COVER SHEET

CS200411461

S.E.C. Registration Number

MEGAWIDE CONSTRUCTION CORPORATION

(Company's Full Name)

20 N. DOMINGO STREET, BARANGAY VALENCIA, QUEZON CITY

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

ANTHONY LEONARD G. TOPACIO
CHARLOTTE Y. KING

Contact Person

(02) 8655-1111

Company's Telephone Number

31 December

Month Day of Fiscal Year

30 June

Month Day of Annual Meeting

SEC FORM 17-Q

Secondary License Type, If Applicable

SEC

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

MEGAWIDE CONSTRUCTION CORPORATION
Company's Full Name

20 N. Domingo Street,
Barangay Valencia
Quezon City
Company's Address

655-1111
Telephone Number

December 31
Fiscal Year Ending
(Month & Day)

SEC FORM 17-Q
Form Type

September 30, 2021
Period Ended Date

–

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1.	For the Quarterly Period Ended	**September 30, 2021**
2.	SEC Identification Number	**CS200411461**
3.	BIR Tax Identification No.	**232-715-069-000**
4.	Exact Name of Issuer as Specified in its Charter	**Megawide Construction Corporation**
5.	Province, Country or other Jurisdiction of Incorporation or Organization	**Philippines**
6.	Industry Classification Code (SEC use only)	
7.	Address of Principal Office Postal Code	**No. 20 N. Domingo Street, Barangay Valencia, Quezon City** **1112**
8.	Issuer's Telephone Number, including Area Code	**(02) 655-1111**
9.	Former Name, Former Address and Fiscal Year, if Changed since Last Report	**Not Applicable**

10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares Issued and Outstanding	Amount of Debt Outstanding (Php)
MWIDE (Common)	2,399,426,127	0
MWP (Preferred)	40,000,000	0
MWP2A (Preferred)	26,220,130	0
MWP2B (Preferred)	17,405,880	0
MWP3 (Preferred)	5,000,000	0

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

Yes [✓] No [ ]

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

The Philippine Stock Exchange, Inc.	- **Common Shares (MWIDE)** - **Preferred Shares (MWP, MWP2A, and MWP2B)**

12. Check whether the issuer:

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

PART I –FINANCIAL INFORMATION

Item 1. Financial Statements

The interim Consolidated Financial Statements of Megawide Construction Corporation ("Megawide") as of September 30, 2021 with comparative figures as of December 31, 2020 and September 30, 2020, Cash Flows and Schedule of Aging Accounts Receivable is incorporated by reference as Exhibit 1.

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

A. RESULTS OF OPERATIONS

Review of results for the nine (9) months ended September 30, 2021 as compared with the results for the nine (9) months ended September 30, 2020

Results of Operations

Revenues increased by 27% or P2.4 billion

Consolidated revenues for the period amounted to P11.45 billion, 27% or P2.4 billion higher from the same period last year. The construction segment revenue amounted to P10.56 billion, 42% or P3.1 billion above from year ago levels and contributed 92% to the consolidated revenues. From quarantine restrictions imposed by the government last March 16, 2020, construction segment slowly transitioned to normal levels starting 3rd quarter of 2020. In 2021 operations of on-going projects started to normalize and continued to ramp up due to the start of newly awarded projects such as Suntrust Home Developers' Suncity West Side City project, Megaworld's Newport Link project, and the DOTr's Malolos Clark Railway Phase 1 Project which is a joint venture project with Hyundai Engineering & Construction Co., Ltd., and Dong-ah Geological Engineering Company Ltd.

Landport operations delivered revenue of P514 million from office towers and commercial spaces during the period and contributed 5% to the total consolidated revenues. Due to the restrictions in foreign travel, Philippine Offshore Gaming Operators (POGO) experienced indefinite disruption on their operations, resulting in lower office occupancy levels and translated to 7% or P38 million lower revenue from the same period last year. PITX continued to serve as a transportation convergence point during ECQ and ever since terminal operations reopened last June 8, 2020 after Manila was placed under GCQ by the government and resumed near normalcy in operations to serve commuters going to different places of work.

Airport segment continues to struggle with 10% of the pre-pandemic air traffic volume though remains optimistic of a turnaround once the global vaccination program has been effectively rolled out. Revenue during the period amounted to P366 million, 63% or P632 million lower than the same period last year and contributed 3% to the total consolidated revenue due to the effect of international and local travel restrictions, beginning March 16, 2020 and persisted until September 30, 2021, as a means to control the spread of COVID-19. International passenger arrivals from COVID-19 affected countries like China, Japan, and Korea are still down while domestic volumes declined as the government declared a state of public emergency and placed Luzon under ECQ, which persisted during the MECQ and general community quarantine (GCQ) periods. Airport merchandising segment, which is ancillary to airport operations, likewise experienced a slowdown in sales due to reduced passenger traffic translating to 85% decline in revenue.

Direct Costs increased by 27% or P2.0 billion

Direct costs amounted to P9.46 billion and were higher by 27% or P2.0 billion. The movement was consistent with the revenue performance across all three segments, taking in consideration fixed costs and depreciation expenses despite reduced passenger volumes and lower occupancy rate at the airport and landport terminals.

Gross Profit increased by 24% or P387 million

Consolidated gross profit amounted to P2.0 billion for the first nine months of 2021, translating to a consolidated gross profit margin of 17%. The construction business contributed P1.6 billion or 81% of the Group's gross profit. Terminal operations contributed P284 million or 14% while airport operations and merchandising segment accounted for P91 million or 4% to the total gross profit.

Other Operating Expenses decreased by 9% or P106 million

Net Other Operating Expenses for the nine-month period amounted to P1.1 billion. The decrease of P106 million is mainly related to conscious and aggressive cost reduction measures such as review of service contracts, including scope and rates, in the terminal and merchandising segments amid substantially lower than normal operations for the period.

Other Income (Charges) decreased by 9% or P116 million

Other charges - net, which consists of finance cost, finance income and other income (expenses) amounted to P1.2 billion, 9% lower from year-ago levels. The reduction is due mainly to the recognition of gain on loan modification amounting to P208 million in 2021 and mark-to-market gain on the airport segment's interest rate swap recognized this year compared to market-to-market loss on IRS booked on the same period last year recorded under other income (expense). However, this is offset by the unrealized foreign exchange loss recognized in 2021 from the

USD loans under the airport segment due to the higher peso to dollar exchange rate compared to the unrealized foreign exchange gain recognized on the same period last year.

Tax Expense increased by P200 million
Total tax expense increased in 2021 due to the improvement in the operations of the construction segment. Tax expense under construction increased by P248 million due to the net income recognized for the period, as compared to the net loss incurred last year. This is offset by the decrease in tax expense in the landport segment, which is directly related to the decrease in its net income, and the reduction in tax rate from 30% to 25% under the CREATE law. In addition, adjustment for the reduction in tax rate for the second half of 2020 were recognized in 2021 as the CREATE law was passed this year, translating to a decrease in income tax by P18.5 million.

Consolidated Net Loss decreased by 44% or P408 million
Consolidated net loss amounted to P510 million compared to consolidated net loss of P918 million in 2020. Marginal improvement is related to improvement in construction operations, though was offset by airport segment as minimal revenues were generated from airport and travel-related segments due to disrupted operations arising from the global response to the COVID-19 crisis.

B. FINANCIAL CONDITION

Review of financial conditions as of September 30, 2021 as compared with financial conditions as of December 31, 2020

ASSETS

Current Assets increased by 6% or by P2.3 billion

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

Cash and Cash Equivalents decreased by 10% or P718 million
The decrease in cash and cash equivalents was due to payment of P1.7 billion finance cost, P379 million dividends on preferred shares and various acquisitions of precast and construction equipment to ramp up capacity. This is offset by proceeds from the down payments of clients for newly awarded projects during the period and increase in operating cash flow from construction segment.

Trade and Other Receivables increased by 8% or by P1.3 billion
The increase in contract receivables by P1.3 billion is related to milestone payment contractual arrangement with customers, special payment arrangements to key clients and timing difference in collections as substantial portion of work accomplishment has been billed towards the end of the quarter and hence are being reviewed by the client whereas some recently billed receivables are not yet due. Meanwhile, receivables from Terminal operations increased by P398 million due to relaxation of payment schedule with the tenants in support to Bayanihan to Heal as One Act. To minimize credit risk, PITX as a matter of policy, ensures that there is sufficient amount of security deposits and advance rentals to cover unpaid balances.

Construction Materials increased by 4% or by P61 million
The increase in inventory levels during the period was due to the new projects started during the period, as well as to comply with the Company's business strategy to maintain buffer levels of

inventory at site, considering longer procurement lead time during the quarantine period imposed by the government.

Contract assets increased by 7% or P290 million
The increase in contract assets is attributed to timing difference on actual billing for portion of work-in-progress completed during the period, which can be billed and evaluated by the client upon completion of the said scope or activity.

Other Current Assets increased by 18% or by P1.4 billion
The increase was mainly due to advances made by the Parent to its suppliers and subcontractors for its new projects to lock in prices for steel required for the structural construction of Sun City Project and the advances to supplier amounting to P367 million for MCRP. The related input VAT also increased as a result of payments made to subcontractors. This is offset by the decrease in creditable withholding taxes under the construction segment that is directly related to the increase in tax expense.

Non-Current Assets amounted to P45 billion

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

Investments in Associates and Joint Ventures decreased by 6% or by P55 million
The decrease is a result of share in the net losses taken up on the Group's investment in various joint ventures and associates.

Concession Assets increased by 1% or by P420 million
The increase in Concession Assets was attributed to capital investments of GMCAC related to its obligations under the concession agreement. Meanwhile, amortization charges for the period amounted to P29 million.

Property, Plant and Equipment decreased by 9% or by P700 million
The Group recognized depreciation charges on property, plant and equipment amounting to P1.1 billion and procured certain pre-cast equipment to expand capacity of construction support and service units and various specialized equipment to support specification requirement of the ongoing projects.

Investment Properties increased by 5% or by P191 million
The increase is mainly related to the reclassification of completed works that were previously classified as construction in progress under property and equipment account after considering the depreciation charges for the period amounting to P86 million.

Deferred tax assets decreased by 94% or P9 million
The decrease was due to the reversal of deferred tax assets recognized by a foreign subsidiary.

Other Non-Current Assets increased by 5% or P109 million
The increase in Other Non-Current Assets was mainly due to increase in the deferred input VAT balance of the Group as well as higher refundable deposits under MWM.

LIABILITIES AND EQUITY

Current Liabilities increased by 5% or by P1.4 billion

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

Interest-Bearing Loans and Borrowings-Current decreased by P13.6 million
On May 4, 2021, GMCAC and the lenders executed the second amendment to the amended and restated Omnibus Loan and Security Agreement (OLSA), revising and pushing the schedule of the principal repayment to 2024. As a result, the loans of GMCAC were reclassified from current to non-current amounting to P824 million. This decrease in current portion of interest-bearing loans is offset by the availments and reclassification of currently maturing loans and lease liabilities in accordance with the terms of the loan agreement after considering lease payments made during the period.

Trade and Other Payables decreased by 2% or by P155 million
The decrease is mainly due to the deferral of interest payment incurred from September 15, 2020 to March 31, 2021. Under the amended OLSA previously discussed, 20% of the accrued interest related to the period was paid in May 2021, while the balance shall be paid on June 15, 2023 together with the interest accrued. For interest incurred from March 31, 2021 to December 15, 2021, 37% of the accrued interest related to the period shall be paid monthly starting May 15, 2021 until December 15, 2021, the balance shall be paid on December 2023 together with the interest accrued. The decrease in accrued interest payable is reduced by the increase in retention payable due to availment of vendor payment extension programs to maximize cash.

Contract liabilities increased by 29% or P1.3 billion
The increase is mainly related to downpayments received in 2021 for newly awarded contracts such as SunCity and share in MCRP.

Other Current Liabilities increased by 94% or by P204 million
The increase is due to the increase in tax liabilities of the Group such as withholding taxes and output VAT.

Non-Current Liabilities increased by 5% or P1.8 billion

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

Interest-Bearing Loans and Borrowings-Non-Current increased by 5% or P1.7 billion
On May 4, 2021, GMCAC and the lenders executed the second amendment to the amended and restated Omnibus Loan and Security Agreement, which revised the schedule of the principal repayments to 2024. As a result of this arrangement, current portion of long term loan from GMCAC amounting to P824 million was reclassified to back to non-current loans. Meanwhile, current portion of finance lease payables were reclassified to current loans based on scheduled payments within one year horizon.

Deferred tax liabilities increased by 13% pr by P103 million
The increase in deferred tax liabilities was due to the recognition of deferred tax liability on the airport and landport segment, and can be traced to the impact on taxes of the airport's depreciation policy and PFRS 16 adjustment for the landport segment.

Other non-current liabilities increased by P5.0 million
The increase is due to the net movement in security deposits and advanced rent from the landport and airport segments during the period arising from new lease contracts.

Equity attributable to Parent decreased by 3% or by P459 million
The decrease in equity was mainly due to dividend payments of P379 million to preferred stock shareholders and net loss for the period.

C. MATERIAL EVENTS AND UNCERTAINTIES

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

Other than the impact of COVID to the business which is disclosed in Note 1.3 to the consolidated financial statements, there are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing Megawide's liquidity in any material way. Megawide does not anticipate having any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

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

Megawide has capital commitment on unutilized preferred shares amounting to P2,726.5 million for various PPP projects. Other than that, there are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of Megawide.

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

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

(Amounts in P Millions)	For six (9) months ended September 30	
Cash Flow	**2021** UNAUDITED	**2020** UNAUDITED
Net cash from operating activities	P1,368	P2,142
Net cash used in investing activities	(978)	(693)
Net cash used in financing activities	(1,102)	(3,716)

Indebtedness

As of September 30, 2021, Megawide has not been in default in paying interests and principal amortizations.

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

E. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

F. KEY PERFORMANCE INDICATORS

Megawide's top KPIs are as follows:

Amounts in PhP Billion, except Ratios and Earnings per Share	**September 30, 2021**	**September 30, 2020**
Current Ratio[1]	1.40	1.23
Book Value Per Share[2]	4.26	4.39
Earnings / (loss) per Share[3]	(0.23)	(0.40)
Return on Assets[4]	(0.025)	(0.05)
Return on Equity[5]	(0.026)	(0.05)
Gross Profit Margin[6]	0.17	0.18

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

PART II–OTHER INFORMATION

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

[1] *Current Assets/Current Liabilities*
[2] *Total Equity/Issued and Outstanding Shares*
[3] *Net Profit/Issued and Outstanding Shares*
[4] *Net Profit/Average Shares (Assets)*
[5] *Net Profit / Average Equity*
[6] *Gross Profit / Revenue*

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in QUEZON CITY on NOV 11 2021.

By:

EDGAR B. SAAVEDRA	**RAMON H. DIAZ**
President and Chief Executive Officer	*Chief Financial Officer*

SUBSCRIBED AND SWORNTO before me in QUEZON CITY on NOV 11 2021, affiants exhibiting to me their respective valid IDs, as follows:

NAME	Valid ID	DATE OF ISSUE/VALID UNTIL	PLACE OF ISSUE
Edgar B. Saavedra	Passport No. P6875140B	Valid until May 26, 2031	Manila
Ramon H. Diaz	Passport No. P5852124B	Valid until November 24, 2030	Manila

Doc. No. 326;
Page No. 67;
Book No. I;
Series of 2021.

