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Consolidated Financial Statements and Independent Auditors' Report

Megawide Construction Corporation and Subsidiaries

December 31, 2021, 2020 and 2019
(With Corresponding Figures as of January 1, 2020)

MEGAWIDE

April 8, 2022

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 for the years ended December 31, 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 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 audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

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 APR 18 2022 at SAN JUAN CITY affiants exhibiting to me their Valid Tax Identification Numbers stated above.

Signed this 8th day of April 2022

Doc. No. 1129;
Page No. 19;
Book No. 111;
Series of 2022.

ATTY. MAE LALAINE H. DE LEON
NOTARY PUBLIC
PASIG
PATEROS
SAN JUAN
PHILS.
ROLL NO. 71079

ATTY. MAE LALAINE H. DE LEON
Appointment No. 176 (2021-2022)
Notary Public for and in the Cities of Pasig and San Juan
and in the Municipality of Pateros
Commission Expires on December 31, 2022
11/F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue, San Juan City
Roll of Attorneys No. 71079
MCLE Compliance No. VI-0018800
IBP No. 141380 / 01-05-21 / Manila II
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Report of Independent Auditors

The Board of Directors and Stockholders
Megawide Construction Corporation and Subsidiaries
(A Subsidiary of Citicore Holdings Investment, Inc.)
20 N. Domingo Street
Brgy, Valencia
Quezon City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Megawide Construction Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes management's assessment of the continuing impact on the Group's consolidated financial statements of the business disruptions brought by the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue and Cost Recognition on Construction Contracts

Description of the Matter

The Group's revenue from construction contracts and related cost of construction amounting to P14,329.5 million and P12,130.7 million, respectively, represents 92% of its total revenues and 94% of total direct costs in 2021. The Group uses the percentage of completion method to determine the appropriate amount of contract revenues to be recognized for the reporting period. It uses the input method (i.e., based on the Group's efforts or inputs to the satisfaction of a performance obligation) in determining the percentage-of-completion in accordance with PFRS 15, *Revenue from Contracts with Customers.*

In our view, the revenue and cost recognition of construction contracts is significant to our audit due to the materiality of the contract revenues to the total revenues of the Group, the complexity of the application of PFRS 15 in construction contracts, and the application of significant management judgment in determining when to recognize construction revenue and proper recognition of costs in estimating the stage of completion of the construction. An error in the application of the requirements of PFRS 15 and of management judgment and estimate could cause a material misstatement in the consolidated financial statements.

The basis of significant judgments and estimates are included in Notes 2 and 3 to the consolidated financial statements. In addition, the details of construction contract revenues and costs are disclosed in Notes 21 and 22 to the consolidated financial statements, respectively.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue and cost recognition on construction contracts, which was considered to be a significant risk, included the following:

- Testing the design and operating effectiveness of the Group's processes and controls over the recognition and measurement of contract revenues and costs, including the related information technology general and application controls;

- Evaluating the appropriateness of the Group's revenue recognition on construction contracts based on the requirements of PFRS 15 which include the following:

    - reviewing significant construction contracts, including contractual terms and conditions to ensure these contracts are appropriately accounted for in accordance with PFRS 15;

  - evaluating whether the methodology by which management determines the percentage of completion (i.e., input method) is appropriate and consistent with the Group's satisfaction of its performance obligation;

  - determining proper accounting for contract costs whether these are considered as incremental costs of obtaining a contract, costs to fulfil the contract or mobilization costs; and,

  - determining whether performance obligation is distinct for proper allocation of transaction price.

- Testing the schedules of contracts completed and on-going projects as of the end of the reporting period such as, but not limited to, verifying the mathematical accuracy of the schedules, agreeing beginning balances on a per project basis, recalculating ending balances based on incurred contract costs for the current period, and agreeing contract prices, on a sample basis, to construction contracts;

- Testing completeness of contract costs by examining, on a sample basis, contract costs incurred during the period and tracing these costs to supporting documents such as bill of materials, billing invoices and receipts recognized and searching for unrecorded costs by examining subsequent disbursements related to the projects;

- Comparing the percentage of completion used by the Group to the percentage of total costs incurred to date over the total estimated costs on the project and reconciling variances;

- Recomputing total estimated cost as the product of total contract price and cost ratio derived from the examined contracts and comparing with project cost estimates certified by the Group's engineers;

- Performing cut-off procedures to determine whether contract revenues and costs are recognized in the correct period by examining billing and supplier invoices near the end of the reporting period; and,

- Performing analytical review procedures on contract revenues and costs, prior period estimates and consistency with the developments during the current period, stage of completion, and final forecast project results based on our expectations and investigating variances from our expectations.

