoint one (1) director. The investment in Zyllem is accounted for as investment in an associate since the Group has one representation on the BOD of Zyllem. On November 13, 2020, JGDCPL invested in convertible note with face value of SGD0.3 million equivalent to ₱11 million. In 2023, JGDCPL fully impaired its investment in Zyllem amounted to ₱56 million.

GoTyme Bank Corporation
On February 18, 2021, RBC and RLC entered into a joint venture agreement with Robinsons Retail Holdings, Inc. (RRHI) and Tyme Global Limited (TGL) to establish a joint venture company (JVC) which will operate a digital bank in the Philippines and have its own banking license and independent governance structure, subject to the approval of the Bangko Sentral ng Pilipinas (BSP). The initial funding and capital structure required RBC, RLC and RRHI, named as the founding shareholders, to contribute a pro rata portion up to ₱1.3 billion. The shareholder percentage of the RBC, RLC, RRHI and TGL upon incorporation shall be 20.0%, 20.0%, 20.0% and 40.0%, respectively of the share capital and voting rights of the JVC.

On August 24, 2021 RBC's equity investment of ₱200 million representing 20.0% ownership of the digital bank which was named GoTyme was approved by the BSP. After securing Certificate of Authority to Register from the Monetary Board, the SEC approved the Certificate of Incorporation of GoTyme on December 28, 2021.

In February 2022, GoTyme's BOD approved the additional capital infusion from the shareholders totaling ₱1.6 billion to support the pre-launch and operations of GoTyme and to comply with the ₱1.0 billion BSP-mandated minimum regulatory capital for digital banks.

In 2023, GoTyme's BOD approved the additional capital infusion from the shareholders totaling ₱3.1 billion to support the current operations of GoTyme. This includes ₱2.5 billion total deposits for stock subscriptions in GoTyme. As of September 30, 2024, and December 31, 2023, GoTyme's application for increased authorized capital stock is still pending approval by the BSP and SEC.

On March 20, 2024, the BOD of BPI approved the sale of its 752,056,290 common shares representing all of its stakes in GoTyme to GTFPL (744,099,587 common shares) and Giga Investment Holdings Pte. Ltd. (7,956,703 common shares) at ₱1.20 per share, subject to BSP approval. As a result, BPI's share in GoTyme equivalent to 12.6% will be transferred to the Group. This represents JGS effective share of only 6.4% as GTFPL is 51% owned by JGS.

As of September 30, 2024 and December 31, 2023, the shareholder percentages of BPI/RBC, RLC, RRHI and TGL in GoTyme's share capital were 15.0%, 20.0%, 20.0% and 40.0%, respectively, with GTFPL holding a 3.9% stake, and the remaining 1.1% is owned by Giga Investment Holdings Pte. Ltd. GTFPL is 51% owned by JGS.

15. **Other Noncurrent Assets**

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred tax assets	**₱9,555,794**	₱9,152,401
Security and miscellaneous deposits	**4,772,901**	3,764,896
Advances to suppliers - net of current portion	**2,534,618**	2,312,087
Advances to lot owners - net of current portion	**1,856,446**	638,764
Utility deposits	**809,358**	782,376
Input VAT	**385,742**	475,108
Biological assets	**119,292**	160,655
Others	**1,701,145**	1,230,021
	₱21,735,296	₱18,516,308

Security Deposits
Security deposits include deposits provided to lessors and maintenance providers for aircraft under operating lease.

Advances to Suppliers
Advances to suppliers pertain to RLC’s prepayments for the construction of investment properties and property and equipment. These are recouped from billings which are expected to occur in future period.

Advances to Lot Owners
Advances to lot owners consist of advance payments to land owners which will be applied against the acquisition cost of the real properties that will be acquired.

Utility Deposits
Utility deposits that are refundable consist primarily of bill and meter deposits.

Input VAT
Input tax pertains to VAT from purchases and/or importations of various parts, supplies, equipment, machineries and or capital goods, which will be claimed as credit against output tax liabilities in a manner prescribed by pertinent revenue regulations.

Others
As of September 30, 2024 and December 31, 2023, others include refundable prepaid rent amounting to ₱100 million. This also includes training costs prepaid by the Group for its “study-now, pay-later” Cadet Pilot Program amounting to ₱365 million and ₱390 million, respectively.

16. Accounts Payable and Accrued Expenses

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade payables	**₱38,230,200**	₱41,341,238
Accrued expenses	**27,768,496**	27,296,089
Output VAT	**5,670,505**	4,286,936
Airport and other related fees payable	**5,372,705**	4,410,790
Due to related parties	**1,260,349**	758,295
Withholding taxes payable	**509,541**	400,900
Travel fund payable (Note 19)	**249,390**	217,310
Dividends payable	**247,207**	36,715
Other payables	**1,818,591**	2,139,100
	₱81,126,984	₱80,887,373

Trade Payables
Trade payables are noninterest-bearing and are normally settled on 30- to 60-day terms. Trade payables arise mostly from purchases of inventories, which include raw materials and indirect materials (i.e., packaging materials) and supplies, for use in manufacturing and other operations. Trade payables also include importation charges related to raw materials purchases, as well as occasional acquisitions of production equipment and spare parts. Obligations arising from purchase of inventories necessary for the daily operations and maintenance of aircraft which include aviation fuel, expendables and consumables, equipment and in-flight supplies, and unpaid billings from suppliers and contractors related to construction activities, are also charged to this account.

Airport and Other Related Fees Payable
Airport and other related fees payable are amounts payable to the Philippine Tourism Authority and Air Transportation Office Mactan-Cebu International Airport and Manila International Airport Authority arising from aviation security, terminal fees and travel taxes.

Other Payables
As of September 30, 2024 and December 31, 2023, other payables consist of management bonus and other non-trade payables. Other non-trade payables include liabilities for trucking services, IT-related repairs, payable to employees and advances from stockholders.

17. Other Current Liabilities

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Unearned transportation revenue	**₱17,044,715**	₱13,761,289
Contract liabilities (Note 19)	**4,102,629**	3,881,029
Deposit from lessees (Notes 19)	**3,697,515**	3,505,102
Advances from agents and others	**1,648,060**	1,389,475
Customer’s deposits	**1,362,009**	1,808,637
Derivative liabilities (Notes 8)	**15,912**	1,292
	₱27,870,840	₱24,346,824

Unearned Transportation Revenue
Passenger ticket and cargo waybill sales are initially recorded under 'Unearned transportation revenue' in the consolidated statements of financial position, until these are recognized under 'Air transportation revenue' in profit or loss in the consolidated statements of comprehensive income, when the transportation service is rendered by the Group (or once tickets are flown).

As of September 30, 2024, unearned transportation revenue consists of unearned passenger revenue and deferred ancillary revenue amounting to ₱13.6 billion and ₱3.5 billion, respectively. As of December 31, 2023, unearned transportation revenue consists of unearned passenger revenue and deferred ancillary revenue amounting to ₱11.2 billion and ₱2.5 billion, respectively.

Contract Liabilities
Contract liabilities (including noncurrent portion shown in Note 19) consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred based on percentage of completion. The movement in the contract liability is mainly due to reservation of sales and advance payment of buyers less real estate sales recognized upon reaching the equity threshold from increase in percentage of completion. The contract liabilities account includes deposits from real estate buyers that have not met the revenue recognition threshold of 10%.

Deposits from Lessees
Deposits from lessees (including the noncurrent portion shown in Note 19) represent cash received in advance equivalent to three (3) to six (6) months' rent which shall be refunded to lessees at the end of the lease term. These are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates of similar types of instruments.

Advances from Agents and Others
Advances from agents and others represent cash bonds required from major sales and ticket offices or agents. This account also includes commitment fees received for the sale and purchase agreement of aircraft.