CHARLOTTE Y. KING
NOTARY PUBLIC
ROLL NO 66162
QUEZON CITY, PHILIPPINES

Charlotte King
CHARLOTTE Y. KING
Commission Serial No. NP-210 (2020-2021)
Notary Public for Quezon City
Until 31 December 2021
Roll of Attorney No. 66162
IBP Lifetime No. 015223
PTR No. 0684045, 6 January 2021; Quezon City
MCLE Compliance No. VI-0004991; 21 December 2017
No. 20 N.Domingo St., Brgy. Valencia, Quezon City, 1112

MEGAWIDE

November 11, 2021

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Megawide Construction Corp. and its subsidiaries** (the Group) is responsible for the preparation and fair presentation of the financial statements as of September 30, 2021 and December 31, 2020 and for the nine months ended September 30, 2021, 2020, and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Punongbayan and Araullo, the independent auditors appointed by the stockholders, has reviewed the financial statements of the Group in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, and in their report to the stockholders, have expressed their conclusion on the fairness of presentation upon completion of such review.

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

RAMON H. DIAZ
Group Chief Financial Officer
133-692-824-000

MEGAWIDE

SUBSCRIBED AND SWORN TO before me this NOV 11 2021 at QUEZON CITY affiants exhibiting to me their valid Tax Identification Numbers stated above.

Signed this NOV 11 day of 2021.

Doc. No. 325;
Page No. 64;
Book No. II;
Series of 2021.

CHARLOTTE Y. KING
NOTARY PUBLIC
ROLL NO. 66162
QUEZON CITY, PHILIPPINES

Charlotte King
CHARLOTTE Y. KING
Commission Serial No. NP-210 (2020-2021)
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MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND DECEMBER 31, 2020
(Amounts in Philippine Pesos)

	Notes	**(Unaudited) September 30, 2021**	(Audited) December 31, 2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**P 6,508,449,268**	P 7,226,149,912
Trade and other receivables - net	5	**16,566,747,213**	15,299,050,115
Construction materials		**1,779,933,084**	1,719,042,863
Contract assets	6	**4,519,026,397**	4,231,600,246
Other current assets	8	**9,369,712,352**	7,956,744,328
Total Current Assets		**38,743,868,314**	36,432,587,464
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income		**3,544,472**	3,544,472
Investments in associates	7	**874,390,349**	929,195,986
Concession assets	9	**30,348,923,325**	29,928,727,717
Property, plant and equipment - net	10, 12	**6,796,968,792**	7,497,348,324
Investment properties	11	**4,311,534,113**	4,120,894,365
Deferred tax assets - net		**532,958**	9,626,113
Other non-current assets	8	**2,531,187,382**	2,421,844,626
Total Non-current Assets		**44,867,081,391**	44,911,181,603
TOTAL ASSETS		**P 83,610,949,705**	P 81,343,769,067

	Notes		(Unaudited) September 30, 2021		(Audited) December 31, 2020
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans and borrowings	14	P	**13,096,887,716**	P	13,110,457,751
Trade and other payables	13		**8,137,182,983**		8,291,951,223
Contract liabilities	15		**5,934,094,725**		4,593,930,101
Other current liabilities	16		**422,305,654**		218,177,495
Total Current Liabilities			**27,590,471,078**		26,214,516,570
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	14		**34,475,349,057**		32,809,907,556
Post-employment defined benefit obligation			**348,529,981**		343,402,205
Deferred tax liabilities - net			**904,735,954**		801,849,193
Other non-current liabilities	16		**656,927,768**		651,625,679
Total Non-current Liabilities			**36,385,542,760**		34,606,784,633
Total Liabilities			**63,976,013,838**		60,821,301,203
EQUITY	19				
Equity attributable to shareholders of the Parent Company:					
Capital stock			**2,488,052,137**		2,486,427,137
Additional paid-in capital			**13,057,711,509**		13,057,711,509
Deposits for future stock subscription			**-**		-
Revaluation reserves - net		**(**	**9,228,373)**	(	8,950,923)
Other reserves		**(**	**22,474,837)**	(	22,474,837)
Treasury shares		**(**	**4,615,690,576)**	(	4,615,690,576)
Retained earnings			**5,944,265,914**		6,404,291,624
Total equity attributable to shareholders of the Parent Company			**16,842,635,774**		17,301,313,934
Non-controlling interests			**2,792,300,093**		3,221,153,930
Total Equity			**19,634,935,867**		20,522,467,864
TOTAL LIABILITIES AND EQUITY		**P**	**83,610,949,705**	P	81,343,769,067

See Selected Notes to Interim Condensed Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021, 2020 AND 2019
(UNAUDITED)
(Amounts in Philippine Pesos)

				6,360,300		20,500,580	
		2021		2020 (As Restated - see Note 2)		2019 (As Restated - see Note 2)	
	Notes	**Year-to-date**	**Quarter**	Year-to-date	Quarter	Year-to-date	Quarter
REVENUES							
Construction operations	17	**P 10,556,039,345**	**P 3,571,626,373**	P 7,411,980,585	P 2,550,698,136	P 10,525,847,513	P 4,342,102,300
Airport operations		**366,245,141**	**131,233,626**	998,166,464	115,906,081	2,713,608,308	917,515,605
Landport operations		**513,819,528**	**153,768,062**	551,914,750	(47,394,052)	206,995,025	161,620,457
Trading operations		**10,276,678**	**5,887,123**	69,506,245	161,036	247,543,823	89,224,475
		11,446,380,692	**3,862,515,184**	9,031,568,044	2,619,371,201	13,693,994,669	5,510,462,837
DIRECT COSTS	18						
Cost of construction operations		**8,948,293,186**	**3,013,942,891**	6,612,603,413	2,168,093,416	9,052,330,868	3,788,726,944
Costs of airport operations		**277,774,019**	**103,146,386**	548,966,985	98,664,300	1,129,647,848	375,386,205
Costs of landport operations		**230,258,173**	**69,202,196**	255,028,320	88,251,355	170,030,137	132,974,720
Costs of trading operations		**7,848,828**	**3,645,240**	19,436,840	(293,446)	61,756,189	21,996,652
		9,464,174,206	**3,189,936,713**	7,436,035,558	2,354,715,625	10,413,765,042	4,319,084,521
GROSS PROFIT		**1,982,206,486**	**672,578,471**	1,595,532,486	264,655,576	3,280,229,627	1,191,378,316
OTHER OPERATING EXPENSES		**1,067,005,717**	**342,494,705**	1,172,903,704	388,356,522	1,059,269,275	428,935,634
OPERATING PROFIT		**915,200,769**	**330,083,766**	422,628,782	(123,700,946)	2,220,960,352	762,442,682
OTHER INCOME (CHARGES)							
Finance costs		**(2,063,062,240)**	**(849,891,192)**	(1,780,843,978)	(528,102,515)	(1,640,819,391)	(826,274,197)
Finance income		**351,934,499**	**118,807,724**	398,088,037	141,334,307	522,152,788	296,328,358
Others - net		**538,145,458**	**62,063,711**	94,118,308	95,191,188	99,535,798	4,020,829
		(1,172,982,283)	**(669,019,757)**	(1,288,637,633)	(291,577,020)	(1,019,130,805)	(525,925,010)
PROFIT (LOSS) BEFORE TAX		**(257,781,514)**	**(338,935,991)**	(866,008,851)	(415,277,966)	1,201,829,547	236,517,672
TAX EXPENSE (INCOME)		**251,844,349**	**117,839,706**	51,806,509	53,194,368	366,663,726	132,294,629
NET PROFIT (LOSS)		**(P 509,625,863)**	**(P 456,775,697)**	(P 917,815,360)	(P 468,472,334)	P 835,165,821	P 104,223,043
Net Profit (Loss) Attributable To:	24						
Shareholders of the Parent Company		**(P 80,803,640)**	**(P 218,913,530)**	(P 610,792,919)	(P 321,163,989)	P 649,722,605	P 63,862,804
Non-controlling interests		**(428,822,223)**	**(237,862,167)**	(307,022,441)	(147,308,345)	185,443,216	40,360,239
		(P 509,625,863)	**(P 456,775,697)**	(P 917,815,360)	(P 468,472,334)	P 835,165,821	P 104,223,043
Earnings (Loss) per Share	24	**(P 0.23)**	**(P 0.11)**	(P 0.40)	(P 0.19)	P 0.21	P 0.00

See Selected Notes to Interim Condensed Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021, 2020 AND 2019
(UNAUDITED)
(Amounts in Philippine Pesos)

	2021		2020 (As Restated - see Note 2)		2019 (As Restated - see Note 2)	
	Year-to-date	Quarter	Year-to-date	Quarter	Year-to-date	Quarter
NET PROFIT (LOSS)	(P 509,625,863)	(P 456,775,697)	(P 917,815,360)	(P 468,472,334)	P 835,165,821	P 553,508,458
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that will be reclassified subsequently profit or loss						
Realized loss on financial assets at FVOCI	-	-	-	-	-	-
Item that will not be reclassified subsequently to profit or loss						
Foreign currency translation adjustment	(230,028)	124,860	-	-	-	-
Tax income (expense)	(79,036)	-	-	-	-	-
	(309,064)	124,860	-	-	-	-
Other Comprehensive Income (Loss) – net of tax	(309,064)	124,860	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	(P 509,934,927)	(P 456,650,837)	(P 917,815,360)	(P 468,472,334)	P 835,165,821	P 553,508,458
Total Comprehensive Income (Loss) Attributable To:						
Shareholders of the Parent Company	(P 81,081,090)	(P 218,788,670)	(P 610,792,919)	(P 321,163,989)	P 649,722,605	P 63,788,254
Non-controlling interests	(428,853,837)	(237,862,167)	(307,022,441)	(147,308,345)	185,443,216	40,360,239
	(P 509,934,927)	(P 456,650,837)	(P 917,815,360)	(P 468,472,334)	P 835,165,821	P 104,148,493

See Selected Notes to Interim Condensed Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021, 2020 AND 2019
(UNAUDITED)
(Amounts in Philippine Pesos)

	Attributable to Shareholders of the Parent Company									
	Common Stock	Preferred Stock	Treasury Shares	Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total
Balance at January 1, 2021	P 2,399,426,127	P 87,001,010	(P 4,615,690,576)	P 13,057,711,509	(P 8,950,923)	(P 22,474,837)	P 6,404,291,624	P 17,301,313,934	P 3,221,153,930	P 20,522,467,864
Issuance of cash dividends	-	-	-	-	-	-	(379,222,070)	(379,222,070)	-	(379,222,070)
Subscription of preferred shares	-	1,625,000	-	-	-	-	-	1,625,000	-	1,625,000
Total comprehensive loss for the period	-	-	-	-	(277,450)	-	(80,803,640)	(81,081,090)	(428,853,837)	(509,934,927)
Balance at September 30, 2021	**P 2,399,426,127**	**P 88,626,010**	**(P 4,615,690,576)**	**P 13,057,711,509**	**(P 9,228,373)**	**(P 22,474,837)**	**P 5,944,265,914**	**P 16,842,635,774**	**P 2,792,300,093**	**P 19,634,935,867**
	-	-	-	-	-	-	-	-	-	-
Balance at January 1, 2020	P 2,399,426,127	P 40,000,000	(P 3,912,617,536)	P 8,776,358,765	(P 63,383,647)	(P 22,474,837)	P 7,083,442,710	P 14,300,751,582	P 3,697,761,114	P 17,998,512,696
Acquisition of treasury shares	-	-	(702,831,078)	-	-	-	-	(702,831,078)	-	(702,831,078)
Issuance of cash dividends	-	-	-	-	-	-	(210,750,000)	(210,750,000)	-	(210,750,000)
Subscription of preferred shares	-	3,375,000	-	-	-	-	-	3,375,000	-	3,375,000
Total comprehensive loss for the period	-	-	-	-	-	-	(610,792,919)	(610,792,919)	(307,022,441)	(917,815,360)
Balance at September 30, 2020	P 2,399,426,127	P 43,375,000	(P 4,615,448,614)	P 8,776,358,765	(P 63,383,647)	(P 22,474,837)	P 6,261,899,791	P 12,779,752,585	P 3,390,738,673	P 16,170,491,258
Balance at January 1, 2019	P 2,399,426,127	P 40,000,000	(P 3,454,826,462)	P 8,776,358,765	P 15,204,702	(P 22,474,837)	P 6,752,591,330	P 14,506,279,625	P 3,497,821,425	P 18,004,101,050
Acquisition of treasury shares	-	-	(178,436,374)	-	-	-	-	(178,436,374)	-	(178,436,374)
Issuance of cash dividends	-	-	-	-	-	-	(201,594,117)	(201,594,117)	(25,000,000)	(226,594,117)
Total comprehensive income for the period	-	-	-	-	-	74,550	649,722,605	649,797,155	185,443,216	835,240,371
Balance at September 30, 2019	P 2,399,426,127	P 40,000,000	(P 3,633,262,836)	P 8,776,358,765	P 15,204,702	(P 22,400,287)	P 7,200,719,818	P 14,776,046,289	P 3,658,264,641	P 18,434,310,930

See Selected Notes to Interim Condensed Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021, 2020 AND 2019
(UNAUDITED)
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		(P 257,781,514)	(P 866,008,851)	P 1,201,829,547
Adjustments for:				
Finance costs		2,063,062,240	1,735,562,575	1,188,343,643
Depreciation and amortization	8, 9, 10, 11	1,214,522,451	1,110,771,563	1,120,355,603
Finance income		(351,934,499)	(386,648,368)	(522,152,788)
Gain on loan modification	14	(207,829,510)		
Equity in net losses (gains) on associates and joint venture	7	54,805,637	21,933,218	(22,077,341)
Unrealized mark-to-market loss (gain) in interest rate swap		31,036,478	-	
Gain on disposals of property, plant and equipment		(8,698,160)	(4,126,161)	-
Operating profit before working capital changes		2,537,183,123	1,611,483,976	2,966,298,664
Decrease (increase) in trade and other receivables	5	(934,888,061)	2,622,056,593	(2,765,623,377)
Increase in construction materials		(60,890,221)	(68,181,073)	(54,441,692)
Increase in contract assets	6	(287,426,151)	(411,545,734)	(693,298,066)
Increase in other current assets	8	(1,300,988,108)	(1,531,155,045)	(693,702,793)
Increase (decrease) in other non-current assets	8	(225,764,645)	(5,278,655)	-
Increase (decrease) in trade and other payables	13	396,331,449	(28,670,757)	174,045,907
Increase in advances from customers		-		1,328,622,538
Increase in contract liabilities	15	1,282,353,963	(234,606,788)	(89,875,152)
Increase in other liabilities	16	209,430,248	229,493,911	(241,417,190)
Increase in post-employment defined benefit obligation		4,818,712	5,082,507	3,741,849
Cash generated from operations		1,620,160,309	2,188,678,935	(65,649,312)
Cash paid for income taxes		(251,844,349)	(51,806,509)	(580,733)
Net Cash From Operating Activities		1,368,315,960	2,136,872,426	(66,230,045)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment, and computer software license	10	(674,269,375)	(659,482,323)	(1,453,379,795)
Additions to concession assets	9	(449,363,439)	(511,970,145)	(1,435,625,729)
Proceeds from sale of property, plant and equipment	10	27,933,775	-	
Decrease (increase) in investment in trust fund	8	109,693,640	486,529,519	(1,211,422,947)
Acquisitions of investment properties	11	(11,348,703)	(58,957,787)	(986,575,007)
Interest received		19,125,462	55,898,368	342,152,788
Proceeds from sale of financial assets at fair value through profit or loss		-	-	26,290,139
Net Cash Used in Investing Activities		(978,228,640)	(687,982,368)	(4,718,560,551)
Balance carried forward		P 390,087,320	P 1,448,890,058	(P 4,784,790,596)

	Note	2021	2020	2019
Balance brought forward		**P 390,087,320**	P 1,448,890,058	(P 4,784,790,596)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans	27	**2,049,287,015**	8,558,500,000	(8,304,258,511)
Repayment of interest-bearing loans and borrowings	27	**(1,272,167,724)**	(9,497,162,579)	14,864,205,062
Dividends paid	19	**(379,222,070)**	(458,386,058)	(226,594,117)
Interest paid		**(1,502,158,431)**	(1,619,873,596)	(769,501,243)
Proceeds from issuance of preferred shares		**1,625,000**	3,375,000	-
Acquisition of treasury shares		**-**	(702,831,078)	(178,436,374)
Dividends paid to minority interest		**-**	-	-
Net Cash From (Used In) Financing Activities		**(1,102,636,210)**	(3,716,378,311)	5,385,414,817
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(5,151,754)**	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(717,700,644)**	(2,267,488,253)	600,624,221
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**7,226,149,912**	6,518,599,861	5,734,720,648
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P 6,508,449,268**	P 4,251,111,608	P 6,335,344,869

See Selected Notes to Interim Condensed Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
SELECTED NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021, 2020 AND 2019 AND DECEMBER 31, 2020
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

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

On January 28, 2011, the Philippine Stock Exchange (PSE) and the Securities Exchange Commission (SEC) approved the Parent Company's application for the listing of its common stock. The approval covered the initial public offering (IPO) of 292.0 million unissued common shares of the Parent Company at P7.84 offer price per share and the listing of those shares in PSE's main board on February 18, 2012. On December 3, 2014, the Parent Company made a primary offer of 40.0 million preferred shares at an offer price of P100.0 per share. These preferred shares are also listed in the PSE (see Note 19.1).