(b) Impairment Assessment of Concession Assets

Description of the Matter

The Group identified that its Concession Agreement in relation to its Mactan Cebu International Airport (MCIA) Project is within the scope of IFRIC 12, *Service Concession Arrangements*, and shall be accounted under the intangible asset model as it receives the right (license) to charge users of the public service. As of December 31, 2021, the carrying value of the concession assets amounted to P30,503.8 million. As disclosed in Note 2 to the consolidated financial statements, the concession asset is recognized initially at cost and subsequently carried at cost less any accumulated amortization and accumulated impairment losses.

Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Group is required to test for impairment of intangible assets when there is an indication that the asset maybe impaired while intangible assets not yet available for use are tested at least annually for impairment.

In our view, this matter is significant to our audit because the amount of concession assets is material to the consolidated financial statements, representing 36% of the Group's consolidated total assets, and the impact of COVID-19 to the Group's airport operations has been considered by management as an indicator of impairment of these assets. In addition, management's assessment process is highly judgmental and is based on significant assumptions, specifically in determining the recoverable amount of concession assets based on the value-in-use. The assumptions used by management are generally affected by expected future market and economic conditions.

The Group's accounting policies relating to the measurement of concession assets are disclosed in Note 2, while the carrying values of the concession assets are disclosed in Note 13 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our procedures related to the impairment assessment of Concession Assets included the following:

- Understanding the Group's process in making accounting estimates, including but not limited to, the foot traffic projections and the future net cash flows to be generated by the Concession Assets and evaluating the appropriateness of processes applied in making these estimates and testing the reasonableness of these accounting estimates;

- Involving the Firm's valuation specialist in testing the appropriateness of the assumptions and methodology used in determining the value-in-use of concession assets, which include the appropriateness of the pre-tax discount rate and growth rates, and reasonableness of the cash flow projections prepared by management with the assistance of third party consultants, including consideration of the impact of COVID-19;

- Evaluating the independence, qualification and competency of the third party consultants engaged by management to determine whether the results of their work can be relied upon; and,

- Performing sensitivity analysis on the calculation to determine whether a reasonably possible change in assumptions could cause the carrying amount of the concession assets to exceed the recoverable amount.

(c) Expected Credit Loss Model and Recoverability of Contract and Retention Receivables and Receivable from Airport Operations, Advances to and Receivables from Related Parties and Contract Assets

Description of the Matter

As at December 31, 2021, the carrying amount of the Group's contract and retention receivables and receivables from airport operations (collectively as trade receivables), advances to and receivables from related parties (including accrued interest) and contract assets amounted to P5,300.6 million, P10,114.8 million and P4,777.7 million, respectively. These financial assets totaling to P20,193.1 million which are disclosed in Notes 6 and 9, to the consolidated financial statements represent 24% of the total assets of the Group as at the end of the reporting period. The Group's management exercises significant judgment and makes estimates in determining when the trade receivables, advances to and receivables from related parties and contract assets are impaired and how much impairment losses need to be recognized in accordance with the expected credit loss (ECL) model under PFRS 9, *Financial Instruments*. The Group's significant accounting policies, management judgment and estimates, which are described in Notes 2 and 3 to the consolidated financial statements, while the disclosures relating to credit risk applicable to these financial assets are disclosed in Notes 28 and 32 to the consolidated financial statements.

Because of the complexity of the requirement of PFRS 9 in determining ECL and the high level of uncertainties involved in management's use of judgment and estimates, we identified the use of ECL model and recoverability of the Group's trade receivables, advances to and receivables from related parties and contract assets discussed above as a key audit matter.