18. Short-term Debts, Long-term Debts and Bonds Payable

Short-term Debts
Short-term debts consist of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Parent Company-		
Philippine Peso - with interest rates ranging from 6.1% in 2024 and 6.0% in 2023	**₱–**	₱6,200,000
Subsidiaries:		
Philippine Peso - with interest rates of 5.9% to 7.4% in 2024 and 6.0% to 6.9% in 2023	**59,814,851**	52,455,132
Foreign currencies - unsecured with interest rates ranging from 3.0% to 6.0% in 2024 and from 2.8% to 6.0% in 2023	**11,540,003**	4,869,734
	₱71,354,854	₱63,524,866

Long-term Debts

Long-term debts (net of debt issuance costs) consist of:

	Maturities	Interest Rates	**2024**	2023	Condition
Parent Company:					
Term Loans					
₱7.0 billion term loan	2024	Floating (6.49%)	**₱–**	₱6,992,531	Unsecured
₱5.0 billion term loan	2024	3.50%	**–**	4,748,017	Unsecured
₱4.0 billion term loan	2025	4.00%	**3,995,084**	3,990,301	Unsecured
₱5.0 billion term loan	2028	Floating (6.75%)	**4,971,005**	4,965,996	Unsecured
₱10.0 billion term loan	2028	BDO's 30-day prime rate (6.45%)	**9,939,989**	9,930,034	Unsecured
₱7.0 billion term loan	2029	Floating (6.77%)	**6,948,326**	–	Unsecured
₱5.0 billion term loan	2029	Floating (6.61%)	**4,715,699**	–	Unsecured
			30,570,103	30,626,879	
Subsidiaries:					
Foreign currencies:					
JGSHPL					
US$600.0 million guaranteed notes	2030	4.13%	**32,861,878**	32,463,526	Guaranteed
CAI					
JPY commercial loan	Various dates (2028 to 2034)	1% to 2% (JPY TONA)	**17,704,576**	15,192,965	Secured
USD commercial loan from foreign banks	Various dates (2026 to 2030)	1.3% to 6.5% (US$ Libor)	**17,104,710**	15,526,921	Secured
			67,671,164	63,183,412	
Philippine Peso:					
RLC					
₱7.0 billion loan facility	2024	3.10%	**–**	6,298,796	Unsecured
₱1.4 billion loan facility	2025	4.93%	**1,363,858**	1,362,688	Unsecured
₱6.0 billion loan facility	2025	4.00%	**5,992,895**	5,985,901	Unsecured
₱0.4 billion loan facility	2025	3.80%	**426,298**	425,453	Unsecured
₱6.0 billion loan facility	2025	5.38%	**5,976,302**	5,957,483	Unsecured
₱6.0 billion loan facility	2026	6.10%	**5,955,280**	5,937,622	Unsecured
₱4.5 billion loan facility	2027	4.00%	**4,458,605**	4,461,735	Unsecured
₱9.0 billion loan facility	2027	5.94%	**8,931,260**	8,915,294	Unsecured
₱4.9 billion loan facility	2028	BPI's prime rate (6.80%)	**4,910,033**	4,905,075	Unsecured
₱9.0 billion loan facility	2028	6.17%	**8,913,977**	8,899,120	Unsecured
₱6.3 billion loan facility	2029	Floating (6.59%)	**6,257,204**	–	Unsecured
JGSOC					
₱1.3 billion term loan	2024	5.50%	**–**	1,282,000	Unsecured
₱1.2 billion term loan	2024	5.50%	**–**	1,210,000	Unsecured
₱14.5 billion term loan	2024	Floating (6.49%)	**3,418,000**	14,508,000	Unsecured
₱5.0 billion term loan	2024	5.00%	**5,000,000**	5,000,000	Unsecured
₱5.0 billion term loan	2025	5.26%	**5,000,000**	5,000,000	Unsecured
₱4.0 billion term loan	2025	Floating (7.15%)	**4,000,000**	4,000,000	Unsecured
₱4.0 billion term loan	2025	4.72%	**4,000,000**	4,000,000	Unsecured
₱10.0 billion term loan	2028	BDO's 30-day prime rate (6.45%)	**9,943,099**	9,929,482	Unsecured
₱25.0 billion term loan	2028	BPI's prime rate (6.55%)	**24,851,602**	24,829,436	Unsecured
₱3.7 billion term loan	2029	BPI's prime rate (6.55%)	**3,665,977**	–	Unsecured
₱10.0 billion term loan	2029	BPI's prime rate (6.55%)	**9,790,000**	–	Unsecured
CAI					
Commercial loans	Various dates through 2028	1.00%-8.00% (PH BVAL)	**6,499,433**	7,979,865	Secured
			129,353,823	130,887,950	
			227,595,090	224,698,241	
Less current portion			**44,101,973**	44,984,075	
			₱183,493,117	₱179,714,166	

The details of the Group's long-term debt follow:

Parent Company's Philippine Peso Loans

Parent Company ₱10.0 Billion Term Loan with Banco De Oro (BDO) due in June 2023

On June 8, 2018, the Company borrowed ₱10.0 billion under Term Loan Facility Agreement with BDO. The loan bears an interest based on the bank's 30-day prime rate. The original maturity date of the loan was extended to August 8, 2023. Interest for 2023 amounted to ₱385 million. The loan was fully settled in August 2023 and was refinanced with a 5-year term loan with the same bank maturing on August 8, 2028.

Parent Company ₱5.0 Billion Term Loan with Metropolitan Bank and Trust Company (MBTC) due in June 2023
On June 14, 2018, the Company borrowed ₱5.0 billion under Term Loan Facility Agreement with MBTC. The loan obtained bears a market interest rate plus a certain spread, payable quarterly. Interest for 2023 amounted to ₱124 million. The loan was fully settled in June 2023 and was refinanced with a 5-year term loan with the same bank maturing on June 14, 2028.

Parent Company ₱5.0 Billion Term Loan with MBTC due in July 2024
On July 13, 2017, the Company borrowed ₱5.0 billion under Term Loan Facility Agreement with MBTC with a fixed rate at 4.93% per annum and shall be payable quarterly in arrears. On January 13, 2022, the rate was amended to 3.5% per annum. Interest for the nine months ended 2024 and 2023 amounted to ₱88 million and ₱125 million, respectively. The loan was fully settled in August 2023 and was refinanced with a 5-year term loan with the same bank maturing on July 12, 2029.

Parent Company ₱7.0 Billion Term Loan with BPI due in August 2024
On August 23, 2019, the Parent Company borrowed ₱7.0 billion under Term Loan Facility Agreement with BPI. The loan obtained bears a market interest rate plus a certain spread, payable quarterly. Interest for 2024 and 2023 amounted to ₱294 million and ₱305 million, respectively. The loan was fully settled in August 2024 and was refinanced with a 5-year term loan with the same bank maturing on August 27, 2029.

Parent Company ₱4.0 Billion Term Loan with BDO due in June 2025
On June 26, 2020, the Parent Company borrowed ₱4.0 billion under Term Loan Facility Agreement with BDO with a fixed rate at 4.00% per annum and shall be payable quarterly in arrears. Interest for 2024 and 2023 amounted to ₱121 million and ₱120 million , respectively.

Parent Company ₱5.0 Billion Term Loan with MBTC due in June 2028
On June 8, 2023, the Parent Company borrowed ₱5.0 billion under Term Loan facility Agreement with MBTC. The loan obtained bears a market interest rate plus a certain spread, payable quarterly. Interest for 2024 amounted to ₱262 million. The loan was obtained to refinance the ₱5.0 Billion Term Loan with the same bank due in June 2023.

Parent Company ₱10.0 Billion Term Loan with BDO due in August 2028
On August 8, 2023, the Parent Company borrowed ₱10.0 billion under Term Loan facility. The loan bears an interest based on the bank's 30-day prime rate. Interest for 2024 amounted to ₱504 million. The loan was obtained to refinance the ₱10.0 Billion Term Loan with the same bank due in August 2023.

Parent Company ₱5.0 Billion Term Loan with MBTC due in July 2029
On July 12, 2024, the Parent Company borrowed ₱5.0 billion under Term Loan facility Agreement with MBTC. The loan obtained bears a market interest rate plus a certain spread, payable quarterly. Interest for 2024 amounted to ₱69 million. The loan was obtained to refinance the ₱5.0 Billion Term Loan with the same bank due in July 2024.