On September 22, 2014, the SEC approved the Parent Company's amendment of articles of incorporation, which includes: (i) the Parent Company's power to extend corporate guarantees to its subsidiaries and affiliates; and, (ii) the increase in its authorized capital stock of P5,000.0 million divided into 4,930.0 million common shares and 70.0 million cumulative, non-voting, non-participating, non-convertible to common shares and redeemable, at the option of the Parent Company, perpetual preferred shares. Both common and preferred shares have a par value of P1.0 per share.

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

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

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

On September 22, 2020, SEC has approved the Parent Company's increase in its authorized capital stock to 5,054.0 million, divided into the 4,930.0 million common shares and 124.0 million cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares. Both common and preferred shares have a par value of P1.0 per share.

The Parent Company remains a subsidiary of Citicore which owns and controls 35.41% of the issued and outstanding capital stock of the Parent Company as of September 30, 2021 and December 31, 2020 because Citicore still directs the overall business operations of the Parent Company through its Chief Executive Officer and President, who is also the President of Citicore.

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

1.2 Subsidiaries, Associates and Joint Arrangements

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

Subsidiaries/Associates/Joint Operations/Joint Ventures	Notes	Percentage of Ownership
Subsidiaries:		
GMR Megawide Cebu Airport Corporation (GMCAC)	a	60%
Megawatt Clean Energy, Inc. (MCEI)	b	70%
Globemerchants, Inc. (GMI)	c	50%
Megawide Land, Inc. (MLI)	d	100%
Megawide Cold Logistics, Inc. (MCLI)	d	60%
Megawide Construction (BVI) Corporation (MCBVI)	e	100%
Megawide Construction DMCC (DMCC)	e	100%
Megawide Infrastructure DMCC (MW Infrastructure)	e	100%
MWM Terminals, Inc. (MWMTI)	j	100%
Megawide Terminals, Inc. (MTI) *(formerly WM Property Management, Inc.)*	i	100%
Megawide International Limited (MIL)	h	100%
Megawide Construction (Singapore) Pte. Ltd. (MC-SG)	h	100%
Cebu2World Development, Inc. (CDI)	o	100%
Wide-Horizons, Inc. (WHI)	p	100%
Tiger Legend Holdings Limited (TLH)	q	100%
Accounted for as asset acquisition –		
Altria East Land, Inc. (Altria)	f	100%
Associates:		
Megawide World Citi Consortium, Inc. (MWCCI)	g	51%
Citicore Megawide Consortium, Inc. (CMCI)	g	10%
Joint Operations:		
Megawide GISPL Construction Joint Venture (MGCJV)	k	50%
Megawide GMR Construction Joint Venture, Inc. (MGCJVI)	l	50%
HDEC- Megawide-Dongah JV (HMDJV)	r	35%
Joint Ventures:		
Mactan Travel Retail Group Corp. (MTRGC)	m	25%
Select Service Partners Philippines Corp. (SSPPC)	n	25%

a) GMCAC

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

GMCAC was established for the purpose of implementing the provisions of the Concession Agreement (see Note 9) that was signed on April 22, 2014 between the Parent Company and GMR Infrastructure Limited (GIL), and the Department of Transportation and Communications (currently, the Philippine Department of Transportation or DOTr) and Mactan-Cebu International Airport Authority (MCIAA) (collectively, the Grantors).

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

b) MCEI

MCEI was incorporated in 2014 to engage in the development of clean or renewable energy sources for power generation. Its registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City. As of September 30, 2021, MCEI has not yet started operations.

c) GMI

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

On March 15, 2017, the Parent Company sold 2,000,000 shares or 10% interest of GMI to GMR Holdings Overseas (Singapore) Pte. Ltd. (GHOSPL). As of December 31, 2017, GMI is 50% owned by the Parent Company. The Parent Company still consolidates its ownership in GMI after the sale as the management considers that the Group has de facto control over GMI even though it effectively holds 50% ownership interest.

d) MLI

MLI was incorporated in 2016 primarily to engage in real estate and related business. MLI's registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City. MLI has not commenced its operations as of September 30, 2021.

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

e) ***MCBVI***

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

MCBVI has a wholly owned subsidiaries, DMCC and MW Infrastructure. DMCC, which was registered on December 10, 2017 is an infrastructure conglomerate. Its registered office is located at Unit 4401-05, Mazaya Business Avenue BB2, Jumeriah Lake Towers, Dubai UAE.

MW Infrastructure was registered on September 30, 2020 as a turnkey project contracting and project development consultant. Its registered office is located at Unit 4501-009 Mazaya Business Avenue BB2 Plot No JLTE-PH2-BB2 Jumeirah Lake Towers, Dubai, UAE.

f) ***Altria***

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

g) ***MWCCI and CMCI***

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

h) ***MIL***

MIL, whose registered office is at Marcy Building, 2nd Floor, Purcell Estate, P.O. Box 2416, Road Town Tortola, British Virgin Islands, was incorporated on July 26, 2019. MIL has a 100% owned subsidiary, MC-SG, which was registered on March 1, 2019 as a general building engineering design and consultancy services. Its registered office is located at 8 Cross St. #24-03/04 Manulife Tower Singapore.

i) ***MTI***

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

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

j) MWMTI

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

With the Parent Company's acquisition of 100% ownership interest in MTI in 2018, the Parent Company's effective ownership interest in MWMTI increased from 51% to 100% as of December 31, 2018. Accordingly, the Parent Company consolidates its interest in MWMTI from the acquisition date. Prior to the acquisition, the Group's interest in MWMTI is accounted for as a joint venture as the Group exercises joint control over the joint venture's relevant activities.

k) MGCJV

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

l) MGCJVI

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

m) MTRGC

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

n) SSPPC

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

o) CDI

CDI, whose registered office is at Unit 1504 Ayala Life FGU Center Cebu, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City, was incorporated on November 3, 2020 to deal, engage, or otherwise acquire an interest in land or real estate business, without engaging in real estate investment trust. As of September 30, 2021, CDI has not yet started commercial operations.

p) WHI

WHI, whose registered office is at 20 N. Domingo Street, Brgy. Valencia, Quezon City, was incorporated on November 16, 2020 to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description. As of September 30, 2021, WHI has not yet started commercial operations.

q) TLH

On October 16, 2020, TLH was incorporated in the territory of British Virgin Islands to primarily engage in buying and holding shares of other companies. TLH's registered address is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands. As of September 30, 2021, TLH has not yet started commercial operations.

r) HMDJV

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

1.3 Impact of COVID-19 on the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations. Starting third quarter of 2020, landport and construction segments slowly went back to its normal operations while airport segment continues to be affected. The following are the impact of the COVID-19 pandemic to the Group's business:

- decrease in aeronautical revenues e.g., passenger service charge, tacking, parking and lightning fees for the period ended September 30, 2021 as compared to period ended September 30, 2020 by 76% or P349.3 million, commercial revenues e.g., rental, advertising and revenue share by 53% or P283.1 million;
- decrease in airport trading sales by 85% or P59.0 million due to decrease in air traffic movement in the airport segment for the period ended September 30, 2021 as compared to period ended September 30, 2020;

- in accordance with the mandate of Department of Trade and Industry, the airport segment waived the minimum monthly guarantee for landport concessionaires, tenants or airport service providers who pay monthly fees for using or accessing the airport facilities to retail their goods and offer their services to the general public and air traveling community quarantine; and,
- administrative expenses were incurred to ensure health and safety of its employees, subcontractors and customers, although these are not considered substantial in amount.

In response to this matter, the Group has taken the following actions:

- implemented effective cost-reduction and cash preservation strategies, including flexible working arrangement, recruitment freeze, deferral of some non-essential and capital expenditures, maximizing credit terms provided by suppliers and creditors and focus to collect outstanding receivables;
- utilization of government program – Republic Act (RA) No. 11469, *Bayanihan to Heal as One Act*, and RA No. 11494, *Bayanihan to Recover as One Act*, related to the deferral of principal and interest payments of loans;
- comprehensive and regular monitoring of the Group's liquidity position and cash flow;
- for airport segment, negotiation with lenders to amend certain provisions of the Omnibus Loan Agreement which include, among others, changes in the timing of principal payments and changes in the debt covenant requirements for debt to equity ratio and debt service coverage ratio (see Note 14);
- review of insurance coverage to protect against potential risk;
- automation and digitization to improve processes, enhance operational efficiencies, and support remote work arrangements;
- regular information updates on health and safety protocols to all its employees; and,
- implemented flexible working arrangements like hybrid or full remote work setup, where applicable, to ensure employee safety but at the same time minimize operational disruptions.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Group would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due. Accordingly, management has not determined any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

1.4 Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements of the Group as of and for the nine months ended September 30, 2021 (including the interim consolidated financial statements as of December 31, 2020 and for the periods ended September 30, 2020 and 2019) were authorized for issue by the Parent Company's Board of Directors (BOD) on November 11, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared in accordance with the accounting policies adopted by the Group in its recent annual consolidated financial statements for the year ended December 31, 2020.

These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The interim condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2020.

The preparation of interim condensed consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There were no changes in estimates of amounts reported in prior financial years that have material effect in the current interim period.

(b) Presentation of Interim Condensed Consolidated Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

(d) Prior Period Adjustment and Reclassification of Accounts

The Group made certain prior period adjustments to reflect the appropriate classification and presentation of certain accounts. The Company grossed-up fixed aircon charges and common usage service area (CUSA) charges to reflect the income and expense arising from these transactions as management determined that the Group is acting as a principal on these transactions. The effects of prior period adjustments on the Group's interim condensed consolidated statements of comprehensive income for the periods September 30, 2020 and September 30, 2019 are presented below.

	As Previously Reported	Prior Period Reclassifications	As Restated
September 30, 2020			
Direct Costs – Cost of landport operations	P 98,766,707	P 156,261,614	P 255,028,320
Other Operating Expenses	1,146,483,062	26,420,642	1,172,903,704
Other Income (Charges) – Others – net	(1,471,319,888)	182,682,256	(1,288,637,632)
		P -	
September 30, 2019			
Direct Costs – Cost of landport operations	P 149,529,556	P 20,500,580	P 170,030,136
Other Operating Expenses	1,060,149,810	(880,535)	1,059,269,275
Other Income (Charges) – Others – net	(1,038,750,850)	19,620,045	(1,019,130,805)
		P -	

No third statement of financial position is presented as the above reclassifications does not affect the statement of financial position accounts as of January 1, 2020.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2021 that are Relevant to the Group

The Group adopted PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions* which is effective from June 30, 2020. The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The adoption of this standard did not have impact in the Group's interim condensed consolidated financial statements.

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

There are amendments to existing standards effective for annual periods subsequent to September 30, 2021, which are adopted by the FRSC. Management will adopt the relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements.

(i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group but have no significant impact to the Group's consolidated financial statements:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities.* The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.* The improvement merely removes from the example, the illustrations of the reimbursement of leasehold improvements by lessor in order to resolve any potential confusion regarding the treatment of lease incentives.

(iv) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(v) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022). The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

(vi) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

3. SEGMENT REPORTING

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

3.1 Business Segments

(a) *Construction Operations* – principally refers to general construction business, including constructing and sale of precast items and concrete production and rental of construction equipment.

(b) *Airport Operations* – mainly relate to the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining the MCIA, including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility. The Group also has merchandising operations of food and non-food items.

(c) *Landport Operations* – principally relates to the development and implementation of the Southwest Integrated System Project (ITS Project), now known as PITX.

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

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

3.2 Segment Assets and Liabilities

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

3.3 *Analysis of Segment Information*

Presented below are the relevant operating segment information about the results of operations for the nine months ended September 30, 2021, 2020 and 2019 and financial position of the Group's business segments as of September 30, 2021 and December 31, 2020 and 2019 (amounts in thousands).