How the Matter was Addressed in the Audit

Our audit procedures to determine the appropriateness of the ECL model adopted by the Group, and the recoverability of trade receivables, advances to related parties and contract assets, and the adequacy of the related allowance for credit losses on these assets included, among others, the following:

- Evaluating appropriateness of the Group's ECL model based on the requirements of the standard and the related policies and procedures of the Group;

- Identifying any customers, on a sample basis, with financial difficulty and/or breach of contract resulting in default on payments through discussion with management, inspecting the customers' payment history, and determining any related retention liability that can be recovered by the Group in settlement of the selected past due or delinquent customer's accounts;

- For advances to and receivables from related parties, evaluating the capacity of the related parties to pay by assessing their liquidity and whether there are any valid business purposes on which these advances are made;

- For contract assets, identifying whether such costs are recoverable and subsequently billable based on the terms of the specific contract;

- Evaluating the appropriateness and reasonableness of underlying assumptions, including forward-looking information and the sufficiency, reliability and relevance of the data used by the Group;

- Checking the mathematical accuracy of the provision matrix applicable to the ECL model, including testing of aging of trade receivables; and,

- Evaluating the sufficiency and appropriateness of disclosures in the Group's consolidated financial statements in accordance with PFRS 9.

(d) Performing Significant Portion of Audit Remotely

Description of the Matter

As disclosed in Note 1 of the financial statements, COVID-19 started to become widespread in the Philippines in early March 2020 wherein certain measures implemented by the government resulted in performing a significant portion of the engagement remotely.

The change in working conditions is relevant and significant to our audit since it creates an increased risk of error due to less visibility of the client personnel and lack of access to the original client records. Given the changes in how the audit was performed, the audit required exercising enhanced professional skepticism.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of performing the audit remotely included the following:

- Considering the nature of the engagement and the engagement team's knowledge of the entity and its environment when determining whether it is possible to perform a significant portion, if not all of the engagement remotely;

- Following the requirements of the PSA including providing proper supervision and review, even when working remotely;

- Obtaining information through electronic means, which includes sending and receiving of confirmation electronically, obtaining calculations in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;

- Determining the reliability of audit evidence provided electronically using enhanced professional skepticism;

- Performing inquiries through video call in order to judge body language and other cues and to have a more interactive audit engagement;

- Reviewing of workpapers of component auditors remotely through share screen facility and constant communication; and,

- Examining critical hard copy documents (e.g., contracts, progress billings, billing invoices, purchases invoices and official receipts) physically in response to the risk in revenues and costs, which is considered to be significant.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Mailene Sigue-Bisnar.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until Dec. 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 8, 2022

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(With Corresponding Figures as of January 1, 2020)
(Amounts in Philippine Pesos)

	Notes	**December 31, 2021**	December 31 2020 (As Restated - see Note 2)	January 1, 2020 (As Restated - see Note 2)
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	5	**P 5,846,088,030**	P 7,226,149,912	P 6,518,599,861
Trade and other receivables - net	6	**16,970,554,555**	15,299,050,115	17,373,476,547
Construction materials	8	**2,045,159,384**	1,719,042,863	1,287,127,532
Contract assets	9	**4,777,704,858**	4,231,600,246	3,975,734,097
Other current assets	12	**10,132,960,472**	7,956,744,328	6,310,724,077
Total Current Assets		**39,772,467,299**	36,432,587,464	35,465,662,114
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	10	**3,544,472**	3,544,472	3,544,472
Investments in associates and joint ventures	11	**861,513,183**	929,195,986	959,506,555
Concession assets	13	**30,503,822,564**	29,928,727,717	29,436,586,470
Property, plant and equipment - net	14	**7,166,867,342**	7,239,861,595	7,624,032,119
Investment properties	15	**4,493,343,814**	4,378,381,094	4,228,698,773
Deferred tax assets - net	26	**24,595,138**	9,626,113	44,298,557
Other non-current assets	12	**2,350,475,048**	2,421,844,626	3,001,997,171
Total Non-current Assets		**45,404,161,561**	44,911,181,603	45,298,664,117
TOTAL ASSETS		**P 85,176,628,860**	P 81,343,769,067	P 80,764,326,231