Parent Company ₱7.0 Billion Term Loan with BPI due in August 2029
On August 27, 2024, the Parent Company borrowed ₱7.0 billion under Term Loan facility Agreement with MBTC. The loan obtained bears a market interest rate plus a certain spread, payable quarterly. Interest for 2024 amounted to ₱44 million. The loan was obtained to refinance the ₱7.0 Billion Term Loan with the same bank due in August 2024.

Subsidiaries' Foreign Currency Loans

JGSHPL 4.125% Senior Unsecured Notes Due 2030

On July 2020, JGSHPL issued US$600.0 million, 4.125% senior unsecured notes due 2030. The notes are unconditionally and irrevocably guaranteed by the Parent Company. On various dates from March 1, 2022 to September 30, 2022, JGSHPL redeemed notes with a face value of $7.7 million for a total consideration of $7.5 million. The redemption resulted in a gain on bond reacquisition amounting to ₱11 million.

CAI JPY Commercial Loans

The following table summarizes the Japanese commercial loans entered into by CAI in various dates in 2019, 2023 and 2024, to finance the purchase of eight (8) Airbus NEO aircraft.

Drawdown Date	Aircraft Type	No. of Units	Security Trustees	Maturity Date
January 2019	Airbus NEO	1	Sampaguita Leasing Co. Ltd.	January 2029
May 2019	Airbus NEO	1	Dia Boracay Leasing Co. Ltd.	May 2029
October 2019	Airbus NEO	1	Cebuano Leasing Co. Ltd.	October 2029
November 2019	Airbus NEO	1	Tarsier Leasing Co. Ltd.	November 2029
July 2023	Airbus NEO	1	Nalu Leasing Co., Ltd.	July 2033
September 2023	Airbus NEO	1	Guimaras Leasing Co., Ltd.	September 2033
November 2023	Airbus NEO	1	Tubbataha Leasing Co., Ltd.	November 2033
March 2024	Airbus NEO	1	Dia Siargao Ltd.	March 2034

Key terms of the remaining commercial loan facilities follow:

- Term of ten (10) to twelve (12) years starting from the delivery date of each aircraft.
- Combination of semi-annual and quarterly payments.
- Mixed interest rates with fixed annual interest rates ranges from 0.25% to 2.0% and variable rates based on compounded JPY Tokyo Overnight Average Rate (TONA) plus loan margin.
- Upon default, the outstanding amount of loan plus accrued interest will be payable, and the lenders will foreclose on secured assets, namely the aircraft

In July, September, and November 2023, CEB entered into Japanese commercial loans for three (3) Airbus NEO aircraft. The loan required quarterly installments with maturity not longer than 10 years at variable interest rate based on compounded JPY Tokyo Overnight Average Rate(TONA) plus loan margin.

In March 2024, CEB entered into Japanese commercial loan for one (1) Airbus NEO aircraft. The loan requires quarterly installments with maturity not longer than 10 years at variable interest rate based on Compounded JPY TONA plus loan margin.

As of September 30, 2024 and December 31, 2023, the total outstanding balance of the Japanese yen commercial loans amounted to ₱17.7 billion (¥45.1 billion) and ₱15.2 billion (¥38.7 billion), respectively. Interest expense amounted to ₱123 million and ₱22 million for the nine months ended September 30, 2024 and 2023, respectively.

CAI USD Commercial Loans from Foreign Banks
The following table summarizes the US Dollar commercial loans entered into by the Group in various dates in 2018 to 2020, to finance the purchase of seven (7) Airbus CEO and six (6) Airbus NEO aircraft.

Drawdown Date	Aircraft Type	No. of Units	Security Trustees	Maturity Date
Various dates in 2018	Airbus CEO	7	Tikgi One Aviation Designated Activity Company	Various dates in 2026
January 2019	Airbus NEO	1	Sampaguita Leasing Co. Ltd.	January 2029
May 2019 October 2019 November 2019	Airbus NEO	3	Dia Boracay Co. Ltd. Cebuano Leasing Co. Tarsier Leasing Co.	May 2029 October 2029 November 2029
December 2019 June 2020	Airbus NEO	2	RAMEN Aircraft Leasing Limited	December 2029 June 2030
September 2024	Airbus NEO	1	Jin Shan 38 Ireland Company Limited	September 2036

Key terms of the remaining commercial loan facilities follow:

- Term of six (6) to twelve (12) years starting from the delivery date of each aircraft.
- Combination of annuity style and equal principal repayments made on a semi-annual and quarterly basis.
- Mixed interest rates with fixed annual interest rates ranges from 1.3% to 6.5% and variable rates based on US Dollar SOFR plus margin.
- Upon default, the outstanding amount of loan plus accrued interest will be payable, and the lenders will foreclose on secured assets, namely the aircraft.

In September 2024, the Group entered into a loan agreement to purchase one (1) Airbus NEO. The loan requires quarterly installments with maturity of 12 years at variable interest rate based on US Dollar Secured Overnight Financing Rate (SOFR) plus loan margin.

As of September 30, 2024 and December 31, 2023, the total outstanding balance of the US Dollar commercial loans amounted to ₱17.1 billion (US$30 million) and ₱15.5 billion (US$280 million), respectively. Interest expense amounted to ₱898 million and ₱767 million for the nine months ended September 30, 2024 and 2023, respectively.

Subsidiaries' Philippine Peso Loans
RLC Three-year "Series C Bonds" maturing on July 17, 2023 and Five-Year "Series D Bonds" maturing on July 17, 2025
On July 17, 2020, RLC issued its "Series C Bonds" amounting to ₱12.8 billion and "Series D Bonds" amounting to ₱427 million constituting direct, unconditional, unsecured and unsubordinated peso-denominated obligations of RLC and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of RLC, other than obligations preferred by law. The net proceeds of the issue shall be used by the RLC to: (i) partially fund the capital expenditure budget of RLC for calendar years 2023 and 2022 (ii) repay short-term loans maturing in the second half of calendar year; and (iii) fund general corporate purposes including, but not limited to, working capital. The bonds have been rated PRS Aaa by Philippine Rating Services Corporation (PhilRatings). The three-year 'Series C Bonds' was fully settled in July 2023.

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on January 17 and July 17 of each year at which the bonds are outstanding.

RLC ₱7.0 Billion Term Loan due in March 2024
On March 15, 2017, RLC borrowed ₱7.0 billion under Term Loan Facility Agreements with MBTC. The loan was released on March 15, 2017 amounting to ₱7.0 billion with interest rate at 4.75% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. Annual principal payment is two percent (2%) of the total loan amount or ₱140 million. On November 15, 2021, the interest rate was reduced to a fixed rate of 3.10% per annum for the remaining term of the loan. The loan was fuly settled in March 2024 and was refinanced with a 5-year term loan with the same bank maturing on March 15, 2029.

RLC ₱1.4 Billion Term Loan due in February 2025
On February 23, 2015, RLC issued ₱1.4 billion bonds constituting direct, unconditional, unsubordinated, and unsecured obligation obligations of RLC and shall at all times rank *pari-passu* and without preference among themselves and among any present and future unsubordinated and unsecured obligations of RLC, except for any statutory preference or priority established under Philippine law. The net proceeds of the issue shall be used by RLC to refinance existing debt obligations and to partially fund investment capital expenditures.

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on February 23 and August 23 of each year at which the bonds are outstanding. Interest rate is 4.93% per annum.

RLC ₱6.0 Billion Term Loan due June 2025
On June 30, 2020, RLC borrowed ₱6.0 billion under Term Loan Facility Agreements with BDO Unibank, Inc. The loan was released on June 30, 2020 which bears interest rate at 4.75% computed per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. On November 26, 2021, the interest rate was reduced to a fixed rate of 4.00% per annum for the remaining term of the loan.

RLC Three-year "Series E Bonds" maturing on August 26, 2025 and Five-Year "Series F Bonds" maturing on August 26, 2027
On August 26, 2022, RLC issued its "Series E Bonds" amounting to ₱6.0 billion and "Series F Bonds" amounting to ₱9.0 billion constituting direct, unconditional, unsecured and unsubordinated peso-denominated obligations of RLC and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of RLC, other than obligations preferred by law. The net proceeds of the issue shall be used by RLC to: (i) partially fund the capital expenditure budget for project development and land acquisition for calendar years 2022 and 2023 and to partially repay maturing debt obligations; and (ii) for general corporate purposes including, but not limited to, working capital. The bonds have been rated PRS Aaa by Philippine Rating Services Corporation (PhilRatings).