	Construction			**Airport**			**Landport**			**Total**		
	September 30, 2021	September 30, 2020	September 30, 2019	**September 30, 2021**	September 30, 2020	September 30, 2019	**September 30, 2021**	September 30, 2020	September 30, 2019	**September 30, 2021**	September 30, 2020	September 30, 2019
Results of operations												
Sales to external customers	**P 10,556,039**	P 7,411,981	P 10,070,746	**P 376,522**	P 1,067,673	P 2,961,152	**P 513,820**	P 551,915	P 206,995	**P 11,446,381**	P 9,031,569	P 13,238,893
Intersegment sales	**17,234**	308,165	455,102	**-**	-	-	**-**	-	-	**17,234**	308,165	455,102
Segment Revenues	**10,573,273**	7,720,146	10,525,848	**376,522**	1,067,673	2,961,152	**513,820**	551,915	206,995	**11,463,615**	9,339,734	13,693,995
Cost and other operating expenses:												
Cost of construction, airport and landport operations excluding depreciation and amortization	**8,045,035**	6,168,267	8,536,708	**256,455**	410,428	658,327	**65,886**	(59,266)	145,175	**8,367,376**	6,519,429	9,340,210
Depreciation and amortization	**968,636**	736,061	518,979	**72,037**	205,840	581,163	**173,606**	166,825	20,213	**1,214,279**	1,108,726	1,120,355
Interest income	**(345,648)**	(369,019)	(404,799)	**(6,114)**	(28,892)	(117,348)	**(172)**	(5,562)	-	**(351,934)**	(403,473)	(522,147)
Interest expense	**987,681**	984,575	871,140	**950,870**	643,168	695,258	**117,323**	151,937	39,418	**2,055,874**	1,779,680	1,605,815
Material non-cash items	**-**	-	-	**(31,036)**	83,428	118,553	**-**	-	-	**(31,036)**	83,428	118,553
Interest in profit or loss of associates and joint ventures (equity method)	**7,839**	(10,654)	(4,413)	**46,967**	32,588	(17,665)	**-**	-	-	**54,806**	21,933	(22,077)
Other charges (income) – net	**(124,680)**	36,989	(136,678)	**(209,991)**	128,112	87,536	**(145,758)**	(2,964)	-	**(480,429)**	162,137	(49,142)
Tax expense (income)	**141,492**	(107,698)	244,607	**79,588**	102,612	122,057	**29,746**	54,437	-	**250,826**	49,351	366,664
Other expenses	**468,444**	534,657	464,490	**286,773**	258,638	386,507	**166,051**	129,590	45,165	**921,268**	922,886	896,162
	10,148,799	7,973,178	10,090,034	**1,445,549**	1,835,922	2,514,388	**406,682**	434,997	249,971	**12,001,030**	10,244,097	12,854,393
Segment Net Profit (loss)	**P 424,474**	(P 253,032)	P 435,814	**(P 1,069,027)**	(P 768,249)	P 446,764	**P 107,138**	P 116,918	(P 42,976)	**(P 537,415)**	(P 904,363)	P 839,602

	Construction			**Airport**			**Landport**			**Total**		
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	December 31, 2019 (Audited)	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)	December 31, 2019 (Audited)	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)	December 31 2019 (Audited)	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)	December 31 2019 (Audited)
Consolidated Statements of Financial Position												
Total Segment Assets	**P 47,233,231**	P 44,902,291	P 43,330,597,	**P 34,922,194**	P 35,286,304	P 35,934,459	**P 7,389,145**	P 7,321,688	P 7,998,133	**P 89,544,570**	P 87,510,283	P 87,263,189
Total Segment Liabilities	**P 30,678,871**	P 29,079,082	P 31,030,326	**P 27,744,147**	P 27,034,748	P 26,491,719	**P 5,458,225**	P 5,497,864	P 7,451,163	**P 63,881,243**	P 61,611,694	P 64,973,208.
Capital Expenditures	**P 611,820**	P 467,180	P 2,817,196	**P 455,966**	P 1,050,949	P 2,206,858	**P 80,688**	P 216,153	P 838,345	**P 1,148,474**	P 1,734,282	P 5,862,399
Investment in associates and joint ventures accounted for by the equity method	**P 816,588**	P 824,426	P 813,772	**P 57,803**	P 104,770	P 145,735	**P -**	P -	P -	**P 874,391**	P 929,196	P 959,507

3.4 Reconciliation

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

	2021 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Profit or loss			
Segment net profit (loss)	**(P 537,415)**	(P 904,363)	P 839,602
Other unallocated income (expense)	**27,789**	(13,452)	(4,436)
Net profit (loss) as reported in the interim condensed consolidated statements of income	**(P 509,626)**	(P 917,815)	P 835,166

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	December 31, 2019 (Audited)
Assets			
Total segment assets	**P 89,544,570**	P 87,510,283	P 87,263,188
Elimination of intercompany accounts	**(11,008,035)**	(7,877,956)	(9,031,919)
Other unallocated assets	**5,074,415**	1,711,442	2,533,057
Total assets as reported in the Interim condensed consolidated statements of financial position	**P 83,610,950**	P 81,343,769	P 80,764,326
Liabilities			
Total segment liabilities	**P 63,881,243**	P 61,611,694	P 64,973,208
Elimination of intercompany accounts	**(3,907,209)**	(1,823,709)	(4,083,754)
Other unallocated liabilities	**4,001,980**	1,033,316	1,876,360
Total liabilities as reported in the Interim condensed consolidated statements of financial position	**P 63,976,014**	P 60,821,301	P 62,765,814

3.5 Other Segment Information

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on hand	**P 6,885,195**	P 5,400,865
Cash in banks	**3,411,804,396**	2,165,007,181
Short-term placements	**3,089,759,677**	5,055,741,866
	P 6,508,449,268	P 7,226,149,912

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

Short-term placements are made for varying periods from 14 to 90 days and earn annual effective interest of 0.7% to 6.0% in 2021, 2020 and 2019.

5. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Contract receivables:		
Third parties	**P 2,994,162,922**	P 2,840,546,754
Related parties	**1,160,203,826**	944,337,644
	4,154,366,748	3,784,884,398
Retention receivables:		
Third parties	**1,647,157,467**	1,534,199,721
Related parties	**885,588,683**	868,788,166
	2,532,746,150	2,402,987,887
Advances to:		
Related parties	**6,354,987,078**	6,410,689,673
Officers and employees	**107,192,936**	74,481,307
	6,462,180,014	6,485,170,980
Receivables from airport operations	**616,516,257**	570,230,462
Lease receivable	**683,744,140**	524,235,954
Lease receivable – PFRS 16	**624,345,426**	385,466,377
Receivables from lease	**1,308,089,566**	909,702,331
Balance carried forward	**P15,073,898,735**	P14,152,976,058

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance brought forward	**P15,073,898,735**	P14,152,976,058
Receivables from sale of goods	**12,058,984**	766,766
Accrued interest receivables	**1,342,573,881**	1,009,764,844
Other receivables	**174,972,607**	173,475,088
	16,603,504,207	15,336,982,756
Allowance for impairment	**(36,756,994)**	(37,932,641)
	P 16,566,747,213	P15,299,050,115

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

Receivables from airport operations pertain to the Group's accrual of aeronautical, concession, rental and commercial revenues as authorized under the Concession Agreement.

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

Certain advances to related parties are earmarked for potential investment opportunities being pursued by the said related party in line with the Parent Company's expansion and diversification plans.

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

All receivables, except Advances to officers and employees are subject to credit risk exposure. These receivables are evaluated by the Group for impairment and assessed that no ECL should be provided for the periods presented. The total provision for allowance for impairment has decreased by 1.2 million. This is due to the improvements in economic indicators as per statistics released by the Philippine Statistics Authority (PSA) resulting to a lower loss rate computation on the receivables from airport operations.

6. CONTRACT ASSETS

The balance of contract assets presented in the interim condensed consolidated statements of financial position as of September 30, 2021 and December 31, 2020 is P4.5 billion and P4.2 billion, respectively, which is net of allowance for impairment amounting to P288.2 million.

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

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of the period	**P 4,231,600,246**	P 3,975,734,097
Increase as a result of changes in measurement of progress	**8,816,218,226**	9,642,837,195
Decrease as a result of reversal to trade receivables	**(8,528,792,075)**	(9,386,971,046)
Balance at end of the period	**P 4,519,026,397**	P 4,231,600,246

Contract assets pertain to the gross amount due from customers for contract works of all contracts in progress which are not yet billed. Contract assets also include the cost of the terminal area of the PITX Project amounting to P510.1 million, which is to be recovered through the Grantor payments.

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

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

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

The carrying values of Investments in Associates and Joint Venture account are shown below:

	Notes	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Investments in:			
Associates	7.1	**P 816,587,529**	P 824,426,033
Joint ventures	7.3	**57,802,820**	104,769,953
		P 874,390,349	P 929,195,986

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

7.1 Equity Advances and Investments in Associates

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

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Acquisition cost:		
MWCCI	**P 580,890,000**	P 580,890,000
CMCI	**200,000,000**	200,000,000
	780,890,000	780,890,000
Equity advances in MWCCI	**23,572,864**	23,572,864
Equity share in net profit (losses):		
Balance at beginning of period	**19,963,169**	9,308,698
Equity in net profit (loss) for the period	**(7,838,504)**	10,654,471
Balance at end of period	**12,124,665**	19,963,169
	P 816,587,529	P 824,426,033

These associates do not have any other comprehensive income or loss both in 2021 and 2020.

(a) MWCCI

MWCCI was incorporated in the Philippines on January 16, 2014 and is primarily established to undertake and implement the construction of a 700-bed capacity super-specialty tertiary orthopedic hospital (New Hospital Facility), under the MPOC Project. MWCCI's registered office, which is also its principal place of business, is at 20 N. Domingo Street, 1112 Valencia, Quezon City. The Parent Company has 51% ownership interest in MWCCI.

MWCCI sent a Notice of termination of its BOT Agreement with the Department of Health (DOH), which was accepted by DOH in 2016. MWCCI is undertaking measures to recover compensation costs from DOH and believes that that it will ultimately recover in full the costs it incurred relative to the MPOC Project. Accordingly, the Parent Company has not recognized any impairment losses for its investment in MWCCI.

(b) CMCI

The Parent Company, together with Citicore, formed CMCI as a consortium for the construction of classrooms in Regions 3 and 4 under the build-lease-transfer Public Private Partnership (PPP) agreement with the Philippine Department of Education (DepEd) ownership interest. CMCI was incorporated in the Philippines on October 15, 2012 and is primarily engaged in general construction business. CMCI's registered address, which is also its principal place of business, is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

The Parent Company owns 10% interest in CMCI as a joint venture partner. The rights and powers of the Parent Company over the management and control of CMCI are exercised through a seat in the BOD of CMCI. Taking this into consideration, the Group concluded that it has significant influence over the investee; accordingly, the investment is accounted for as an investment in an associate.

Management determined that the difference between the respective share in the net assets of the associates and the carrying amount of the investment is not material to the consolidated financial statements.

The Parent Company did not receive any dividends from its associates in both reporting periods.

7.2 Acquisition of Assets of Altria

On December 26, 2012, pursuant to a memorandum of agreement dated December 17, 2012, the Parent Company acquired 100% ownership interest in Altria. Altria is a company incorporated in the Philippines and holds an investment property in the form of land. The registered office of Altria, which is also its principal place of business, is located at Coastal Road Bangiad, San Juan, Taytay, Rizal.

As of the reporting periods, Altria has no operations and its assets mainly pertain to the land where the Parent Company's precast and batching facilities are constructed. In accordance with Group's policy, the transaction is treated by the Group as an asset acquisition since the transaction does not constitute a business combination.

The purchase price upon acquisition was allocated among the following accounts based on their relative fair values:

Cash in bank	P 486,426
Bond deposits	1,500,958
Land	303,468,569
Accrued expenses	(100,000)
	P 305,355,953

Subsequent to the date of acquisition, any changes in the carrying value of the net assets acquired in the books of Altria, including the expenses incurred in administering the property (i.e, property taxes), shall be updated in the books of the Parent Company on a line-by-line basis, as if they are consolidated into a single entity.

7.3 Interest in Joint Ventures

This account includes the carrying values of the following components:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Acquisition costs:		
MTRGC	**P 58,324,000**	P 58,324,000
SSPPC	**58,324,000**	58,324,000
	116,648,000	116,648,000
Equity share in net profit (losses):		
Balance at beginning of period	**(11,878,047)**	29,086,993
Equity in net profit (losses) for the period	**(46,967,133)**	(40,965,040)
Balance at end of period	**(58,845,180)**	(11,878,047)
	P 57,802,820	P 104,769,953

GMCAC has 41.66% interest in Mactan Travel Retail Group Corp. (MTRGC) and Select Service Partners Philippines Corporation (SSPPC), which are primarily engaged in the set-up, operation and management of duty paid retail, food and beverage outlets and provision of related services thereto in the airport terminals (T1 and T2). Equity in net profit of these joint ventures as recorded as part of Others – net account under Other Income (Charges) section in the interim condensed consolidated statements of income.

7.4 Interest in Joint Operations

As discussed in Note 1.2, MGCJV shall undertake the construction works for the renovation and expansion of the MCIA Project in Cebu, MGCJVI shall undertake the construction works of the Clark Airport, while HMDJV shall undertake the construction works of the Malolos-Clark Railway. The Parent Company's interests in MGCJV, MGCJVI and HMDJV are accounted for as joint arrangement – joint operation and, as such, the Parent Company accounts for its interest in the relevant assets, liabilities, revenues and expenses of MGCJV, MGCJVI and HMDJV.

As of September 30, 2021 and December 31, 2020 and for the periods ended September 30, 2021 and 2020, the relevant financial information of the Group's interest in MGCJV, MGCJVI, and HMDJV which are included in the appropriate accounts in the Group's interim condensed consolidated statements of financial position and interim condensed consolidated statements of income are as follows:

	Before Elimination	Elimination	After Elimination
September 30, 2021 (Unaudited)			
Assets:			
Cash and cash equivalents	P 1,320,629,579	P -	P 1,320,629,579
Trade and other receivables	464,009,638	(200,127,524)	263,882,114
Other current assets	484,584,194	-	484,584,194
Property, plant, and equipment – net	68,122,349	-	68,122,349
	P 2,337,345,760	**(P 200,127,524)**	**P 2,137,218,236**

	Before Elimination	Elimination	After Elimination
Liabilities:			
Trade and other payables	P 488,062,275	P -	P 488,062,275
Due to related parties	1,081,218	-	1,081,218
Other liabilities	25,383,986	-	25,383,986
	P 514,527,479	**P -**	**P 514,527,479**
Revenues and Expenses:			
Contract revenues	P 343,564,161	P -	P 343,564,161
Contract costs	(181,009,762)	-	(181,009,762)
Other operating expenses	(122,696,503)	-	(122,696,503)
Finance income	9,157,314	-	9,157,314
	P 49,015,210	**P -**	**P 49,015,210**
December 31, 2020 (Audited)			
Assets:			
Cash and cash equivalents	P 1,009,152,103	P -	P 1,009,152,103
Trade and other receivables	238,784,962	(221,052,328)	17,732,634
Other current assets	26,892,943	-	26,892,943
Property, plant, and equipment – net	4,941,729	-	4,941,729
	P 1,279,771,737	(P 221,052,328)	P 1,058,719,409
Liabilities:			
Trade and other payables	P 647,181,181	P -	P 647,181,181
Due to related parties	3,088,767	-	3,088,767
	P 650,269,948	P -	P 650,269,948
Revenues and Expenses:			
Construction operation revenues	P 663,545,013	(P 76,837,471)	P 586,707,542
Cost of construction operations	(582,505,612)	69,052,372	(513,453,240)
Other operating expenses	(32,956,209)	-	(32,956,209)
Finance cost	9,465,224	-	9,465,224
	P 57,548,416	**(P 7,785,099)**	**P 49,763,317**

8. OTHER ASSETS

This account is composed of the following:

	Notes	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current:			
Advances to contractors and suppliers	8.1	**P 5,427,479,396**	P 4,857,992,746
Input VAT	8.2	**1,063,374,738**	775,596,442
Deferred input VAT	8.2	**858,990,412**	455,773,123
Deferred fulfilment costs	8.6	**815,368,577**	787,283,237
Prepaid taxes	8.4	**648,920,435**	812,495,632
Refundable security and bond deposits		**165,843,020**	155,107,192
Prepaid insurance		**81,263,062**	37,516,325
Prepaid subscription		**26,641,276**	17,966,039
Prepaid rent		**6,308,255**	16,699,653
Miscellaneous		**275,523,181**	40,313,939
		9,369,712,352	7,956,744,328
Non-current:			
Deferred input VAT	8.2	**1,945,725,601**	1,798,604,430
Investment in trust fund	8.5	**291,831,660**	401,525,300
Deposits for condominium units	8.3	**121,265,572**	121,265,571
Refundable security deposits		**104,286,887**	44,421,967
Computer software license – net	8.7	**41,131,038**	47,859,287
Deferred transaction cost		**18,768,322**	-
Advances to contractors and suppliers	8.1	**7,999,946**	7,999,946
Miscellaneous		**178,356**	168,125
		2,531,187,382	2,421,844,626
		P11,900,899,734	P10,378,588,954

8.1 Advances to Contractors and Suppliers

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

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

On the other hand, non-current portion of this is related to the down payments made by the Group for the construction of airport terminal building and acquisitions of property, plant and equipment.