	Notes	December 31, 2021	December 31 2020 (As Restated - see Note 2)	January 1, 2020 (As Restated - see Note 2)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	18	**P 14,780,086,022**	P 13,130,457,751	P 14,701,061,253
Trade and other payables	17	**8,616,715,347**	8,291,951,223	8,167,589,445
Contract liabilities	19	**3,703,189,013**	2,115,256,611	2,805,627,172
Other current liabilities	20	**265,859,336**	218,177,495	220,061,764
Total Current Liabilities		**27,365,849,718**	23,755,843,080	25,894,339,634
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	18	**34,721,410,470**	32,789,907,556	33,051,851,424
Contract liabilities	19	**2,056,202,307**	2,478,673,490	2,125,642,785
Post-employment defined benefit obligation	24	**300,125,050**	343,402,205	340,207,630
Deferred tax liabilities - net	26	**872,560,526**	801,849,193	612,629,956
Other non-current liabilities	20	**659,573,110**	651,625,679	741,142,106
Total Non-current Liabilities		**38,609,871,463**	37,065,458,123	36,871,473,901
Total Liabilities		**65,975,721,181**	60,821,301,203	62,765,813,535
EQUITY	27			
Equity attributable to shareholders of the Parent Company:				
Capital stock		**2,528,052,137**	2,486,427,137	2,439,426,127
Additional paid-in capital		**16,987,855,617**	13,057,711,509	8,776,358,765
Treasury shares		**(8,615,690,576)**	(4,615,690,576)	(3,912,617,536)
Revaluation reserves - net		**94,011,896**	(8,950,923)	(63,383,647)
Other reserves		**(22,474,837)**	(22,474,837)	(22,474,837)
Retained earnings		**5,555,676,962**	6,404,291,624	7,083,442,710
Total equity attributable to shareholders of the Parent Company		**16,527,431,199**	17,301,313,934	14,300,751,582
Non-controlling interests		**2,673,476,480**	3,221,153,930	3,697,761,114
Total Equity		**19,200,907,679**	20,522,467,864	17,998,512,696
TOTAL LIABILITIES AND EQUITY		**P 85,176,628,860**	P 81,343,769,067	P 80,764,326,231

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
REVENUES	21			
Construction operations		**P 14,329,463,579**	P 10,842,199,945	P 15,309,069,383
Landport operations		**715,039,460**	902,413,963	555,401,827
Airport operations		**576,042,561**	1,108,667,715	3,691,112,459
Trading operations		**23,425,514**	69,944,842	326,221,179
		15,643,971,114	12,923,226,465	19,881,804,848
DIRECT COSTS	22			
Cost of construction operations		**12,130,698,076**	9,393,546,769	13,291,797,615
Costs of airport operations		**388,164,590**	634,707,332	1,536,616,861
Costs of landport operations		**369,473,673**	355,895,519	334,155,026
Costs of trading operations		**15,969,198**	20,960,367	88,214,264
		12,904,305,537	10,405,109,987	15,250,783,766
GROSS PROFIT		**2,739,665,577**	2,518,116,478	4,631,021,082
OTHER OPERATING EXPENSES	23			
General and administrative		**1,578,015,774**	1,508,417,615	1,827,127,389
Impairment losses on receivables		**204,979,902**	27,289,069	38,591
		1,782,995,676	1,535,706,684	1,827,165,980
OPERATING PROFIT		**956,669,901**	982,409,794	2,803,855,102
OTHER INCOME (CHARGES)	25			
Finance costs		**(2,809,511,249)**	(2,506,745,214)	(2,308,927,779)
Finance income		**482,013,897**	694,776,972	767,837,912
Others - net		**647,045,694**	219,749,372	172,472,301
		(1,680,451,658)	(1,592,218,870)	(1,368,617,566)
PROFIT (LOSS) BEFORE TAX		**(723,781,757)**	(609,809,076)	1,435,237,536
TAX EXPENSE	26	**169,372,662**	264,786,815	324,202,722
NET PROFIT (LOSS)		**(P 893,154,419)**	(P 874,595,891)	P 1,111,034,814
Net Profit (Loss) Attributable To:				
Shareholders of the Parent Company		**(P 342,985,234)**	(P 398,149,922)	P 859,487,439
Non-controlling interests		**(550,169,185)**	(476,445,969)	251,547,375
		(P 893,154,419)	(P 874,595,891)	P 1,111,034,814
Earnings (Loss) per Share - Basic and Diluted	30	**(P 0.42)**	(P 0.33)	P 0.28