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrears on February 26, May 26, August 26 and November 26 of each year at which the bonds are outstanding.

RLC Three-year "Series G Bonds" maturing on June 30, 2026 and Five-Year "Series H Bonds" maturing on June 30, 2028
On June 30, 2023, RLC issued its "Series G Bonds" amounting to ₱6.0 billion and "Series H Bonds" amounting to ₱9.0 billion constituting direct, unconditional, unsecured and unsubordinated peso-denominated obligations of RLC and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of RLC, other than obligations preferred by law. The net proceeds of the issue shall be used by RLC to: (i) to fully repay maturing debt obligations; (ii) to partially fund the capital expenditure budget for project development for calendar years 2023 to

2025; and (iii) for general corporate purposes. The bonds have been rated PRS Aaa by Philippine Rating Services Corporation (PhilRatings).

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrears on March 30, June 30, September 30 and December 30 of each year at which the bonds are outstanding.

RLC ₱4.5 Billion Term Loan due February 2027
On February 10, 2017, RLC borrowed ₱4.5 billion under Term Loan Facility Agreements with Bank of the Philippine Islands. The loan was released on February 10, 2017 amounting to ₱4.5 billion with interest rate at 4.95% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. Partial payment for this loan amounting to ₱5 million was made on February 13, 2023 and 2022. On November 11, 2021, the interest rate was reduced to a fixed rate of 4.00% per annum until repricing date. On repricing date or on November 13, 2025, the interest rate will revert to 4.95% per annum until maturity date.

RLC ₱4.9 Billion Term Loan due August 2028
On August 10, 2023, RLC borrowed unsecured ₱4.9 billion under Term Loan Facility Agreements with Bank of the Philippine Islands. Interest on the loan shall be calculated on a 365-day year and based on the actual number of days elapsed, which shall be paid monthly in arrears.

RLC ₱6.3 Billion Term Loan with MBTC due in March 2029
On March 15, 2024, the Group borrowed ₱6.3 billion under Term Loan Facility Agreement with MBTC. The maturity of the loan is on March 15, 2029, with interest payable monthly at prevailng interest rate. The loan was obtained to refinance the ₱6.3 Billion Term Loan with the same bank due in March 2024.

JGSOC Philippine Peso Term Loan
These are various clean loans obtained to finance the JGSOC's expansion projects and are payable in lump sum after five years. Interest expense for 2024 and 2023 amounted to ₱2.2 billion and ₱1.7 billion, respectively.

CAI Peso Commercial Loans
The following table summarizes the Philippine peso commercial loans entered into by the Group on various dates in 2016 to 2018, to finance the purchase of ten (10) ATR 72-600 and two (2) Pratt & Whitney PW1100G-JM engines.

Drawdown Date	**Aircraft Type**	**No. of Units**	**Maturity Date**
October and November 2016 February and March 2017	ATR 72-600	4	October and November 2026 February and March 2027
May, July, October and December 2017	ATR 72-600	4	May, July, October and December 2027
February and May 2018	ATR 72-600	2	February and May 2028

Key terms of the commercial loan facilities follow:

- Term of seven (7) to ten (10) years starting from the delivery dates of each aircraft.
- Twenty-eight (28) to forty (40) equal consecutive principal repayments made on a quarterly basis.
- Interests on loans are variable rates based on Philippines Bloomberg Valuation (PH BVAL).
- Upon default, the outstanding amount of loan plus accrued interest will be payable, and the lenders will foreclose on secured assets, namely the aircraft.

In August and September 2024, CAI entered into Philippine Peso commercial loans for two (2) Pratt & Whitney engines. The loan requires quarterly installments with maturity not longer than ten (10) years at variable interest rate based on PHP BVAL plus loan margin.

As of September 30, 2024 and December 31, 2023, the total outstanding Philippine Peso commercial loans amounted to ₱6.5 billion and ₱8.0 billion, respectively. Interest expense incurred from these loans amounted to ₱341.0 million, and ₱602.0 million in for the nine months ended September 30, 2024 and 2023, respectively.

Debt Covenants

Certain loan agreements contain provisions which, among others, require the maintenance of specified financial ratios at certain levels and impose negative covenants which, among others, prohibit a merger or consolidation with other entities, dissolution, liquidation or winding-up, except with any of its subsidiaries; and prohibit the purchase or redemption of any issued shares or reduction of registered and paid-up capital or distribution of assets resulting in capital base impairment.

For the Parent Company's term loan facilities of ₱4.0 billion due 2025, ₱5.0 billion due 2028, ₱10.0 billion due 2028, ₱5.0 billion due 2029, and ₱7.0 billion due 2029, the Group is required to maintain a financial ratio of Group's total borrowings to Group's shareholders' equity not exceeding 2.0:1.0.

For JGSPL's US$600.0 million Senior Unsecured Notes due in 2030, the guarantor shall procure that the ratio of Consolidated Total Borrowings to Consolidated Shareholders' Equity does not at any time exceed 2:1.

For CAI's Philippine commercial loans are secured by the related aircraft. The Group is required to comply with affirmative and negative covenants until termination of loans. As of September 30, 2024 and December 31, 2023, CAI is not in breach of any loan covenants.

For RLC's ₱1.4 billion Retail Bonds due 2025, ₱6.0 billion term loan due 2025, ₱4.5 billion term loan due 2027, ₱4.9 billion term loan due 2028 and ₱6.3 billion term loan due 2029, RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statement as of December 31, 2023 and December 31, 2022. These loans were not guaranteed by the Parent Company. As of September 30, 2024 and December 31, 2023, RLC has complied with the debt covenant.

For RLC's 5-year "Series D Bonds" due 2025, RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of September 30, 2024 and December 31, 2023. As of September 30, 2024 and December 31, 2023, RLC has complied with the debt covenant.

For RLC's 3-year "Series E Bonds" due 2025 and 5-Year "Series F Bonds" due 2027, RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of September 30, 2024 and December 31, 2023. As of September 30, 2024 and December 31, 2023, RLC has complied with the debt covenant.

For RLC's 3-year "Series G Bonds" due 2026 and 5-Year "Series H Bonds" due 2028, RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of September 30, 2024 and December 31, 2023. As of September 30, 2024 and December 31, 2023, RLC has complied with the debt covenant.

For JGSOC's term loans, JGSOC is required to maintain a net debt-to-equity ratio of not more than 2.5:1.0, as measured at the end of each calendar year-end. JGSOC has complied with the debt covenant as of September 30, 2024 and December 31, 2023.

The Group has complied with all of its debt covenants as of September 30, 2024 and December 31, 2023.

Bonds Payable

On May 10, 2021, the Parent Company issued at face value US$250.0 million convertible bonds (CB) to the International Finance Corporation (IFC), IFC Emerging Asia Fund LP and Indigo Philippines LLC (collectively known as "the CB Holders") due on May 10, 2027. The bonds bear an interest rate of 4.5% payable semi-annually in arrears on May 10 and November 10 of each year. Net proceeds from issuance of CB in 2021 amounted to ₱11.8 billion.

The CBs have conversion option features which entitles the CB Holders to convert any or all of the outstanding CBs that they hold for CAI's common shares within the conversion period which shall begin 40 days after the issue date of the CB and shall end 20 business days before the maturity date. The price at which the common shares will be issued upon conversion will initially be at ₱38.00 per share, as translated to U.S. Dollars at the fixed exchange rate of USD$1.00 = ₱48.45 and subject to any adjustments from time to time in accordance with the adjustment provisions included in the terms and conditions of the CBs. None of the CB Holders have exercised their conversion option as of September 30, 2024 and December 31, 2023. The CBs also have an optional redemption feature which give the CB Holders the option to require CAI to redeem the CBs upon the occurrence of any of the early redemption and regulatory events as specified in the terms of the CBs.

The CBs were assessed to be a hybrid instrument containing a host financial liability component and embedded derivative components for the equity conversion and redemption options. The embedded derivatives were separated from the CBs and accounted for as a single compound derivative on the issuance date of the CBs.