8.2 Input VAT

Input VAT under other current assets pertains to the payment of VAT on purchases of services and goods that is recoverable within 12 months. Deferred input VAT pertains to the unamortized input VAT on purchases of capital goods exceeding P1.0 million and bid premium. Deferred input VAT arising from purchase of capital goods exceeding P1.0 million is to be amortized and credited against output tax evenly over five years or the life of the asset, whichever is shorter.

Non-current portion of input VAT represents GMCAC's input VAT, pertaining mainly to VAT from the payment of bid premium in 2014, which will be recovered in future years. The balance is to be transferred to input VAT under Other Current Assets systematically on the basis of the Group's projected output VAT payments over the term of the Concession Agreement.

8.3 Deposits for Condominium Units

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

8.4 Prepaid Taxes

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

8.5 Investment in Trust Fund

On November 28, 2014, GMCAC's BOD authorized GMCAC to establish, maintain and operate trust and investment accounts with a local universal bank (Security Trustee). The investment in trust fund constitutes (i) Revenue Accounts; (ii) Future Major Maintenance Fund Account; (iii) Debt Service Reserve Accounts; (iv) Debt Service Payment Account; and, (v) Distribution Accounts, collectively referred to as "Cash Flow Waterfall Accounts" and Loan Disbursement Accounts under a certain Omnibus Loan and Security Agreement (OLSA) to ensure the prompt payment of the required amortization, interest and principal of the long-term loan.

The OLSA provided that the Security Trustee shall invest and reinvest the monies in the collateral accounts.

The increase amounting to P20.9 million in 2021, and decrease amounting to P461.2 million in 2020 in the investment in trust fund account are results of debt service and working capital requirements of GMCAC based on OLSA. In 2021, the shareholders deposited P640.0 million in the debt service reserve account as provided for under the renegotiated OLSA.

8.6 Deferred Fulfilment Cost

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

The movement of deferred fulfilment costs is shown below:

	2021	2020
Balance at beginning of period	**P 787,283,237**	P 579,089,321
Additions	**121,137,286**	430,684,262
Amortization	**(93,051,946)**	(222,490,346)
Balance at end of period	**P 815,368,577**	P 787,283,237

8.7 Computer Software License

Computer Software License pertains to licenses on computer programs and softwares used by the Group. In 2021 and 2020, and 2019, the Group recognized total additions amounting to P5.4 million, P17.4 million, and P27.5 million respectively.

The Group recognized amortization amounting to P12.1 million for the period ended September 30, 2021, P16.9 million and P14.9 million for the year ended December 31, 2020 and 2019, respectively. The related amortization charges were recorded as part of Depreciation and amortization under Other Operating Expense account in the consolidated statements of income.

9. CONCESSION ASSETS

Concession Agreement refers to the agreement entered into by the Parent Company and GIL with DOTr and MCIA by virtue of Revised Implementing Rules and Regulations of RA No. 6957, "*An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector and for Other Purposes*", as amended by R.A. No. 7718 (referred to as the *"BOT Law"*). Under the said agreement, GMCAC was granted by DOTr and MCIA an exclusive right to design, develop, and undertake the MCIA Project; and, enjoy complete and uninterrupted possession of all movable and immovable assets for purposes of implementing the Project, whether tangible or intangible pertaining to concessionaire Operations and Maintenance (O&M) Facilities such as the existing assets, project land, assets produced, installed, built and created pursuant to the Concession Agreement, commercial assets, among others, (collectively referred as Project Assets) [see Note 1.2(a)]. The Concession Agreement is for a period of 25 years commencing on O&M start date unless further extended pursuant to the Concession Agreement.

The MCIA Project comprises the following undertaking:

- Construction of Terminal 2 (T2), along with all Associated Facilities;
- Renovation and expansion, but not the demolition of Terminal 1 (T1) and Associated Facilities;
- Complete reconstruction of Terminal 2 Apron (T2 Apron);
- Capacity Augmentation;
- Development of Commercial Assets; and,
- Operation and Maintenance of the Concessionaire O&M Facilities and Commercial Assets.

The Group recognized addition to the capitalized concession assets amounting to P449.4 million, and P655.4 million for the period ended September 30, 2021 and December 31, 2020 respectively. In 2021 and 2020, the Group recognized amortization amounting to P29.2 million, and P163.5 million respectively.

The balance of concession assets as of September 30, 2021 and December 31, 2020 amounted to P30,348.9 million and P29,928.7 million, respectively.

10. PROPERTY, PLANT AND EQUIPMENT

As of September 30, 2021, and December 31, 2020, the Property, Plant and Equipment is composed of building, construction equipment, improvements, and right-of-use assets totalling P6,797.0 million and P7,497.3 million, respectively.

In 2021 and 2020, and 2019, the Group recognized total additions amounting to P598.0 million, P1,021.4 million, and P3,478.6 million respectively and sold certain property, plant, and equipment for P28.0 million, P4.3 million, and P92.1 million respectively. As a result of sale, the Group recognized gains amounting to P8.7 million, P4.1 million, and P6.1 million in 2021, 2020 and 2019, respectively, and are presented as part of Others-net under Other Income (Charges) account in the consolidated statements of income.

There are no restrictions on title, and property, plant and equipment pledged as security liabilities.

There is also no contractual commitment to acquire any property, plant and equipment.

There were no items of property, plant and equipment that were impaired, lost or given up as of September 30, 2021, and December 31, 2020.

11. INVESTMENT PROPERTIES

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

Investment properties account includes parcels of land that are not used by the Group for administrative and supply of goods or services of the business and only held for capital appreciation amounting to P510.1 million and P502.5 million as of September 30, 2021 and December 31, 2020, respectively. Based on management's assessment, the carrying amounts of these assets are fully recoverable, hence, no impairment loss is required in both years.

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

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

In 2021 and 2020, the Group recognized total additions amounting to P11.3 million and P40.1 million, respectively. In 2021, the Group also recognized reclassification from property, plant and equipment, specifically under construction in progress, to investment property amounting P265.0 million after its completion during the period.

The Group recognized depreciation and amortization relating to investment properties amounting to P85.7 million, P105.9 million, and P43.6 million in 2021, 2020 and 2019 respectively.

As of September 30, 2021, and December 31, 2020, the Investment Properties has a fair value amounting to P5,694.1 million, and P5,487.9 million respectively which were recognized under the Level 3 fair value hierarchy (see Note 26.6).

12. LEASES

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

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over warehouses and offices, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Further, the Group must ensure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

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

	Number of right-of-use assets leased	Range of remaining term	Number of average remaining lease term	Number of leases with extension options	Number of leases with options to purchase	Number of leases with termination options
September 30, 2021						
Transportation equipment	170	1 – 5 years	3 years	-	52	-
Precast and construction equipment	164	2 – 10 years	6 years	-	54	-
December 31, 2020						
Transportation equipment	162	1 – 5 years	3 years	-	52	-
Precast and construction equipment	164	2 – 10 years	6 years	-	54	-

The lease contracts of the Group (as a lessee) do not have any variable payment arrangement in all periods presented. More so, the Group has no finance lease arrangement on any of its lease contracts as a lessor.

Certain Investment Property, Construction Equipment and Concession Assets of the Group are being leased out to customers. In managing risk, the Group ensures that assets are well maintained, preventive maintenance schedule are on track and appropriate insurance cover are in place.

12.1 Right-of-use Assets

Right-of use assets are presented in the interim condensed consolidated statements of financial position as part of Property, plant, and equipment – net. The carrying amounts of the Group's right-of-use assets as at September 30, 2021 and December 31, 2020 and the movements during the period are shown below.

	Precast and Construction Equipment	Transportation Equipment	Total
Balance as of January 1, 2021 (audited)	P 440,424,371	P 167,956,603	P 608,380,974
Additions	-	22,567,784	22,567,784
Disposals	-	(3,573,807)	(3,573,807)
Reclassification	-	(913,000)	(913,000)
Depreciation and amortization	(56,126,963)	(26,770,182)	(82,897,145)
Balance at September 30, 2021 (unaudited)	**P 384,297,408**	**P 159,267,398**	**P 543,564,806**
Balance as of January 1, 2020 (audited)	P 376,631,729	P 191,812,743	P 568,444,472
Additions	121,647,007	35,536,960	157,183,967
Disposals	-	(1,236,701)	(1,236,701)
Reclassification	(6,727,240)	(3,803,589)	(10,530,829)
Depreciation and amortization	(51,127,125)	(56,352,810)	(107,479,935)
Balance at December 31, 2020 (audited)	P 440,424,371	P 165,956,603	P 606,380,974

12.2 Lease Liabilities

Lease liabilities are presented in the interim condensed consolidated statements of financial position as part of Interest-bearing Loans and Borrowings are as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current	**P 195,172,595**	P 195,172,595
Non-current	**337,495,382**	337,495,382
	P 532,667,977	P 532,667,977

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's business strategy and the economic benefits of exercising the option exceeds the expected overall cost.

As of September 30, 2021 and December 31, 2020, the Group has not committed to any leases which had not commenced.

12.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments, if any, are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expenses relating short-term leases amounted to P36.3 million, P34.6 million and P26.7 million in 2021, 2020 and 2019, respectively, and is presented as part of Other Operating Expenses in the interim condensed consolidated statements of income. There are no low-value assets that were not recognized as lease liabilities for the periods presented.

12.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P82.6 million, P156.3 million and P102.1 million in 2021, 2020 and 2019, respectively. Interest expense in relation to lease liabilities amounted to P35.1 million, P30.7 million and P13.7 million in 2021, 2020 and 2019, respectively, and is presented as part of Finance costs under Other Income (Charges) in the interim condensed consolidated statements of income.

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities are as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
September 30, 2021 (unaudited)						
Lease payments	P 225,131,901	P 179,545,610	P 113,389,614	P 48,475,319	P 18,576,696	P 585,119,140
Finance charges	(29,959,306)	(15,565,447)	(5,860,367)	(955,484)	(110,559)	(52,451,163)
Net present value	**P 195,172,595**	**P 163,980,163**	**P 107,529,247**	**P 47,519,835**	**P 18,466,137**	**P 532,667,977**
December 31, 2020 (audited)						
Lease payments	P 232,933,013	P 192,140,869	P 115,203,419	P 57,409,144	P 8,266,159	P 605,952,604
Finance charges	(37,760,418)	(22,308,392)	(10,165,774)	(2,843,661)	(206,382)	(73,284,627)
Net present value	P 195,172,595	P 169,832,477	P 105,037,645	P 54,565,483	P 8,059,777	P 532,667,977

13. TRADE AND OTHER PAYABLES

This account consists of the following:

	Note	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Trade payables		**P 3,871,492,080**	P 4,002,239,479
Retention payable		**2,533,988,824**	2,195,156,203
Accrued expenses		**928,644,439**	749,582,769
Security deposits		**228,040,067**	119,723,716
Interest payable	14.2 (c)	**369,215,558**	920,315,247
Derivative liability		**103,280,254**	121,895,954
Due to related parties		**20,000,000**	20,000,000
Others		**82,521,761**	163,037,855
		P 8,137,182,983	P 8,291,951,223

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

Accrued expenses include mainly unpaid utilities, while others accrued and other non-trade payables.

14. INTEREST-BEARING LOANS AND BORROWINGS

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

	Notes	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Current:			
Bank loans	14.2	**P13,045,214,447**	P 12,915,285,156
Lease liability	12.2	**51,673,269**	195,172,595
		13,096,887,716	13,110,457,751
Non-current:			
Bank loans	14.2	**28,491,107,552**	26,881,620,942
Notes payable	14.1	**5,583,291,231**	5,590,791,232
Lease liability	12.2	**400,950,274**	337,495,382
		34,475,349,057	32,809,907,556
		P47,572,236,773	P 45,920,365,307

14.1 Notes Payable

(a) 2013 Notes Facility

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

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

The notes are issued in three tranches with the following details:

	Principal	Term in Years	Interest Rate
Tranche A	P 650,000,000	5	5%
Tranche B	3,250,000,000	7	6%
Tranche C	100,000,000	10	6%
	P 4,000,000,000		

The nominal rates refer to the Philippine Dealing System Treasury (PDST) Fixing rates with respect to the term of each tranche plus an interest spread of 1.75% for Tranche A and B and 1.50% for Tranche C.

The notes, among other things, restrict the Parent Company's ability to:

(a) incur any indebtedness to be secured by or to benefit from any lien, in favor of any creditor on, or in respect of any present or future assets or revenues or the right to receive income;
(b) make any material change in the nature of its business from that being carried on as of the signing date;
(c) enter into any merger or consolidation except if the issuer retains control of the surviving corporation, such merger or consolidation is required by law, and such merger does not result in material adverse effect;
(d) amend its articles of incorporation and/or by-laws except as required by law;
(e) declare or pay any cash dividend to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the notes are current and updated and provided that any such payment is made out of retained earnings and the debt to equity ratio of 2:1 are maintained;
(f) sell, assign, lease, transfer, and/or dispose all or substantially all of its properties;
(g) assign, transfer or otherwise convey any right to receive any of its income or revenues;
(h) voluntarily suspend its business operations in a manner that will result in a material adverse effect;
(i) extend any loan, advance or subsidy to any person (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business, or financing or guarantees for the direct or indirect purchase or sale of the assets of the issuer, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business;
(j) permit its financial debt to equity ratio to exceed 2:1; and,
(k) voluntarily prepay any indebtedness.

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

In February 2018 and February 2020, Tranche A and B, respectively, have matured already, leaving tranche C outstanding with a carrying value of P69.8 million and P70.8 million as at September 30, 2021 and December 31, 2020, respectively.

(b) 2016 Various Notes Facility

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

The notes are issued with the following details:

Date Issued	Principal	Term in years	Interest Rate
September 16, 2016	P 650,000,000	10	5.5%
December 5, 2016	350,000,000	10	6.37%
December 16, 2016	1,000,000,000	10	6.37%
	P 2,000,000,000		

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

The notes, among other things, restrict the Parent Company's ability to:

(a) Engage in any business or make or permit any material change in the character of its business from that authorized on its amended articles of incorporation and by-laws;
(b) Amendment of articles of incorporation and by-laws which would cause a material adverse effect or be inconsistent with the provisions of the finance document;
(c) Change of ownership and management if as a result the stockholdings of Citicore Investments Holdings Inc. will fall below 51% or enter into profit sharing, partnership or joint venture whereby its profits are shared with any other person that may have a material adverse effect;
(d) Sale of asset, transfer or dispose of all or substantially all of its properties and assets except in the ordinary course of business;
(e) Declaration of dividends or retirement of capital if the issuer shall not be in compliance with the financial covenants or would result to an event of default;
(f) Loans and advances to its directors, officers and stockholders (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business, or financing or guarantees for the direct or indirect purchase or sale of the assets of the issuer, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business;
(g) Make a capital expenditure not in the ordinary course of business;
(h) Incur additional debt or act as surety on behalf of third parties or incur monetary obligation which shall cause the issuer to breach the financial covenants;
(i) Loans and advances to any person (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business, or financing or guarantees for the direct or indirect purchase or sale of the assets of the issuer, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business;
(j) Directly or indirectly incur or suffer to exist any lien upon any assets and revenues, present and future of the issuer or enter into any loan facility agreement secured by or to be secured by a lien upon any assets and revenues, present and future whether registered or unregistered of the issuer;
(k) Except for permitted investments, invest in or acquire any (i) share in or any security issued by any person, (ii) acquire directly or indirectly the business or going concern or all substantially all the properties and assets or business of any other corporation or entity or invest in a controlling entity therein; and,
(l) It will not voluntarily suspend or discontinue its entire or a substantial portion of its business operation.