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
NET PROFIT (LOSS)		**(P 893,154,419)**	(P 874,595,891)	P 1,111,034,814
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently profit or loss				
Foreign currency translation adjustment	27	**23,225,513**	(8,756)	74,555
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment defined benefit plan	24	**108,948,597**	77,543,235	(114,672,272)
Tax income (expense)	26	**(26,719,556)**	(23,262,970)	34,401,682
		82,229,041	54,280,265	(80,270,590)
Other Comprehensive Income (Loss) – net of tax		**105,454,554**	54,271,509	(80,196,035)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P 787,699,865)**	(P 820,324,382)	P 1,030,838,779
Total Comprehensive Income (Loss) Attributable To:				
Shareholders of the Parent Company		**(P 240,022,415)**	(P 343,717,198)	P 780,899,090
Non-controlling interests		**(547,677,450)**	(476,607,184)	249,939,689
		(P 787,699,865)	(P 820,324,382)	P 1,030,838,779

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

		Attributable to Shareholders of the Parent Company									
	Note	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 preferred shares (Series 4)	27	-	40,000,000	-	3,930,144,108	-	-	-	3,970,144,108	-	3,970,144,108
Declaration of cash dividends	27	-	-	-	-	-	-	(505,629,428)	(505,629,428)	-	(505,629,428)
Subscription of preferred shares (Series 3)		-	1,625,000	-	-	-	-	-	1,625,000	-	1,625,000
Retirement of preferred shares (Series 1)	27	-	-	(4,000,000,000)	-	-	-	-	(4,000,000,000)	-	(4,000,000,000)
Total comprehensive loss for the year		-	-	-	-	102,962,819	-	(342,985,234)	(240,022,415)	(547,677,450)	(787,699,865)
Balance at December 31, 2021		**P 2,399,426,127**	**P 128,626,010**	**(P 8,615,690,576)**	**P 16,987,855,617**	**P 94,011,896**	**(P 22,474,837)**	**P 5,555,676,962**	**P 16,527,431,199**	**P 2,673,476,480**	**P 19,200,907,679**
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		-	-	(703,073,040)	-	-	-	-	(703,073,040)	-	(703,073,040)
Declaration of cash dividends	27	-	-	-	-	-	-	(281,001,164)	(281,001,164)	-	(281,001,164)
Subscription of preferred shares	27	-	47,001,010	-	4,281,352,744	-	-	-	4,328,353,754	-	4,328,353,754
Total comprehensive loss for the year		-	-	-	-	54,432,724	-	(398,149,922)	(343,717,198)	(476,607,184)	(820,324,382)
Balance at December 31, 2020		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
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		-	-	(457,791,074)	-	-	-	-	(457,791,074)	-	(457,791,074)
Declaration of cash dividends	27	-	-	-	-	-	-	(528,636,059)	(528,636,059)	(50,000,000)	(578,636,059)
Total comprehensive income for the year	27	-	-	-	-	(78,588,349)	-	859,487,439	780,899,090	249,939,689	1,030,838,779
Balance at December 31, 2019		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

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020 (As Restated - see Note 2)	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		**(P 723,781,757)**	(P 609,809,076)	P 1,435,237,536
Adjustments for:				
Finance costs	25	**2,809,511,249**	2,506,745,214	2,308,927,779
Depreciation and amortization	23	**1,470,073,791**	1,473,642,618	1,757,625,213
Finance income	25	**(482,013,897)**	(694,776,972)	(767,837,912)
Gain on loan modification	18	**(207,829,510)**	-	-
Unrealized mark-to-market loss (gains) in interest rate swap	25	**(78,648,688)**	43,343,700	104,842,394
Equity in net losses (gains) on associates and joint venture	11	**67,682,803**	30,310,530	(32,674,443)
Gain on disposals of property, plant and equipment	25	**(24,279,017)**	(1,874,270)	(9,603,796)
Operating profit before working capital changes		**2,830,714,974**	2,747,581,744	4,796,516,771
Decrease (increase) in trade and other receivables		**(1,219,654,784)**	2,650,694,608	(3,727,036,956)
Increase in construction materials		**(326,116,521)**	(431,915,331)	(422,092,503)
Increase in contract assets		**(546,104,612)**	(255,866,150)	(914,963,121)
Increase in other current assets		**(2,120,473,836)**	(1,422,128,570)	(1,568,441,790)
Decrease (increase) in other non-current assets		**63,294,203**	580,695,993	(49,938,920)
Increase (decrease) in trade and other payables		**1,642,452,631**	(252,580,078)	2,661,668,360
Increase (decrease) in contract liabilities		**1,107,650,558**	(559,137,655)	2,440,922
Increase (decrease) in other liabilities		**55,629,272**	(91,400,696)	359,220,316
Increase in post-employment defined benefit obligation		**62,177,399**	57,466,084	70,736,626
Cash generated from operations		**1,549,569,284**	3,023,409,949	1,208,109,705
Cash paid for income taxes		**(193,910,390)**	(288,222,518)	(98,343,152)
Net Cash From Operating Activities		**1,355,658,894**	2,735,187,431	1,109,766,553
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment, and computer software license	12, 14	**(1,098,783,120)**	(666,114,368)	(3,081,589,274)
Additions to concession assets	13	**(625,279,308)**	(655,426,311)	(1,885,869,964)
Acquisitions of investment properties	15	**(229,228,015)**	(255,601,473)	(470,408,696)
Proceeds from sale of property, plant and equipment	14	**86,082,882**	4,361,282	92,128,142
Interest received	28	**38,352,323**	57,936,688	308,463,357
Net Cash Used in Investing Activities		**(1,828,855,238)**	(1,514,844,182)	(5,037,276,435)
Balance carried forward		**(P 473,196,344)**	P 1,220,343,249	(P 3,927,509,882)