In subsequent periods, the host financial liability component of CBs were carried at amortized cost using the EIR method. Interest expense recognized from the CBs, which is included under 'Financing and others' in the consolidated statements of comprehensive income for the nine months ended September 30, 2024 and 2023, amounted to ₱572 million and ₱552 million, respectively.

The carrying amount as at September 30, 2024 and December 31, 2023 of the host financial liability component of the CBs are presented below:

	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Beginning balance	**US$242,689,465**	**₱13,437,715,699**	US$240,755,494	₱13,423,322,594
Unrealized foreign exchange (gain) loss	–	**158,659,264**	–	(93,207,960)
Bond amortization	**1,531,386**	**87,319,362**	1,933,971	107,601,065
Ending balance	**US$244,220,851**	**₱13,683,694,325**	US$242,689,465	₱13,437,715,699

The bifurcated embedded derivatives have an initial fair value of ₱413 million and is presented as 'Derivative financial liabilities at fair value through profit or loss' in the consolidated statements of financial position.

The fair value and changes in fair value of the derivative liabilities at FVPL as of September 30, 2024 and December 31, 2023 follow:

	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Beginning balance	**US$–**	**₱–**	US$15,188,513	₱846,835,509
Market valuation losses (Note 8)	–	–	(15,188,513)	(846,835,509)
Ending balance	**US$–**	**₱–**	US$–	₱–

The fair value of the embedded derivatives was determined by the Group using the Jarrow-Rudd model.

The inputs used for the calculation of fair value as of specific valuation date are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Stock price	**₱34.00**	₱32.50
Risk free rate	**3.52%**	3.90%
Conversion price	**₱38.00**	₱38.00
Term	**2.6 years**	3.3 years
Volatility	**28.46%**	32.90%

19. Other Noncurrent Liabilities

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deposit from lessees - net of current portion	**₱5,646,673**	₱5,347,268
Pension liabilities	**3,777,095**	3,449,078
ARO	**2,250,760**	3,774,523
HMV	**1,548,458**	2,000,998
Member redemption liabilities	**965,091**	947,973
Advances for marketing and promotional fund	**490,463**	443,959
Travel fund payable - net of current portion (Note 16)	**484,230**	413,619
Contract liabilities - net of current portion (Note 17)	**337,290**	311,422
Others	**593,742**	636,566
	₱16,093,802	₱17,325,406

Deposits from Lessees

Deposits from lessees (including the current portion shown in Note 17) represent cash received from tenants representing three to six months' rent which shall be refunded to tenants at the end of the lease term. These are initially recorded at fair value, which is obtained by discounting its future cash flows using the applicable rates of similar types of instruments.

ARO

CAI is contractually required under various lease contracts to restore certain leased aircraft to its original condition at its own cost or to bear a proportionate cost of restoration at the end of the contract period. These costs are accrued based on estimates made by CAI's engineers, which include estimates of future aircraft utilization and certain redelivery costs at the end of the lease period.

For the nine months ended September 30, 2024 and 2023, ARO expenses included as part of repairs and maintenance under 'Cost of sales' in the Statements of Comprehensive Income amounted to ₱1.9 billion and ₱2.5 billion, respectively.

HMV

CAI is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advise. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized.

For the nine months ended September 30, 2024 and 2023, HMV expenses included as part of repairs and maintenance under 'Cost of sales' in the Statements of Comprehensive Income amounted to ₱1.5 billion and ₱1.2 billion, respectively.

Member Redemption Liabilities

This account pertains to the outstanding points issued to Go Reward members until redeemed to its Go Rewards partner merchant stores. Go Rewards is the the integrated loyalty program of the Group owned and managed by DAVI.

Travel Fund Payable

Customers are given options for their cancelled flights which included, among others, conversion to a full travel fund which is a virtual wallet equivalent to the amount paid for an existing booking.

Effective August 1, 2023, CAI removed the expiration date of all its remaining, unexpired travel fund, and extended the validity of its travel vouchers to 18 months, giving passengers a chance to enjoy better and improved customer service.

The current portion of travel fund payable amounted to ₱249 million and ₱217 million as of September 30, 2024 and December 31, 2023, respectively, and is presented under 'Accounts payable and other accrued liabilities' account in the consolidated statements of financial position (see Note 16).

Others

Others include retention payable which represents amounts withheld from payments to contractors as guaranty for any claims against them. These are noninterest-bearing and will be remitted to contractors at the end of the contracted work.

20. **Equity**

Details of the Parent Company's authorized capital stock as of September 30, 2024 and December 31, 2023 follow:

	Par Value	Shares	Amount
Common shares	₱1.00	12,850,800	₱12,850,800
Preferred voting shares	0.01	204,000,000	2,040,000
		216,850,800	₱14,890,800

As of September 30, 2024 and December 31, 2023, the paid-up capital of the Group consists of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Capital stock:		
Common shares - ₱1 par value	**₱7,520,984**	₱7,520,984
Preferred voting shares - ₱0.01 par value	**42,000**	42,000
	7,562,984	7,562,984
Additional paid-in capital	**45,163,834**	45,163,834
Total paid-up capital	**₱52,726,818**	₱52,726,818

Preferred Voting Shares

The preferred voting shares have, among others, the following rights, privileges and preferences:

a. Entitled to vote on all matters involving the affairs of the Parent Company requiring the approval of the stockholders. Each share shall have the same voting rights as a common share.
b. The shares shall be non-redeemable.
c. Entitled to dividends at the rate of 1/100 of common shares, such dividends shall be payable out of the surplus profits of the Parent Company so long as such shares are outstanding.
d. In the event of liquidation, dissolution, receivership or winding up of affairs of the Parent Company, holders shall be entitled to be paid in full at par, or ratably, in so far as the assets of the Parent Company will permit, for each share held before any distribution is made to holders of the common shares.

Record of Registration of Securities with the SEC

Summarized below is the Parent Company's track record of registration of securities under the Securities Regulation Code.

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of shares	Issued and outstanding shares
June 30, 1993	Registration of authorized capital stock	–	₱1.00	₱–	12,850,800,000 common shares and 2,000,000,000 preferred non-voting shares	–
June 30, 1993	Initial publicoffering (IPO)	1,428,175 common shares	1.00	4.40	–	1,428,175 common shares
June 30, 1994	Conversion of convertible bonds into common shares	428,175common shares	1.00	13.75	–	3,725 common shares
July 3, 1998	Stock rights offering (1:2)	2,060,922 common shares	1.00	2.00	–	2,060,922 common shares

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total capital. The Group includes within gross debt all interest-bearing loans and borrowings and derivative liabilities, while capital represents total equity.

The Group's computation of debt-to-capital ratio follows:

		September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
(a)	Gross debt		
	Short-term debts (Note 18)	**₱71,354,854**	₱63,524,866
	Current portion of long-term debts (Note 18)	**44,101,973**	44,984,075
	Long-term debts - net of current portion (Note 18)	**183,493,117**	179,714,166
	Bonds payable (Note 18)	**13,683,694**	13,437,716
	Derivative liabilities (Notes 8 and 17)	**15,912**	1,292
		₱312,649,550	₱301,662,115
(b)	Capital	**₱477,983,248**	₱445,078,821
(c)	Debt-to-capital ratio (a/b)	**0.65:1**	0.68:1

The Group's policy is to ensure that the debt-to-capital ratio would not exceed the 2.0:1.0 level.

Restricted Retained Earnings

As of September 30, 2024 and December 31, 2023, the Group has a total retained earnings of ₱275.5 billion and ₱260.8 billion, respectively. Out of this, ₱118.3 billion were restricted as of September 30, 2024 and December 31, 2023. The determination of retained earnings available for dividend declaration is assessed at the Parent Company level.

The details of the Group's restricted retained earnings follow:

Parent Company

As of September 30, 2024, the ₱101.2 billion restricted retained earnings of the Parent Company are earmarked for the following: (a) settlement of a certain subsidiary's loan obligations guaranteed by the Parent Company (Note 18); (b) settlement of Parent Company loan obligations; and (c) general corporate purposes.