All of the three tranches of the second corporate note remained outstanding, with a carrying value of P1,920.0 million as at September 30, 2021 and December 31, 2020, respectively. The whole carrying amount is presented under non-current portion of notes payable.

On August 10, 2017, the Parent Company sent a letter to the bank requesting the waiver of one of the loan negative covenants that prohibits the stockholdings of Citicore in the Parent Company to fall below 51% or enter into profit sharing, partnership or joint venture whereby its profits are shared with any other person that may have a material adverse effect (see Note 1.1). In September 2017, the request was granted by the bank. The Parent Company is in compliance with all other covenants required to be observed under the loan facility agreement as of September 30, 2021 and December 31, 2020.

(c) 2020 Various Notes Facility

On February 19, 2020, the Parent Company signed a P5,000.0 million corporate note facility, the proceeds of which will be used by the Parent Company to (a) retire maturing debt obligations, (b) to fund growth projects, and (c) for general corporate purposes. The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company.

The notes will be issued in five tranches as follows:

	Principal
Tranche A	P 3,600,000,000
Tranche B	350,000,000
Tranche C	350,000,000
Tranche D	350,000,000
Tranche E	350,000,000
	P 5,000,000,000

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

The notes, among other things, restrict the Parent Company's ability to:

(a) incur any indebtedness to be secured by or to benefit from any lien, in favor of any creditor on, or in respect of any present or future assets or revenues or the right to receive income;
(b) make any material change in the nature of its business from that being carried on as of the signing date;
(c) enter into any merger or consolidation except if the issuer retains control of the surviving corporation, such merger or consolidation is required by law, and such merger does not result in material adverse effect;
(d) amend its articles of incorporation and/or by-laws except as required by law;
(e) declare or pay any cash dividend to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due

under the Notes are current and updated and provided that any such payment is made out of retained earnings and the debt to equity ratio of 70:30 is maintained. Debt pertains to all interest-bearing loans and borrowing.;

(f) sell, assign, lease, transfer, and/or dispose all or substantially all of its properties;

(g) assign, transfer or otherwise convey any right to receive any of its income or revenues;

(h) purchase or repurchase the indebtedness, or assume, guarantee, endorse, or otherwise become directly contingently liable for or in connection with any person (other than to its subsidiaries or affiliates, or financing or guarantees for the direct or indirect purchase or sale of the assets of Company, its subsidiaries or affiliates);

(i) voluntarily suspend its business operations in a manner that will result in a material adverse effect; and,

(j) extend any loan, advance or subsidy to any person (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business or financing or guarantees for the direct or indirect purchase or sale of the assets of Company, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business; permit its financial debt to equity ratio to exceed 70:30 nor permit its debt service coverage ratio to fall below 1.10x. Debt pertains to all interest-bearing loans and borrowing.; and, voluntarily prepay any indebtedness.

In 2020, the Parent Company made its first drawdown on its third unsecured corporate note amounting to P3,600.0 million and remained outstanding as at September 30, 2021 and December 31, 2020.

As of September 30, 2021, and December 31, 2020, the carrying amount of all the corporate notes are P5,583.3 million and P5,590.8 million, respectively.

The Parent Company is in compliance with all other covenants required to be observed under the loan facility agreement as of September 30, 2021 and December 31, 2020.

14.2 Bank Loans

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

On December 17, 2014, GMCAC entered into a P20,000.0 million (which at GMCAC's option may be increased up to P23,300.0 million) OLSA with various local universal banks, as onshore lenders. On January 26, 2015, the parties amended the facility to include another universal bank as offshore lender to contribute US $75.0 million (or equivalent to P3,500.0 million) into the facility.

The facility has a term of 15 years, the repayment of which starts in 2019 and shall continue every year thereafter until 2030; and, interest requirements that are payable annually based on the following:

	First 7 Years	Last 8 Years
P20,000.0 million onshore loan	Sum of Base Rate 1 (PDST-R2 benchmark yield) and credit spread	Sum of Base Rate 2 (PDST-R2 benchmark yield) and credit spread
US$75.0 million offshore loan	LIBOR plus credit spread	LIBOR plus credit spread

As security for timely payment of the loan and prompt observance of all provision of the Omnibus Agreement, the following are pledged as collateral on this loan:

- all monies deposited and from time to time standing in the Cash Flow Waterfall Accounts;
- the Project receivables;
- the proceeds of any asset and business insurance obtained, except for the proceeds of insurance policies arising from damage of any Project Assets;
- the Project Documents (Accession Agreement, Technical Service Agreement and Engineering and Procurement Contract); and,
- the 100% of the total issued and outstanding capital stock of GMCAC.

As of September 30, 2021 and December 31, 2020, the carrying amount of the assets pledged, in the form of a trust fund investment, as collateral amounted to P291.8 million and P401.5 million, respectively (see Note 8.5).

In addition, the OLSA provides certain restrictions and requirements which include, among others, maintaining and preserving its corporate existence, complying with all of its material obligations under the project arrangements, restrictions on granting of loans or advances and disposal of major properties and restrictions on payment of dividends. The OLSA also provides financial covenants which include maintaining a maximum debt to equity ratio of 70:30 and a debt service coverage ratio of at least 1.1 times following the Project completion date. As at December 31, 2020, the Company has debt-to-equity ratio of 68:32 and DSCR of 0.09, hence unable to comply with the financial covenants. GMCAC, therefore, made negotiations with the lenders as more fully discussed below and in the succeeding paragraphs.

GMCAC has availed of the following reliefs and renegotiated the terms of its existing loan agreements with its lenders as follows:

- Second amendment agreement to the amended and restated OLSA

  On May 4, 2021, GMCAC and the lenders executed the second amendment to the amended and restated OLSA. The second amendment agreement include among others the following significant provisions:

  - Changes in the principal repayment schedule as follows:

2020	1.00%
2024	8.00%
2025	9.40%
2026	12.04%
2027	11.00%
2028	11.28%
2029	16.78%
2030	30.00%
	99.50%

    The remaining 0.5% pertains to principal repayment made on December 15, 2019 amounting to P104.4 million and US$0.4 million on the onshore and offshore loan facility, respectively.

Principal repayment date will start June 15, 2024 and every six months thereafter;

- Deferral of interest payment incurred from September 15, 2020 to March 31, 2021. 19.97% of the accrued interest related to the period shall be paid in May 2021, the balance or 80.03% shall be paid on June 15, 2023 together with the interest accrued;
- For interest incurred from March 31, 2021 to December 15, 2021, 37.12% of the accrued interest related to the period shall be paid monthly starting May 15, 2021 until December 15, 2021, the balance or 62.88% shall be paid on December 2023 together with the interest accrued;
- Shareholders' loan extension (subordinated debt) totaling P640.0 million which shall be deposited in the Debt Service Reserve account on or before June 15, 2021;
- Changes in certain financial covenants. For debt to equity ratio, maintain a maximum debt to equity ratio of 75:25 for the period commencing on January 1, 2021 and ending on December 31, 2023, and 70:30 for the period commencing on January 1, 2024 and ending on the date on which all indebtedness under the finance documents has been irrevocably paid in full. For debt service coverage ratio, maintain a debt service coverage ratio at all times of at least 1.1x until the maturity date from the project completion date (other than during the period commencing on January 1, 2021 and ending on the date that the recovery conditions stated in sponsor's support section have been satisfied;
- Additional coverage ratio of at least 1.1x at all times during the period commencing on December 31, 2024 and ending on the date that the recover conditions stated in the sponsor's support section have been satisfied; and,
- Changes in the composition of retained earnings during the relief period of January 1, 2021 to December 31, 2023 taking into consideration the impact of deferred interest.

GMCAC's BOD authorized GMCAC to establish, maintain and operate trust and investment accounts with a Security Trustee to ensure the prompt payment of the required amortization, interest and principal of the long-term loan, which was established and maintained by GMCAC during the reporting period.

Provision in the loan indicates that the borrower shall pay to the lenders, a commitment fee equivalent to 0.3% per annum of the undrawn or uncancelled portion of the commitment that GMCAC does not draw in accordance with the drawdown schedule.
In order to hedge the interest rate exposure on this floating rate US dollar-denominated loan maturing in June 2022, GMCAC entered into an interest rate swap transaction. As at September 30, 2021 and December 31, 2020, GMCAC recognized P103.3 million and P121.9 million derivative liability arising from this interest rate swap transaction.

Judgment is exercised by management to determine whether changes in the terms of the financial liabilities constitute a substantial modification (extinguishment of debt) or not of the related financial liabilities. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized as gain or loss in profit or loss. For non-substantial modifications, the existing liability is remeasured to the present value of future cash flows and any resulting gain or loss is recognized in profit or loss.

GMCAC negotiated certain terms of its agreement, however, such modifications are assessed to be non-substantial. As such, the Company accounted for the modification as an adjustment to the liability and remeasured its interest-bearing loans to the net present value of the revised cash flows discounted at the original interest rate. The resulting gain on loan modification amounting to P207.8 million is presented as part of Other Income – net under Other Income(Charges) in the 2021 statement of comprehensive income.

Finance cost on long-term debt recognized in the interim consolidated financial statements of comprehensive income amounted to P731.0 million, P776.4 million and P691.6 million for the quarters ended September 30, 2021, 2020 and 2019, respectively. Total capitalized borrowing cost for the nine months ended September 30, 2021 and for the year ended December 31, 2020 amounted to P272.3 million and P610.5 million, respectively at a capitalization rate of 4.99% in 2021 and 2020.

(b) OLSA for PITX project

In 2015, the MWMTI entered into an Omnibus Loan and Security Agreement (OLSA) with a local universal bank for a loan facility amounting to P3,300.0 million to finance the construction of the ITS Project. In 2019, the MWMTI requested the lender to increase the loan by P600.0 million making the total principal loan to P3,900.0 million.

In 2017, the MWMTI made its first drawdown amounting to P825.0 million while the remaining loan facility was fully drawn in 2019 in tranches amounting to P3,075.0 million.

The loan principal shall be amortized quarterly over 15 years and the first principal repayment was paid in January 16, 2021. The interest-bearing loan is secured by the Joint Venturers and bear annual interest of 4.62%, 6.89%, and 6.89% in 2020, 2019, and 2018, respectively.

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

(c) Other Bank Loans

In addition, the Group also obtained various bank loans with total outstanding balance of P13,045.2 million and P12,032.9 million as of September 30, 2021 and December 31, 2020, respectively, representing unsecured short-term loans from other local banks. The loans bear fixed annual interest rates ranging from 5.10% to 7.5% in 2021 and 2020. Total interest on these bank loans is presented as part of Interest expense from bank loans under Finance costs under Other Income (Charges) account in the consolidated statements of income. The unpaid portion of these interest is presented as part of Interest payable under Trade and Other Payables account in the consolidated statements of financial position.

(d) Events of Default and Covenant Compliance

The Group is in compliance with all other covenants required to be observed under the loan facility agreements, except for GMCAC which breached the loan covenant during 2020, however retains its loan to non-current, due to on-going negotiation with their syndicated loan with the banks at that time. After the approved re-negotiated loan, GMCAC has complied with its loan covenants as of September 30, 2021.

In the event of a default, the loan and all interest accrued and unpaid shall be due and payable as instructed by the facility agent and all declared commitments terminated, then the Security Trustee and the Lenders may foreclose upon any of the Security pursuant to the terms of the Agreement and the proceeds of any sale, disposition or other realization or foreclosure shall be paid to the loan distributed in the manner stated in the Agreement.

Events of default constitutes default on loan payment due and payable, except due to technical or administrative error, material misrepresentation, non-remediable violation of the covenants in the Loan Document, revocation of the project documents, cross default, failure to observe material obligations in the Project Documents or it becomes unlawful resulting to a material adverse effect, suspension, insolvency, payment of decree or writ of garnishment, the assigned assets are substantially impaired or seized and any event resulting in a material adverse effect.

15. CONTRACT LIABILITIES

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

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of period	**P 4,593,930,101**	P 4,931,269,957
Increase due to billings excluding amount recognized as revenue during the period	**1,651,480,930**	1,604,069,732
Advances received from customers	**2,392,871,552**	51,025,148
Revenue recognized that was included in contract liability at the beginning of the period	**(2,793,846,834)**	(2,100,977,551)
Effect of financing component	**89,658,976**	108,542,815
Balance at end of period	**P 5,934,094,725**	P 4,593,930,101

16. OTHER LIABILITIES

The details of this account are as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current:		
Deferred output VAT	**P 113,422,254**	P 82,996,745
Withholding taxes	**162,920,543**	54,023,865
Deferred revenue	**13,200,953**	13,284,012
Others	**132,761,904**	67,872,873
	422,305,654	218,177,495
Non-current:		
Security deposits	**474,792,767**	464,587,591
Unearned rent income	**182,482,591**	187,038,088
	656,927,768	651,625,679
	P 1,079,233,422	P 869,803,174

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

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

Others under current liabilities significantly include government-related payables for employee benefits.

17. REVENUES

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

The Group determines that the categories used in the investor presentations and financial reports used by the Group's management can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers and other counterparties into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

A summary of additional disaggregation from the segment revenues and other unallocated income are shown below.

	Notes	Point in time	Over time	Short-term	Long-term	Total
September 30, 2021:						
Construction operations	17.1					
Contract revenues		P -	P 9,854,395,883	P -	P 9,854,395,883	P 9,854,395,883
Sale of precast		-	453,778,040	453,778,040	-	453,778,040
Sale of ready mix concrete		82,262,660	-	82,262,660	-	82,262,660
Equipment rental		-	165,602,762	165,602,762	-	165,602,762
Airport operations:	17.2					
Aeronautical revenues		-	111,263,718	111,263,718	-	111,263,718
Aero related revenues		-	49,219,628	49,219,628	-	49,219,628
Non-aero related revenues		-	205,761,795	205,761,795	-	205,761,795
Landport operations	17.3					
Rental revenue – per contract		-	413,710,058	-	413,710,058	413,710,058
Rental revenue – effect of straight-line method		-	100,109,470	-	100,109,470	100,109,470
Trading operations:	17.4					
Food revenues		9,070,944	-	9,070,944	-	9,070,944
Non-food revenues		1,205,734	-	1,205,734	-	1,205,734
						P 11,446,380,692
September 30, 2020:						
Construction revenues	17.1					
Contract revenues		P -	P 7,205,921,093	P -	P7,205,921,093	P7,205,921,093
Sale of precast		-	144,616,540	144,616,540	-	144,616,540
Sale of ready mix concrete		11,793,246	-	11,793,246	-	11,793,246
Equipment rental		-	49,649,706	49,649,706	-	49,649,706
Airport operations:	17.2					
Aeronautical revenues		-	460,552,851	460,552,851	-	460,552,851
Aero related revenues		-	117,572,059	117,572,059	-	117,572,059
Non-aero related revenues		-	420,041,554	420,041,554	-	420,041,554
Landport operations	17.3					
Rental revenue – effect of straight-line method		-	80,128,687	-	80,128,687	80,128,687
Rental revenue – per contract		-	471,786,063	-	471,786,063	471,786,063
Trading operations:	17.4					
Food revenues		39,546,854	-	39,546,854	-	39,546,854
Non-food revenues		29,959,391	-	29,959,391	-	29,959,391
						P 9,031,568,044
September 30, 2019:						
Construction revenues	17.1					
Contract revenues		P -	P 9,972,269,062	P -	P 9,972,269,062	P 9,972,269,062
Sale of precast		-	466,056,684	466,056,684	-	466,056,684
Sale of ready mix concrete		87,521,767	-	87,521,767	-	87,521,767

Airport operations:	17.2					
Aeronautical revenues		-	1,488,970,900	1,488,970,900	-	1,488,970,900
Aero related revenues		-	324,973,390	324,973,390	-	324,973,390
Non-aero related revenues		-	899,664,018	899,664,018	-	899,664,018
Landport operations	17.3	-	206,995,025	-	206,995,025	206,995,025
Trading operations:	17.4					
Food revenues		134,312,947	-	-	134,312,947	134,312,947
Non-food revenues		113,230,876	-	-	113,230,876	113,230,876
						P13,693,994,669

There are no variable considerations arising from the Group's contracts with customers in all periods presented.