	Notes	2021	2020	2019
Balance brought forward		**(P 473,196,344)**	P 1,220,343,249	(P 3,927,509,882)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans	18	**4,291,987,360**	9,831,300,000	20,605,650,491
Retirement of preferred shares	27	**(4,000,000,000)**	-	-
Proceeds from issuance of preferred shares	27	**3,971,769,108**	4,328,353,754	-
Interest paid	18	**(2,350,860,782)**	(1,648,176,874)	(2,141,124,155)
Repayment of interest-bearing loans and borrowings	27	**(2,294,147,502)**	(11,653,333,304)	(9,977,131,537)
Dividends paid	27	**(505,629,428)**	(520,939,022)	(338,698,201)
Financing granted to related parties		**(8,950,004)**	(356,449,098)	(3,149,257,701)
Financing collected from related parties		**761,922**	213,305,922	174,319,915
Acquisition of treasury shares	27	**-**	(703,073,040)	(457,791,074)
Net Cash From (Used In) Financing Activities		**(895,069,326)**	(509,011,662)	4,715,967,738
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(11,796,212)**	(3,781,536)	(4,578,643)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,380,061,882)**	707,550,051	783,879,213
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**7,226,149,912**	6,518,599,861	5,734,720,648
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 5,846,088,030**	P 7,226,149,912	P 6,518,599,861

Supplemental Information on Non-cash Investing and Financing Activities:

1) In 2021, 2020 and 2019, the Group recognized right-of-use assets and lease liabilities amounting to P187.3 million, P157.2 million, and P424.5 million, respectively (see Notes 16 and 34).

2) In 2021, the Group recognized premium on long-term debt amounting to P1,118.9 million arising from the modification of terms which formed part of the new carrying amount of the long-term debt (see Note 18.2)

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(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 27.1). Moreover, the Parent Company also made follow-on offerings in 2020 and 2021 (see Note 27.1)

The Parent Company remains a subsidiary of Citicore Holding Investment, Inc. (Citicore) which owns and controls 35.41% of the issued and outstanding capital stock of the Parent Company as of December 31, 2021 and 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. Moreover, Citicore also appoints majority of the board members and remains as the single largest stockholder controlling the BOD.

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

1.2 Subsidiaries, Associates and Joint Arrangements

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

		Percentage of Effective Ownership		
Subsidiaries/Associates/Joint Operations/Joint Ventures	Notes	**2021**	2020	2019
Subsidiaries:				
GMR Megawide Cebu Airport Corporation (GMCAC)	a	**60%**	60%	60%
Megawatt Clean Energy, Inc. (MCEI)	b	**70%**	70%	70%
Globemerchants, Inc. (GMI)	c	**50%**	50%	50%