The details of the loan obligations follow:

	Subsidiary	**Amount**	**Settlement**
Loan obligations:			
4.125% senior unsecured notes	JGSH Philippines, Limited	US$600.0 million	10 years maturing in 2030
Term Loans	Parent Company	₱30.8 billion	Maturing in 2024 to 2029
Term Loans	JGSOC	₱64.9 billion	Maturing in 2024, 20, 2028 and 2029

As part of its debt covenant, the Parent Company has to maintain certain financial ratios such as: (a) the Group's current ratio of not less than 0.5:1.0; and (b) the Group's debt-to-equity ratio of not greater than 2.0:1.0. A portion of the Parent Company's retained earnings is restricted to maintain these financial ratios.

A corresponding amount of appropriated retained earnings will be reversed to unappropriated retained earnings once the foregoing loan obligations are settled.

RLC
On December 19, 2023, the BOD approved the reversal of the retained earnings it appropriated in 2022 amounting to ₱20.0 billion as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of RLC for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD approved the appropriation of ₱22.0 billion out of the unappropriated retained earnings, to support the capital expenditure requirements of RLC for various projects. These projects and acquisitions are expected to be completed on multiple dates from 2024 to 2027.

Accumulated equity in net earnings of the subsidiaries and associates
A portion of the Group's retained earnings corresponding to the net earnings of the subsidiaries and accumulated equity in net earnings of the associates and joint ventures amounting to ₱96.9 billion and ₱93.1 billion as of September 30, 2024, and December 31, 2023, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon receipt of cash dividends from the investees.

<u>Equity Reserve</u>
URC

- In December 2019, Intersnack bought 40% of URC's equity interest in the Oceania business for a total consideration of ₱7.7 billion. As a result of the sale, the equity interest of URC changed from 100.0% to 60.0%. The excess of the total consideration received over the carrying amount of the equity transferred and call option issued to NCI amounting to ₱1.3 billion is presented under 'Equity reserve' in the consolidated statements of financial position.

  In October 2021, URC sold its remaining 60.0% equity interest in Oceania business to Intersnack. As a result, the Group derecognized the assets and liabilities related to its Oceania business. The Group is of the view that the Equity Reserve can be reclassified to Retained Earnings to present more useful information about its equity. The Group evaluated the nature of the Equity Reserve, and if there are specific requirements on its derecognition. Management also considered nature of equity and the applicability of the requirements of PFRS and definitions, recognition criteria and measurement concepts in the Framework.

  On February 8, 2022, URC requested for the SEC's opinion on the reclassification and subsequent treatment of the Equity Reserve. On February 22, 2022, the SEC confirmed that the reclassification of the Equity Reserve to Retained Earnings does not counter any principles in PFRS, and would allow for more understandable financial information for users. Accordingly, the Group reclassified Equity Reserve amounting to ₱1.3 billion to Retained Earnings.

- On July 30, 2021, the BOD of URC approved the creation and implementation of a share buyback program involving up to ₱3.0 billion worth of URC's common shares. The BOD of URC approved the extension of the share buyback program for an additional amount of ₱5.0 billion on July 29, 2022. In 2022, URC acquired a total of 22,475,760 common shares for a total consideration of ₱2.6 billion. In 2023, URC acquired a total of 1,084,650 common shares for a total consideration of ₱125 million. In 2024, URC acquired a total of 19,391,030 common shares for a total consideration of ₱2.0 billion. As a result of various share buy-back transactions during the period, the Parent Company's ownership over URC changed from 55.93% as of December 31, 2023 to 56.43% as of September 30, 2024.

- In February 2022, URC Foods (Singapore) Pte. Ltd. acquired 23,805 common shares of PPICL from Hong Kong Peggy Foods Company Limited for ₱215 million. The acquisition of shares represented 100.00% interest in PPICL. The Group charged equity reserve from the acquisition amounting to about ₱7.3 million presented under 'Equity reserve' in the consolidated statements of financial position.

- In October 2023, UABCL acquired 2,000,000 common shares of URC Malaysia from a non controlling interest for ₱434.5 thousand. The acquisition of shares represented 4.09% interest in URC Malaysia. The Group charged equity reserve from the acquisition amounting to about ₱9 million presented under 'Equity reserve' in the consolidated statements of financial position.

- In June 2024, URCL was merged with URCICL, both wholly owned subsidiaries of URC. An equity reserve of ₱341 million has been recognized in the consolidated statements of financial position. The net assets of URCL were combined with URCICL at their book values. No consideration was exchanged in this transaction.

RLC

- On August 20, 2021, RLC sold its investment in RCR by way of public offering at a selling price of ₱6.45 per share, with a total selling price amounting to ₱22.6 billion, net of transaction costs amounting to ₱737 million. As a result of the sale, the equity interest of RLC over RCR changed from 100% to 63.49%. RLC assessed that the change in its ownership interest over RCR as a result of the public offering did not result in a loss of control. Thus, RLC accounted for the decrease in ownership interest in RCR as an equity transaction. No gain or loss was recognized upon consolidation, and the difference in the proceeds from sale of shares to public and the amount recorded as NCI amounting to ₱10.8 billion was recorded as 'Equity Reserve' in the consolidated statements of financial position.

- On November 4, 2021, the BODs of RLC approved the creation and implementation of a share buyback program involving up to 3.0 billion worth of RLC's common shares. As of September 30, 2024, the Parent's ownership over RLC changed from 65.44% as of December 31, 2023 to 65.47 as a result of various share buy-back transactions during the period.

- On March 8, 2022, RLC entered into a Deed of Sale with RCR for the sale of Robinsons Cybergate Bacolod, excluding the land where the building is situated, for ₱734 million, exclusive of value-added-tax.

  On April 20, 2022, a Deed of Assignment was executed between RLC and RCR for the assignment, transfer, and conveyance by RLC of Robinsons Cyberscape Gamma, excluding the land where the building is situated, with a value of ₱5.9 billion, in exchange for the issuance of 778 million shares in RCR.

  These resulted in increase in RLC's interest in RCR from 63.49% to 66.14%. The impact on the Group's Equity Reserves amounted to ₱1.1 billion.

- On April 5, 2024, RLC sold a total of 1,725,995,000 RCR shares at a transaction price of ₱4.92 per share. With this block placement, RLC's interest in RCR is reduced from 66.14% to 50.05%. This placement enables RCR to acquire accretive assets from RLC's diverse pipeline of investment properties. The impact on the Group's Equity Reserves amounted to ₱4.4 billion.

21. **Employee Benefits**

Pension Plans

The Group has funded, noncontributory, defined benefit pension plans covering substantially all of their regular employees.

The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan (the "Plan"), with RBC as Trustee. The plans provide for retirement, separation, disability and death benefits to their members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of their contributions at any time on account of business necessity or adverse economic conditions. The retirement plan has an Executive Retirement Committee, that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Parent Company are represented in the Executive Retirement Committee. RBC manages the plan based on the mandate as defined in the trust agreement. As approved by the SEC, RBC was merged withBPI, with BPI as a surviving entity, effective January 1, 2024. Accordingly, BPI will be the Trustee for the Plan.

The overall expected rates of return on assets are based on the market expectations prevailing as at the reporting date, applicable to the period over which the obligation is settled.

The Group expects to contribute ₱543 million into the pension fund in 2024.

22. **Income Taxes**

Republic Act (RA) No. 9337

Current tax regulations provide that the RCIT rate shall be 30.0% and interest expense allowed as a deductible expense is reduced by 33.0% of interest income subjected to final tax.

The NIRC of 1997 also provides for rules on the imposition of a 2.0% MCIT on the gross income as of the end of the taxable year beginning on the fourth taxable year immediately following the taxable year in which the Company commenced its business operations. Any excess MCIT over the RCIT can be carried forward on an annual basis and credited against the RCIT for the three immediately succeeding taxable years.

Starting July 1, 2008, the Optional Standard Deduction (OSD) equivalent to 40.0% of gross income may be claimed as an alternative deduction in computing for the RCIT.

CREATE Act

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law on March 26, 2021. This aimed to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 of the CREATE Act introduced reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette on April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30.00% to 25.00% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20.00%.