17.1 Construction Operation Revenues

About 5%, 5%, and 3% of the contract revenues for 2021, 2020 and 2019, respectively, were earned from contracts with an associate and certain related parties under common ownership.

17.2 Airport Operations Revenues

The details of this account are composed of the revenues from:

	2021 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Aeronautical	**P 111,263,718**	P 460,552,851	P 1,488,970,900
Concession	**68,168,601**	156,102,965	445,583,669
Rental	**31,177,781**	134,198,998	377,429,278
Others	**155,635,041**	247,311,650	401,624,461
	P 366,245,141	P 998,166,464	P 2,713,608,308

17.3 Landport Operations Revenue

The details of this account for the nine-months period ended September 30 are composed of the revenues from:

	2021 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Rental revenue – per contract	**P 413,710,058**	P 471,786,063	P 130,286,656
Rental revenue – effect of straight-line method	**100,109,470**	80,128,687	-
Construction revenue	**-**	-	76,708,369
	P 513,819,528	P 551,914,750	P 206,995,025

17.4 Trading Operation Revenues

The details of this account are composed of the revenues from:

	2021 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Food revenues	**P 9,070,944**	P 39,546,854	P 134,312,947
Non-food revenues	**1,205,734**	29,959,391	113,230,876
	P 10,276,678	P 69,506,245	P 247,543,823

18. DIRECT COSTS

18.1 Cost of Construction Operations

The following is the breakdown of contract costs for the period ended September 30:

	2021 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Materials	**P 3,316,364,774**	P 2,493,703,577	P 3,912,781,642
Outside services	**3,218,418,001**	2,058,125,870	3,492,894,272
Salaries and employee benefits	**1,162,060,568**	780,941,687	524,860,534
Depreciation and amortization	**893,892,745**	693,526,892	492,443,887
Project overhead	**357,557,098**	586,305,387	629,350,533
	P 8,948,293,186	P 6,612,603,413	P 9,052,330,868

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

18.2 Costs of Airport Operations

The following is the breakdown of cost of services:

	2021 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Utilities	**P 72,192,261**	P 110,065,672	P 210,551,239
Repairs and maintenance	**44,717,595**	79,075,142	101,353,747
Salaries and other benefits	**38,137,579**	39,302,836	50,835,612
Insurance	**30,117,111**	27,212,677	25,338,987
Amortization of concession asset	**29,167,831**	157,975,792	533,077,100
Outside service	**24,281,298**	64,215,496	107,621,215
Technical service charges	**13,357,185**	22,484,541	21,043,226
Airport operator's fee	**5,263,971**	13,125,775	34,133,657
Airline collection charges	**4,094,039**	19,399,295	26,307,871
Others	**16,445,149**	16,109,759	19,385,194
	P 277,774,019	P 548,966,985	P 1,129,647,848

18.3 Cost of Landport Operations

The details of this account for the nine-months period ended September 30 are composed of the revenues from:

	2021 (Unaudited)	2020 (Unaudited; As restated – see Note 2.1d)	2019 (Unaudited; As restated – see Note 2.1d)
Cost of terminal operations	**P 56,791,991**	P 90,635,184	P 170,030,136
Depreciation	**164,371,728**	158,032,836	-
Miscellaneous	**9,094,454**	6,360,300	-
	P 230,258,173	P 255,028,320	P 170,030,136

18.4 Costs of Trading Operations

The following is the breakdown of cost of trading:

	2021 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Cost of food	**P 5,838,793**	P 11,303,804	P 33,906,344
Cost of non-food	**1,618,255**	7,759,259	27,594,996
Freight	**391,780**	373,777	254,849
	P 7,848,828	P 19,436,840	P 61,756,189

19. EQUITY

19.1 Capital Stock

Capital stock as of September 30, 2021, and December 31, 2020 and 2019 consists of:

	Shares			Amount		
	2021	2020	2019	**2021**	2020	2019
Common shares – P1 par value						
Authorized	**4,930,000,000**	4,930,000,000	4,930,000,000	**P 4,930,000,000**	P4,930,000,000	P4,930,000,000
Subscribed and paid in:	**2,399,426,127**	2,399,426,127	2,399,426,127	**P 2,399,426,127**	P2,399,426,127	P2,399,426,127
Less:						
Treasury shares						
Balance at beginning of year	**386,016,410**	335,792,310	309,660,510	**P 4,615,690,576**	P 3,912,617,536	P3,454,826,462
Reacquisition	**-**	50,224,100	26,131,800	**-**	703,073,040	457,791,074
Balance at end of year	**386,016,410**	386,016,410	335,792,310	**P 4,615,690,576**	P4,615,690,576	P3,912,617,536
Issued and outstanding	**2,013,409,717**	2,013,409,717	2,063,633,817			

	Shares			Amount		
	2021	2020	2019	**2021**	2020	2019
Preferred shares – P1 par value Authorized	**150,000,000**	124,000,000	70,000,000	**P 150,000,000**	P 124,000,000	P 70,000,000
Issued and outstanding:						
Balance at beginning of year:						
Series 1	**40,000,000**	40,000,000	40,000,000	**P 40,000,000**	P 40,000,000	P 40,000,000
Series 2A	**26,220,130**	-	-	**26,220,130**	-	-
Series 2B	**17,405,880**	-	-	**17,405,880**	-	-
Series 3	**3,375,000**	-	-	**3,375,000**	-	-
Issuance during the year:						
Series 2A	**-**	26,220,130	-	**-**	26,220,130	-
Series 2B	**-**	17,405,880	-	**-**	17,405,880	-
Series 3	**1,625,000**	3,375,000	-	**1,625,000**	3,375,000	-
Balance at end of year	**88,626,010**	87,001,010	40,000,000	**P 88,626,010**	P 87,001,010	P 40,000,000

On February 26, 2021, the Parent Company's BOD approved the resolution increasing the Corporation's authorized capital stock of preferred shares by 26.0 million shares, to a total of 150.0 million cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares; thereby increasing the Corporation's total authorized capital stock to P5,080.0 billion. On September 9, 2021, the SEC has approved the increase in capital stock of preferred shares.

19.2 Dividends

In 2021 and 2020, the Parent Company's BOD approved the declaration cash dividends of P1.76 per share or equivalent to P70.3 million per quarter (total of P281.0 million) to holders of preferred shares, which were taken out of the unrestricted earnings of the Parent Company as of January 31, 2021 and December 31, 2020, respectively.

In 2021, pursuant to the Parent Company's BOD resolution approving the terms of the offer of up to 50,000,000 Series 2A and 2B Preferred Shares, the BOD approved the declaration of cash dividends of P1.19 per share and P1.4 per share or equivalent to P31.1 million and P25.0 million, respectively, to holders of Series 2A and Series 2B preferred shares, which were taken out of the unrestricted earnings of the Parent Company as of January 30, 2021.

The series of record dates and payments are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2021:				
Series 1 Preferred Shares:				
Approval dates	January 11, 2021	April 8, 2021	June 30, 2021	October 19, 2021
Record dates	February 8, 2021	May 18, 2021	August 9, 2021	November 9, 2021
Payment dates	March 1, 2021	June 3, 2021	September 3, 2021	December 3, 2021
Series 2A Preferred Shares:				
Approval dates	January 18, 2021	April 8, 2021	June 30, 2021	October 19, 2021
Record dates	February 3, 2021	May 4, 2021	August 5, 2021	November 5, 2021
Payment dates	March 3, 2021	May 27, 2021	August 27, 2021	November 29, 2021
Series 2B Preferred Shares:				
Approval dates	January 18, 2021	April 8, 2021	June 30, 2021	October 19, 2021
Record dates	February 3, 2021	May 4, 2021	August 5, 2021	November 5, 2021
Payment dates	March 3, 2021	May 27, 2021	August 27, 2021	November 29, 2021
2020:				
Series 1 Preferred Shares:				
Approval dates	January 8, 2020	May 8, 2020	July 7, 2020	October 5, 2020
Record dates	February 6, 2020	May 25, 2020	August 8, 2020	November 6, 2020
Payment dates	March 3, 2020	June 3, 2020	September 3, 2020	December 3, 2020

The dividends on preferred shares bear cumulative, non-participating cash dividends based on the issue price, payable quarterly in arrears every dividend payment date, at the fixed rate of 7.025% per annum from listing date.

19.3 Treasury Shares

On July 20, 2016, the Parent Company's BOD approved the buy-back of 410.8 million common shares held by Sybase Equity Investment Corporation at a price equal to the 7-trading day volume weighted average price ending on July 28, 2016 or equivalent to P10.03 per share. Total purchase price of the treasury shares including incidental cost of the buy-back amounted P4,138.8 million.

On October 20, 2016, the Parent Company's BOD approved the sale of its 150.0 million treasury shares at P14.90 per share. Net proceeds of the sale of treasury share amounted to P2,181.7 million, net of incidental cost of the transaction. Outstanding balance of the treasury shares after the sale is 260.8 million treasury shares at cost of P2,627.7 million. On October 1, 2018, the Parent Company's BOD approved a share buyback program worth up to P2.0 billion over a period of two years. Total cost to acquire treasury shares in 2018 amounted to P827.1 million which is equivalent to 48.8 million shares.

On March 3, 2020, the BOD approved an additional P3 billion to its Share buyback program (the "Program"), making it a total of P5 billion and removal of the period within which to execute the Program, making it open-ended.

19.4 Retained Earnings

On April 8, 2013, the BOD of the Parent Company approved the declaration of dividends and gave management the authority to decide the type (cash, stock or mixed) and amount of any dividends to be declared subsequently.

The Parent Company's retained earnings are restricted to the extent of the cost of treasury shares.

20. RELATED PARTY TRANSACTIONS

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

The summary of the Group's transactions with related parties for the nine months ended September 30, 2021 is as follows:

Related Party Category	Notes	Amount of Transaction	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company –					
Cash granted	5, 20.4	(P 50,192,928)	P 3,039,102,180	Interest-bearing	Unsecured; Unimpaired
Interest receivable	5, 20.4	165,375,000	670,912,823	On demand; Noninterest-bearing	Unsecured; Unimpaired
Shareholder:					
Revenue from services	5, 17.1, 20.1	29,456,649	89,573,266	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	-	757,143	On demand; Noninterest-bearing	Unsecured; Unimpaired
Associate:					
Revenue from services	5, 17.1, 20.1	-	1,114,795,597	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	(12,571,182)	29,634,786	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash obtained	14, 20.4	-	(20,000,000)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	5, 20.2	40,179	286,607	Normal credit terms	Unsecured; Unimpaired
Joint Arrangement:					
Revenue from services	5, 17.1, 20.1	207,158,915	454,657,773	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	-	1,356,355	On demand; Noninterest-bearing	Unsecured; Unimpaired
Related Parties Under Common Ownership:					
Rent income	5, 20.2	120,536	6,885,860	Normal credit terms	Unsecured; Unimpaired
Revenue from services	5, 17.1, 20.1	201,612,153	386,765,873	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	7,061,515	3,284,136,615	On demand; Interest-bearing and noninterest-bearing	Unsecured; Unimpaired
Interest receivable	5, 20.4	165,375,000	670,912,823	On demand; Noninterest-bearing	Unsecured; Unimpaired

Related Party Category	Notes	Amount of Transaction	Receivable (Payable)	Terms	Conditions
Retirement fund	20.6	-	4,634,679	Upon retirement of beneficiaries	Partially funded; Unimpaired
Advances to Officers and Employees	5, 20.3	32,711,629	107,192,936	Upon liquidation, Noninterest-bearing	Unsecured; Unimpaired

The summary of the Group's transactions with related parties as for the nine months ended September 30, 2020 is as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Ultimate Parent Company:					
Cash granted	5, 20.4	P 19,921,714	P 3,089,293,439	Interest-bearing	Unsecured; Unimpaired
Interest receivable	5, 20.4	165,375,000	454,350,323	On demand; Noninterest-bearing	Unsecured; Unimpaired
Shareholder:					
Revenue from services	5, 17.1, 20.1	79,773,749	97,696,319	Normal credit terms Noninterest-bearing	Unsecured; Unimpaired Unimpaired
Associate:					
Revenue from services	5, 17.1, 20.1	-	905,213,727	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	36,179,046	42,179,046	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash obtained	14, 20.4	20,000,000	-	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	20.2	40,179	-	Normal credit terms	Unsecured; Unimpaired
Joint Arrangement:					
Revenue from services	5, 17.1, 20.1	244,028,728	155,422,728	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	(4,047,912)	1,356,355	On demand; Noninterest-bearing	Unsecured; Unimpaired
Related Parties Under Common Ownership:					
Rent income	20.2	4,361,649	-	Normal credit terms	Unsecured; Unimpaired
Revenue from services	5, 17.1, 20.1	86,583,286	278,427,945	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	(4,799,360)	3,174,236,206	On demand; Interest-bearing and noninterest-bearing	Unsecured; Unimpaired
Cash obtained	14, 20.4	(20,000,000)	(20,000,000)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Interest receivable	5, 20.4	165,375,000	454,350,323	On demand; Noninterest-bearing	Unsecured; Unimpaired
Retirement fund	20.6	-	4,384,701	Upon retirement of beneficiaries	Partially funded; Unimpaired
Advances to Officers and Employees	5, 20.3	41,991,332	93,495,121	Upon liquidation, Noninterest-bearing	Unsecured; Unimpaired

The summary of the Group's transactions with related parties as of December 31, 2020 is as follows:

Related Party Category	Notes	Amount of Transaction	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company:					
Cash granted	5, 20.4	P 19,923,383	P 3,089,295,108	Interest-bearing	Unsecured; Unimpaired
Interest receivable	5, 20.4	216,562,500	505,537,823	On demand; Noninterest-bearing	Unsecured; Unimpaired
Minority shareholders and their affiliates:					
Revenue from services	5, 17.1, 20.1	115,289,394	153,195,975	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	757,143	757,143	On demand; Noninterest-bearing	Unsecured; Unimpaired
Associate:					
Revenue from services	5,17.1, 20.1	231,199,602	1,093,283,188	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	36,205,968	42,205,968	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash obtained	5, 20.4	-	(20,000,000)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	5, 20.2	53,571	229,286	Normal credit terms	Unsecured; Unimpaired
Joint Arrangement:					
Revenue from services	5, 17.1, 20.1	272,993,860	364,434,825	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	(4,047,911)	1,356,355	On demand; Noninterest-bearing	Unsecured; Unimpaired
Related Parties Under Common Ownership:					
Rent income	5, 20.2	5,956,791	332,411	Normal credit terms	Unsecured; Unimpaired
Revenue from services	5, 17.1, 20.1	338,869,209	202,211,820	Normal credit terms	Unsecured; Unimpaired
Cash granted	5, 20.4	90,304,593	3,277,832,242	On demand; Interest-bearing and noninterest-bearing	Unsecured; Unimpaired
Interest receivable	5, 20.4	216,562,500	505,537,823	On demand; Noninterest-bearing	Unsecured; Unimpaired
Retirement fund	20.6	295,978	4,634,679	Upon retirement of beneficiaries	Partially funded; Unimpaired
Advances to Officers and Employees	5, 20.3	22,977,518	74,481,307	Upon liquidation, Noninterest-bearing	Unsecured; Unimpaired

20.1 Rendering of Services

In the normal course of business, the Group provides construction services to its associate, a certain previous shareholder and other related parties. The related revenue from these transactions amounted to P438.2 million, P410.4 million and P745.0 million in 2021, 2020 and 2019, respectively, and is recorded as part of Construction Operation Revenues account in the consolidated statements of income. Services rendered to the above related parties are based on normal terms similar to terms that would be available to non-related parties.