Subsidiaries/Associates/Joint Operations/Joint Ventures	Notes	Percentage of Effective Ownership 2021	2020	2019
Megawide Land, Inc. (MLI)	d	**100%**	100%	100%
Megawide Cold Logistics, Inc. (MCLI)	d	**60%**	60%	60%
Megawide Construction (BVI) Corporation (MCBVI)	e	**100%**	100%	100%
Megawide Construction DMCC (DMCC)	e	**100%**	100%	100%
Megawide Infrastructure DMCC (MW Infrastructure)	e	**100%**	100%	-
MWM Terminals, Inc. (MWMTI)	j	**100%**	100%	100%
Megawide Terminals, Inc. (MTI) *(formerly WM Property Management, Inc.)*	i	**100%**	100%	100%
Megawide International Limited (MIL)	h	**100%**	100%	100%
Megawide Construction (Singapore) Pte. Ltd. (MC-SG)	h	**100%**	100%	100%
Cebu2World Development, Inc. (CDI)	o	**100%**	100%	-
Wide-Horizons, Inc. (WHI)	p	**100%**	100%	-
Tiger Legend Holdings Limited (TLH)	q	**100%**	-	-
Accounted for as Asset Acquisition – Altria East Land, Inc. (Altria)	f	**100%**	100%	100%
Associates:				
Megawide World Citi Consortium, Inc. (MWCCI)	g	**51%**	51%	51%
Citicore Megawide Consortium, Inc. (CMCI)	g	**10%**	10%	10%
Joint Operations:				
Megawide GISPL Construction Joint Venture (MGCJV)	k	**50%**	50%	50%
Megawide GMR Construction Joint Venture, Inc. (MGCJVI)	l	**50%**	50%	50%
HDEC- Megawide-Dongah JV (HMDJV)	r	**35%**	-	-
Joint Ventures:				
Mactan Travel Retail Group Corp. (MTRGC)	m	**25%**	25%	25%
Select Service Partners Philippines Corp. (SSPPC)	n	**25%**	25%	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 13) that was signed on April 22, 2014 between the Parent Company and GMR Infrastructure Limited (GIL) or GMR, and the Department of Transportation and Communications (currently, the Philippine Department of Transportation or DOTr) and Mactan-Cebu International Airport Authority (MCIAA) (collectively, the Grantors).

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

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 December 31, 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 [see Note 3.1(j)].

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 December 31, 2020.

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 - oflocated 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 wholly owned subsidiaries, DMCC and MW Infrastructure. DMCC, which was registered on December 10, 2017, is involved in infrastructure works. Its registered office is located at Unit 4401-05, Mazaya Business Avenue BB2, Jumeriah Lake Towers, Dubai UAE. MW Infrastructure was registered on September 30, 2020 as a turnkey project contracting and project development consultant. Its registered office is located at Unit 4501-009 Mazaya Business Avenue BB2 Plot No JLTE-PH2-BB2 Jumeirah Lake Towers, Dubai, UAE.

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 (see Note 11.2).

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 [see Notes 3.1(j), 3.1(m) and 11.1].

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 control 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 (see Note 29.3.2). In November 2018, MWMTI commenced commercial operations.

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 of works for the renovation and expansion of the MCIA Project and other airport related construction projects of the Group (see Note 11.4).

l) MGCJVI

MGCJVI is an incorporated joint arrangement formed in January 2018 by the Parent Company owning 50% interest and GISPL with 45% interest and GMR Holdings Overseas (Singapore) PTE Limited owning the remaining 5%. The Parent Company and GISPL both exercising joint control. MGCJVI was established to provide general construction business including construction, improvement and repair of Clark Airport project (see Note 11.4). MGJCVI began to operate in 2018.

m) MTRGC

MTRGC was incorporated and registered with the SEC on March 21, 2018 to develop, set-up, operate, maintain and manage the duty paid outlets at the locations in the Mactan Cebu International Airport (see Note 11.3). It started operations in 2018.

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 (see Note 11.3). It started operations in 2018.

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 December 31, 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 December 31, 2021, WHI has not yet started commercial operations.

q) TLH

Tiger Legends was incorporated on October 16, 2020 to primarily engage in buying and holding shares of other companies. Tiger Legend's registered address is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands.

r) HMDJV

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

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

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these consolidated financial statements. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

In 2021 and 2020, the Group has taken the following measures to mitigate the adverse effects of the COVID-19 pandemic to the Group's business:

- implemented effective cost-reduction and cash preservation strategies, including recruitment freeze, deferral of some non-essential and capital expenditures, maximizing credit terms provided by suppliers and creditors and focus to collect outstanding receivables;
- comprehensive and regular monitoring of the Group's liquidity position and cash flow, including issuance of series 4 preferred shares with a lower coupon rate of 5.3% to redeem series 1 preferred shares with a higher coupon rate of 7.025%;
- for construction segment, implementation of physical distancing through work bubbles was the key to full recovery as workers were encouraged to stay in construction site to avoid disruption in business operations. Meanwhile, those with suspected COVID symptoms were isolated, as soon as practicable;
- 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 18);
- review of insurance coverage to protect against potential risk;
- automation and digitization to improve processes, enhance operational efficiencies, and support remote work arrangements for back office support;
- regular information updates on health and safety protocols to all its employees;
- 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; and,
- encouraged all employees and its eligible house household members to take any available COVID 19 vaccine, including the booster.