- MCIT rate reduced from 2.00% to 1.00% of gross income effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2021, income tax rate for nonresident foreign corporation is reduced from 30.00% to 25.00%.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
  - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
  - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
  - The domestic corporation holds directly at least 20.00% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.
- Qualified domestic market enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 5 years enhanced deductions (ED).
- For investments prior to effectivity of CREATE:
  - Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
  - RBEs granted an ITH followed 5.00% GIT or are currently enjoying 5.00% GIT – allowed to avail of the 5.00% GIT for 10 years.

Based on the provisions of Revenue Regulations No. 5-2021 dated April 8, 2021 issued by the BIR, the transitory RCIT and MCIT rates for taxable year 2020 are 27.50% and 1.50%, respectively. The reduced amounts were reflected in the Group's 2020 annual income tax returns filed in 2021. However, for financial reporting purposes, the changes were only recognized in the 2021 financial statements.

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the MCIT rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the CREATE Act. Consequently, the Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

The deferred tax assets and liabilities as of December 31, 2020 were also remeasured using the lower RCIT rate of 25.00%. These reductions were recognized in the 2021 financial statements.

Entertainment, Amusement and Recreation (EAR) Expenses

Current tax regulations define expenses to be classified as EAR expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1.0% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses.

Under Section 11 of R. A. No. 7151 (CAI's Congressional Franchise) and under Section 15 of R. A. No. 9517 (Cebgo, Inc.'s Congressional Franchise), known as the "ipso facto clause" and the "equality clause", respectively, the CAI and Cebgo, Inc. are allowed to benefit from the tax privileges being enjoyed by competing airlines. CAI's and Cebgo, Inc.'s major competitor, by virtue of PD No. 1590, is enjoying tax exemptions which are likewise being claimed by the CAI and Cebgo, Inc., if applicable, including but not limited to the following:

a) To depreciate its assets to the extent of not more than twice as fast the normal rate of depreciation; and
b) To carry over as a deduction from taxable income any net loss (NOLCO) incurred in any year up to five years following the year of such loss.

In addition, pursuant to Section 4 (bbbb) of R.A. No. 11494 (Bayanihan to Recover as One Act) and as implemented under Revenue Regulations (RR) No. 25-2020, the NOLCO of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

23. Earnings Per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company divided by the weighted average number of common shares outstanding during the year (adjusted for any stock dividends).

The following tables reflect the net income and share data used in the basic/dilutive EPS computations:

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Income from continuing operations attributable to holders of common shares of the Parent Company	**₱18,175,238**	₱14,782,739
Less: Dividend on preferred shares	**16,800**	16,000
Income from continuing operations attributable to holders of common shares of the Parent Company	**18,158,438**	14,766,739
Income from discontinued operations attributable to equity holders of the Parent Company	**(296,169)**	592,520
Income attributable to holders of common shares of the Parent Company	**₱17,862,269**	₱15,359,259
Weighted average number of common shares	**7,520,984**	7,520,984
Basic/diluted earnings per share		
Continuing operations	**₱2.42**	₱1.96
Discontinued operations	**(0.04)**	0.08
	₱2.38	₱2.04

There were no potential dilutive common shares in 2024 and 2023.

24. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties and are generally settled in cash. Due from and due to related parties are collectible/payable on demand.

The Parent Company signed various financial guarantee agreements with third parties for the short-term and long-term loans availed by its subsidiaries as discussed in Note 18 to the consolidated financial statements. No fees are charged for these guarantee agreements. Being the centralized treasury department within the Group, the Parent Company usually receives advances from subsidiaries and in turn, makes advances to other subsidiaries.

Most of the aforementioned intercompany transactions between the Parent Company and its subsidiaries are eliminated in the accompanying consolidated financial statements.

Transactions with the retirement plan
The retirement fund is being managed by JG Summit Multi-Employer Retirement Plan (MERP), a corporation created for the purpose of managing the funds of the Group, with RBC as the trustee.

The retirement plan under the MERP has an Executive Retirement Committee , that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the plan. Certain members of the BOD of the Parent Company are represented in the Executive Retirement Committee. RBC manages the plan based on the mandate as defined in the trust agreement.

Compensation of key management personnel
There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

Approval requirements and limits on the amount and extent of related party transactions
Material related party transactions (MRPT) refers to any related party transactions, either individually, or in aggregate over a twelve (1)-month with the same related party, amounting to ten percent (10.00%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All individual MRPTs shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above

25. Registration with Government Authorities/Franchise

Certain operations of consolidated subsidiaries are registered with the BOI and PEZA as preferred pioneer and non-pioneer activities, and are granted various authorizations from certain government authorities. As registered enterprises, these consolidated subsidiaries are subject to certain requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

26. Contingent Liabilities

Contingencies
The Group has various contingent liabilities arising in the ordinary conduct of business from legal proceedings which are either pending decision by the courts, under arbitration or being contested, the outcomes of which are not presently determinable. In the opinion of management and its legal counsels, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed on

the ground that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

27. Discontinued Operations and Disposal of Businesses

URC China Entities' Cessation of Business Operations

In June 2024, several China entities ceased operations and abandoned their business activities. Consequently, the related income and expenses for these entities for the period ended September 30, 2024, are presented as Net Income from Discontinued Operations in the consolidated statements of comprehensive income.

The assets and liabilities of these entities as of September 30, 2024 remained in the consolidated statements of financial position. Management has assessed the carrying amounts of the assets and liabilities of the discontinued operations. An impairment loss on property, plant and equipment of ₱323.0 million has been recognized under Net Income from Discontinued Operations in the consolidated statements of income.

The results of operations of China businesses for the nine months ended September 30 are as follows:

	2024	2023
Sale of goods and services	**₱225,835**	₱460,884
Cost of sales	**116,270**	261,901
Gross profit	**109,565**	198,983
Operating expenses	**(154,154)**	(227,451)
Operating income	**(44,589)**	(28,468)
Impairment losses	**(322,997)**	–
Finance revenue	**9,452**	15,112
Foreign exchange gain - net	**2,109**	1,291
Other income (expense) - net	**(167,759)**	306
Income before income tax	**(523,784)**	(11,759)
Provision for income tax	**1,032**	2,418
Net loss	**(₱524,816)**	(₱14,177)

The related cash flows arising from China business activities for the nine months ended September 30, 2024 follow:

Net cash provided by operating activities	(₱253,235)
Net cash provided by investing activities	2,729
Cash flows provided by discontinued operations	(₱250,506)

Merger of RBC with BPI

On September 30, 2022, the BOD of RBC approved the plan of merger of RBC and BPI, with BPI as the surviving entity. The merger is seen as a strategic move that will unlock various synergies across businesses, expand customer bases, and enhance the overall banking experience of the Bank's customers with the combined network.

On January 17, 2023, stockholders representing at least two-thirds of the outstanding shares of BPI approved the merger between BPI and RBC.

On January 26, 2023, the Articles of Merger and the Plan of Merger were executed by BPI and RBC. The Supplement to the Agreement for the Merger of BPI and RBC was likewise executed on the same date by and among BPI, RBC and RBC Shareholders - RRHI and JGSCSC, which states that upon the effectivity of the Merger and receipt of all necessary corporate and regulatory approvals, RBC Shareholders will collectively hold approximately 6.0% of the resulting outstanding capital stock of BPI.

The merger between BPI and RBC underwent several regulatory approvals. On March 9, 2023, the Philippine Competition Commission cleared the merger. Subsequently, on December 15, 2023, the BSP approved the merger, followed by the SEC's approval of the Articles of Merger and the Plan of Merger, along with their supplements, as filed by BPI and RBC.

As a result, the related assets and liabilities of RBC as of December 31, 2023, is presented as Asset Held for Sale and Liabilities Held for Sale, respectively, in the consolidated statements of financial position while the results of operations for the nine months ended September 30, 2023, are presented as Net Income After Tax from Discontinued Operations in the consolidated statements of comprehensive income.

Management assessed that the carrying amount of Assets Held for Sale is lower than its fair value less costs to sell; thus, the amount recognized as Asset Held for Sale in the statements of financial position is equal to the carrying amounts as of December 31, 2023.