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

20.2 Rental of Building

The Parent Company leases out its office space to its associates and related parties under common ownership. As a result, the Group recognized rent income amounting to P0.2 million, P4.4 million, and P0.2 million in 2021, 2020 and 2019, respectively, from the lease of its office building to several related parties. This is recorded as part of Other Income (Charges) – net account in the consolidated statements of income. The outstanding balances arising from these transactions are presented as part of Other receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 5).

20.3 Advances to Officers and Employees

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

20.4 Advances to and from Related Parties

The Group obtained unsecured, noninterest-bearing cash advances from certain related parties to finance portion of its working capital requirement payable upon demand. The outstanding balance from these transactions is shown under Trade and Other Payables account in the consolidated statements of financial position.

The Group has provided unsecured, interest-bearing cash advances to its associates and certain related parties under common ownership for their working capital requirements. The outstanding balance from these transactions is shown under Trade and Other Receivables account in the consolidated statements of financial position.

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

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

20.5 Advances to and from Minority Shareholders

The minority shareholders granted unsecured, noninterest-bearing cash advances to GMCAC to support its Project bid-related expenses. The minority interest shareholder also granted unsecured noninterest-bearing cash advances to MCEI to support its working capital operations. The outstanding balance from this transaction is shown under Trade and Other Payables account in the consolidated statements of financial position.

20.6 Others

The Parent Company's retirement plan is in the form of a bank-trustee managed account. The fair value of the retirement plan totalled P4.6 million as of September 30, 2021 and December 31, 2020.

20.7 Key Management Compensation

The compensation of key management personnel for the periods ended September 30, 2021, 2020 and 2019 pertains only to short-term employee benefits amounting to P195.2 million, P253.4 million and P214.5 million, respectively.

21. COMMITMENTS AND CONTINGENCIES

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

22. SEASONAL OR CYCLICALITY OF OPERATIONS

Due to the seasonal nature of the airport operation business, higher revenues and operating profits are usually expected in the months of January, April, May, July and December. Higher revenues from these months are mainly attributed to the increased traffic during the peak holiday season in the Philippines and other neighbouring countries.

23. CHANGES IN ACCOUNTING ESTIMATES

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

24. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share were computed as follows:

	2021 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Net profit (loss) attributable to shareholders of the Parent Company	**(P 80,803,640)**	(P 610,792,919)	P 649,722,605
Dividends on cumulative preferred shares	**(379,222,070)**	(210,750,000)	(210,750,000)
Net profit (loss)available to common shareholders of the Parent Company	**(460,025,710)**	(821,542,919)	438,972,605
Divided by weighted average number of outstanding common shares	**2,013,409,717**	2,033,910,255	2,088,716,961
Basic and diluted earnings (loss) per share	**(P 0.23)**	(P 0.40)	P 0.21

The Group does not have dilutive potential common shares outstanding as of September 30, 2021, 2020 and 2019; hence, diluted EPS is equal to the basic EPS.

25. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

25.1 Market Risk

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

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from its US dollar-denominated cash and cash equivalents and loans payable which have been used to fund the Cebu Mactan Airport project. The principal and interest of the loans payable will be funded by the US dollar-denominated sales generated by the airport operation.

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

(b) *Interest Rate Risk*

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually made at fixed rates.

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

25.2 Credit Risk

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

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

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

	Notes	**September 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Cash and cash equivalents	4	**P 6,508,449,269**	P 7,226,149,912
Trade and other receivables – net *(excluding advances to officers and employees)*	5	**16,459,554,277**	15,224,568,808
Investment in trust fund	8	**291,831,660**	401,525,300
Refundable security and bond deposits	8	**269,864,167**	199,529,159
Contract assets	7	**4,519,026,397**	4,231,600,246
		P 28,048,725,769	P 27,283,373,425

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

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables and Contract Asset

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

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

The expected loss rates are based on the payment and aging profiles over a period of 36 months before September 30, 2021 or December 31, 2020, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the inflation rate in the Philippines to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Group has identified the inflation rate in the Philippines to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

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

On that basis, the loss allowance as at September 30, 2021 and December 31, 2020 was determined based on months past due.

For contract assets, the Group has recognized an allowance for ECL amounting to P288.2 million representing unbilled costs incurred by the Group and assessed to be not recoverable. No additional impairment losses on contract assets have been recognized in 2021 and 2020.

(c) *Investment in Trust Fund*

The Group is exposed to credit risk on its investments in UITF, short-term commercial papers and trust fund. However, the Group has assessed that such risk is minimal since the counterparties are reputable listed leasing company and financial institutions with high quality external credit ratings.

(d) *Refundable Security and Bond Deposits*

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

25.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for six-month and one-year periods are identified monthly. The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 10 Years
September 30, 2021 (Unaudited):			
Interest-bearing loans and borrowings	P 324,999,196	P 411,831,431	P 41,438,571,095
Trade and other payables	8,137,182,983	-	-
Security deposits (gross of unearned income)	-	-	474,445,176
	P 8,462,181,179	**P 411,831,431**	**P41,913,016,271**
December 31, 2020 (Audited):			
Interest-bearing loans and borrowings	P 12,669,450,003	P 1,050,381,301	P 34,211,924,687
Trade and other payables	8,291,951,223	-	-
Security deposits (gross of unearned income)	-	-	464,587,591
	P 20,961,401,226	P1,050,381,301	P 34,676,512,278

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

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

26.1 Carrying Amounts and Fair Values by Category

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

	September 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
At amortized cost:				
Cash and cash equivalents	P 6,508,449,268	P 6,508,449,268	P 7,226,149,912	P 7,226,149,912
Trade and other receivables – net	16,459,554,277	16,459,554,277	15,224,568,808	15,224,568,808
Refundable security and bond deposits	269,864,167	269,864,167	199,529,159	199,529,159
Investment in trust fund	291,831,660	291,831,660	401,525,300	401,525,300
	23,529,699,372	23,529,699,372	23,051,773,179	23,051,773,179
Financial assets at FVOCI				
Club shares	1,044,472	1,044,472	1,044,472	1,044,472
Investment in SSPI	2,500,000	2,500,000	2,500,000	2,500,000
	3,544,472	3,544,472	3,544,472	3,544,472
	P 23,533,243,844	P 23,533,243,844	P 23,055,317,651	P 23,055,317,651
Financial Liabilities				
At amortized cost:				
Interest-bearing loans and borrowings	P 47,572,236,773	P 47,572,236,773	P 45,920,365,307	P 47,931,755,991
Trade and other payables	8,137,182,983	8,137,182,983	8,291,951,223	8,291,951,223
Security deposits*	474,445,176	474,445,176	464,587,591	464,587,591
	P 56,183,864,932	P 56,183,864,932	P 54,676,904,121	P 56,688,294,805

**Under Other Non-current Liabilities*

26.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2021 and 2020 and does not have relevant offsetting arrangements except as disclosed in Notes 20.4 and 25.2(b). Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 20 can be potentially offset to the extent of their corresponding outstanding balances.

26.3 Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

26.4 Financial Instruments Measured at Fair Value

The Group's AFS financial assets are under Level 2 of the fair value hierarchy. Moreover, certain equity investment classified as AFS financial asset is carried at cost; hence, such is no longer categorized in the fair value hierarchy.

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of September 30, 2021 and December 31, 2020.

	Note	Level 1	Level 2	Level 3	Total
September 30, 2021					
Financial assets:					
Equity securities:					
SSPI		P -	P -	P 2,500,000	P 2,500,000
Golf club shares		-	1,044,472	-	1,044,472
		P -	**P 1,044,472**	**P 2,500,000**	**P 3,544,472**
Financial liabilities:					
Derivative liability	13	**P -**	**P103,280,254**	**P -**	**P 103,280,254**
December 31, 2020					
Financial assets:					
Equity securities:					
SSPI		P -	P -	P 2,500,000	P 2,500,000
Golf club shares		-	1,044,472	-	1,044,472
		P -	P 1,044,472	P 2,500,000	P 3,544,472
Financial liabilities:					
Derivative liability	13	P -	P121,895,954	P -	P 121,895,954

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

Described in the succeeding page is the information about how the fair values of the Group's classes of financial assets are determined.

(a) Equity Securities

As of September 30, 2021 and December 31, 2020, instrument included in Level 2 comprise equity securities classified as financial assets at FVOCI. These securities were valued based on their fair market values by reference on published share prices of golf club shares and as at of September 30, 2021 and December 31, 2020, respectively. These are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

(b) Derivative Liability

The fair value of the Group's derivative liability are measured under Level 2. As of September 30, 2021 and December 31, 2020, the fair values of the Group's derivative financial instruments classified as financial liabilities at FVTPL, were valued using pricing models whose inputs, such as foreign exchange rates and interest rates, are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including forward contracts and swaps) or are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

26.5 Financial Instruments Measured at Amortized Cost

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed. Short-term commercial papers are included since these financial instruments are measured at amortized cost, which approximate their fair values upon designation as financial assets at FVTPL (see Note 26.3).

	Level 1	Level 2	Level 3	Total
September 30, 2021:				
Financial assets:				
Cash and cash equivalents	P6,508,449,268	P -	P -	P 6,508,449,268
Trade and other receivables - net	-	-	16,459,554,277	16,459,554,277
Refundable security and bond deposits	-	-	269,864,167	269,864,167
Investment in trust fund	291,831,660	-	-	291,831,660
	P6,800,280,928	**P -**	**P 16,729,418,444**	**P 23,529,699,372**
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 47,572,236,773	P 47,572,236,773
Trade and other payables	-	-	8,137,182,983	8,137,182,983
Security deposits	-	-	474,445,176	474,445,176
	P -	**P -**	**P 56,183,864,932**	**P 56,183,864,932**
December 31, 2020:				
Financial assets:				
Cash and cash equivalents	P7,226,149,912	P -	P -	P 7,226,149,912
Trade and other receivables - net	-	-	15,224,568,808	15,224,568,808
Refundable security and bond deposits	-	-	199,529,159	199,529,159
Investment in trust fund	401,525,300	-	-	401,525,300
	P7,627,675,212	P -	P 15,424,097,967	P 23,051,773,179

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Interest-bearing loans				
and borrowings	P -	P -	P 45,920,365,307	P 45,920,365,307
Trade and other payables	-	-	8,291,951,223	8,291,951,223
Security deposits	-	-	464,587,591	464,587,591
	P -	P -	P 54,676,904,121	P 54,676,904,121

26.6 Fair Value Measurement for Investment Property Carried at Cost

The table below shows the fair value of the Group's investment property measured at cost but for which fair value is disclosed and determined under the Level 3 fair value hierarchy as of September 30, 2021 and December 31, 2020.

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Building for lease	**P 3,812,359,495**	P 3,618,385,194
Land	**1,881,751,812**	1,869,480,787
	P 5,694,111,307	P 5,487,865,981

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

There has been no change to the valuation techniques used by the Group during the for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2021 and 2020.

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank Loans	**Notes Payable**	**Lease Liabilities**	**Total**
Balance as of January 1, 2021	P 39,796,906,098	P 5,590,791,232	P 532,667,977	P 45,920,365,307
Cash flows from financing activities:				
Additional borrowings	2,046,782,891	-	-	2,046,782,891
Repayment of borrowings	(1,179,615,041)	(7,500,000)	(82,548,559)	(1,269,663,600)
Non-cash financing activities				
Unrealized loss on interest rate swap	31,036,478	-	-	31,036,478
Foreign exchange revaluation	211,781,769	-	-	211,781,769
Loan modification	629,429,804	-	-	629,429,804
Additional lease liabilities	-	-	2,504,124	2,504,124
Balance at September 30, 2021	**P 41,536,321,999**	**P 5,583,291,232**	**P 452,623,542**	**P 47,572,236,773**

	Bank Loans	Notes Payable	Lease Liabilities	Total
Balance as of January 1, 2020	P 38,425,631,984	P 8,852,929,990	P 474,350,703	P 47,752,912,677
Cash flows from financing activities:				
Additional borrowings	6,231,300,000	3,600,000,000	-	9,831,300,000
Repayment of borrowings	(4,903,369,586)	(6,862,138,758)	(98,866,694)	(11,864,375,038)
Non-cash financing activities				
Unrealized loss on interest rate swap	43,343,700	-	-	43,343,700
Additional lease liabilities	-	-	157,183,968	157,183,968
Balance at December 31, 2020	P 39,796,906,098	P 5,590,791,232	P 532,667,977	P 45,920,365,307

28. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

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

	Note	**September 30 2021 (Unaudited)**	December 31, 2020 (Audited)
Interest-bearing loans and borrowings	14	**P 47,572,236,773**	P 45,920,365,307
Total equity		**19,634,935,867**	20,522,467,864
		2.42: 1.00	2.24: 1.00

MEGAWIDE CONSTRUCTION CORPORATION
AGING OF RECEIVABLES
as of September 30, 2021

Segment	Current	1-30 days	31-60 days	61-90 days	91-120 days	121-150	151-180	Over 180 days	Total
Construction	2,287,848,794	281,400,813	376,597,887	85,742,273	248,990,491	43,042,897	229,826,262	600,917,332	4,154,366,748
Airport	58,578,984	34,574,749	43,715,654	12,870,488	24,494,174	18,620,062	14,578,685	409,083,460	616,516,257
Merchandising	2,462,788.14	1,982,418.89	2,109,211.27	1,349,195.86	1,514,964.07	1,314,700.94	-	1325704.49	12,058,984
Terminal	169,877,948	84,490,726	68,022,576	68,347,091	68,271,525	29,980,564	63,251,661	131,502,048	683,744,140
TOTAL	**2,518,768,515**	**402,448,707**	**490,445,328**	**168,309,049**	**343,271,154**	**92,958,224**	**307,656,608**	**1,142,828,544**	**5,466,686,129**
	46%	7%	9%	3%	6%	2%	6%	21%	