The results of operations of RBC in the consolidated statements of comprehensive income for the third quarter and nine months ended September 30, 2023 are presented below:

	Third Quarter Ended 2023	Nine Months Ended 2023
Revenue		
Sale of services	₱3,226,222	₱9,592,599
Equity in net losses of associates and joint ventures	195,856	–
Dividend income	2,229	6,687
Rental income	3,311	9,801
	3,427,618	9,609,087
Cost of Sales and Services	1,488,266	4,095,421
Gross Income	1,939,352	5,513,666
Net Operating Expenses		
General and administrative expenses	1,338,342	4,105,022
Provision for impairment losses and others	172,320	438,351
	1,510,662	4,543,373
Operating Income	428,690	970,293
Other Income		
Foreign exchange gains	95,529	253,399
Others	49,102	245,482
Income Before Income Tax	573,321	1,469,174
Provision for Benefit from Income Tax	98,731	234,206
Net Income from Discontinued Operations	₱474,590	₱1,234,968

	Third Quarter Ended 2023	Nine Months Ended 2023
	2023	2023
Attributable to Parent Company	**₱284,754**	**₱740,981**
Attributable to non-controlling interest	**189,836**	**493,987**
	₱474,590	**₱1,234,968**

The assets and liabilities of RBC classified as held for sale as of December 31,2023 are as follows:

	December 31, 2023 (Audited)
Assets	
Cash and cash equivalents	₱11,603,832
Financial assets at fair value through profit or loss	24,203
Financial assets at fair value through OCI	11,858,734
Receivables	109,649,440
Investment securities at amortized cost	30,634,275
Investment in associates and joint ventures	319,948
Property, plant and equipment	492,920
Investment properties	1,735,966
Right-of-use assets	299,868
Goodwill	244,327
Intangible assets	1,506,689
Other assets	2,323,331
	₱170,693,533
Liabilities	
Accounts payable and accrued expenses*	₱137,865,652
Income tax payable	16,843
Lease liabilities	330,405
Other liabilities**	13,079,185
	₱151,292,085
Net Assets	₱19,401,448

**This amount includes the current and noncurrent portion of deposit liabilities as of September 30, 2023 amounting to ₱123,187 and ₱8,072, respectively.*

The related cash flows arising from banking business activities for the nine months ended September 30, 2023.

	September 30, 2023 (Unaudited)
Net cash provided by operating activities	₱6,056,457
Net cash provided by investing activities	49,941
Net cash used in financing activities	(711,839)
Effect of foreign exchange changes	(11,858)
	(₱5,382,701)

On January 1, 2024, the merger of RBC and BPI became effective, with BPI as the surviving entity. A total of 314 million BPI common shares were issued to RBC shareholders as a result of the merger, equivalent to 6.0% ownership in BPI (3.58% ownership by JGSCSC and 2.4% ownership by Robinsons Retail Holdings, Inc). The Group recognized a gain arising from the merger transaction between RBC and BPI, amounting to ₱7.9 billion, which is reported as part of ‘Other Income’ in the Statements of Comprehensive Income. The gain on merger is the difference between the consideration received which is the fair market value of BPI shares received (Note 10) and the Group’s share in RBC net book value at the effectivity date of the merger.

28. **Events after reporting period**

CEB's Signing of Purchase Agreement with Airbus and Pratt & Whitney
In line with CEB's dedication to expanding air travel accessibility and affordability, CEB has officially signed its purchase agreement with Airbus and Pratt & Whitney for up to 152 A321NEO aircraft. This acquisition, which has a minimum commitment of 70 aircraft, is the largest in Philippine aviation history, valued at approximately US$24.0 billion (₱1.4 trillion) based on list prices for the entire 152 aircraft order. The agreement with Airbus covers firm orders for up to 102 A321NEO and 50 A320NEO Family purchase rights.

CEB's Signing of Share Purchase Agreement (SPA) with ALI Capital Corp.
On October 7, 2024, CEB has officially signed a Share Purchase Agreement (SPA) with ALI Capital Corp., a wholly owned subsidiary of Ayala Land, Inc., for the acquisition of 100% ownership of AirSwift Transport Inc. ("AirSwift"). AirSwift is a boutique airline that caters to the domestic leisure travel market with flights from Manila and Clark to El Nido, and from EL Nido to other major tourist destinations in the country, including Cebu, Boracay, Coron, and Bohol. On the same day, the total consideration for the transaction amounting to ₱1.8 billion, comprised of ₱1.6 billion shareholder advance to AirSwift and ₱120 million for the acquisition of 100% ownership, was deposited in an escrow account, with its release subject to completion of all closing deliverables, conditions and post-closing adjustments, as well as, satisfaction (or waiver) of conditions such as, but not limited to, necessary approvals from relevant government bodies, statutory bodies, authorities, commissions, tribunals, agencies or entities and other conditions set out in the SPA.

The acquisition has no direct impact on the balances as of September 30, 2024. The overall financial and non-financial impact of the acquisition is yet to be finalized, subject to finalization of the fair values and consideration of other relevant information that may reasonably affect the valuation.

The acquisition of AirSwift is in line with CEB's mission to make air travel more accessible, and to continually improve connectivity across its network. This strategic move will grant CEB exclusive rights to fly into Lio Airport (ENI) for a period of five (5) years, and effectively add El Nido to its routes, widening its network, which will contribute to growth opportunities, and leverage its operational expertise to be able to offer more cost-effective options for its growing customer base.

CEB's Step Acquisition of 1Aviation through Debt-to-Equity Conversion
CEB has signed a Deed of Assignment of Credit and Subscription with 1Aviation, for the assignment of credit and subscription to 1,130,000 shares, equivalent to 20% additional ownership, each with a par value of ₱100 per share, amounting to a total of ₱113 million. The subscription of additional shares arose from the agreement of the 1Aviation stockholders to convert certain shareholder loans and advances into common stock (the "debt-to-equity conversion"). The debt-to-equity conversion is subject to the approval of the SEC.

As of September 30, 2024, prior to the conversion, CEB has 40% ownership in 1Aviation and the carrying amount of its investment in 1Aviation is nil. Upon the approval of the SEC, CEB will hold a total of 60% ownership in 1Aviation. The debt-to-equity conversion will result in a 'step acquisition' or business combination achieved in stages. Upon the approval of the SEC and finalization of the fair values, CEB will remeasure its previous interest to its fair value amount, with the resulting gain or loss taken to profit or loss as a separate line item in the statement of comprehensive income, and recognize in its statement of financial position the identifiable assets acquired, the liabilities assumed, any goodwill arising from the transaction, and the fair value of noncontrolling interest held by other parties.

As a majority owner, CEB will be able to integrate 1Aviation's services more seamlessly with its operations, creating synergies that could reduce operational costs and improve service quality, particularly in ground handling and logistical support.

RLC's overnight block placement of its RCR shares

On October 18, 2024, RLC has completed the overnight block placement of its shares in RCR. RLC sold a total of 318,902,800 common shares of RCR (the "Placement Shares") at a transaction price of ₱5.86 per share equivalent to ₱1.9 billion (exclusive of taxes and fees). With this placement, the public float of RCR increased to 5,646,840,310 common shares or 35.93% of the total issued and outstanding common shares.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATOR

The following are the major financial ratios that the Group monitors in measuring and analyzing its financial soundness:

Ratio	Formula	September 30, 2024	December 31, 2023
Liquidity:			
Current ratio	Current assets* / Current liabilities* **Excludes Assets held for sale and Liabilities directly associated with assets held for sale*	1.00	1.01
Solvency:			
Debt-to-equity ratio/ Gearing ratio	Total financial debt** / Total equity ***Short-term loans + Long-term loans+ Bonds Payable +Derivative Liabilities*	0.65	0.68
Net debt-to-equity ratio	Total financial debt less total cash*** / Total equity **** including financial assets at FVTPL and FVOCI*	0.53	0.57
Asset-to-equity ratio	Total assets / Total equity	2.15	2.50

Ratio	Formula	Nine months ended September 30	
		2024	**2023**
Profitability:			
Operating income margin	Operating income (EBIT) / Total revenues	0.13	0.14
Leverage:			
Interest rate coverage ratio	Operating income plus depreciation and amortization (EBITDA) / Financing costs and other charges	4.21	5.06