As a result of the actions taken by management, the Group's operations showed the following:

- full year recovery on construction activities in 2021 as the Group was able to adopt to various quarantine measures imposed by the government which resulted in an increase in the construction operation revenues of P3,487.3 million or 32%;
- decrease in occupancy rate in the landport segment due to work-from-home arrangements which affected the real estate industry;

- decrease in airport operations revenues by about 84% from pre-pandemic levels due to decrease in air traffic movement as a result of travel restrictions;
- decrease in airport trading sales by about 93% from pre-pandemic levels due to decrease in air traffic movement in the airport segment; and,
- administrative expenses were incurred to ensure health and safety of its employees, subcontractors and customers, although these are not considered substantial in amount.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Group would still remain liquid to meet current obligations, as they fall due, and expects the gradual recovery of all of its segments in the subsequent reporting period. 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 Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2021 (including the comparative consolidated financial statements as of December 31, 2020 and for the years ended December 31, 2020 and 2019 and the corresponding figures as of January 1, 2020) were authorized for issue by the Parent Company's BOD on April 8, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

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

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group opted to present a separate 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. In 2021, the Group presented a statement of financial position as of January 1, 2020 to reflect the effect of prior period reclassifications discussed in item (d) below.

(c) Functional and Presentation Currency

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

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

(d) Prior Period Reclassification of Accounts

The Group made certain prior period reclassifications to reflect the current and non-current classification and presentation of Contract Liabilities and to reflect the proper presentation of construction-in-progress account from Property, Plant and Equipment account to Investment Properties account. The effects of prior period reclassifications on the Group's consolidated statements of financial position as of December 31, 2020 and January 1, 2020 are presented below.

	As Previously Reported	Prior Period Reclassifications	As Restated
December 31, 2020			
Changes in non-current assets :			
Property, Plant and Equipment – net	P 7,497,348,324	(P 257,486,729)	P 7,239,861,595
Investment Property	4,120,894,365	257,486,729	4,378,381,094
Change in current liabilities –			
Contract liabilities	4,593,930,101	(2,478,673,490)	2,115,256,611
Interest bearing loans and borrowings	13,110,457,751	20,000,000	13,130,457,751
Change in non-current liabilities –			
Contract liabilities	-	2,478,673,490	2,478,673,490
Interest bearing loans and borrowings	32,809,907,556	(20,000,000)	32,789,907,556
Impact on net assets		P -	
January 1, 2020			
Changes in non-current assets:			
Property, Plant and Equipment – net	P 7,666,010,436	(P 41,978,317)	P 7,624,032,119
Investment Properties	4,186,720,456	41,978,317	4,228,698,773
Change in current liabilities –			
Contract liabilities	4,931,269,957	(2,125,642,785)	2,805,627,172
Interest bearing loans and borrowings	14,681,061,253	20,000,000	14,701,061,253

	As Previously Reported	Prior Period Reclassifications	As Restated
Change in non-current liabilities –			
Contract liabilities	-	2,125,642,785	2,125,642,785
Interest bearing loans and borrowings	33,071,851,424	(20,000,000)	33,051,851,424
Impact on net assets		P -	

The effects of these prior period reclassifications in the consolidated statements of cash flows for the year ended December 31, 2020 (nil for 2019) are summarized as follows:

	As Previously Reported	Prior Period Adjustments	As Restated
Changes in Cash Flows from Investing Activities :			
Acquisitions of property, plant and equipment and computer software	P 881,622,780	(P 215,508,412)	P 666,114,368
Acquisitions of investment properties	40,093,061	215,508,412	255,601,473

2.2 Adoption of Amended PFRS

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

The Group adopted the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

PFRS 7, PFRS 9 and PFRS 16 (Amendments)	:	Financial Instruments: Disclosures, Financial Instruments and Leases – Interest Rate Benchmark Reform Phase 2
PFRS 16 (Amendments)	:	Leases – COVID-19-Related Rent Concessions beyond June 30, 2021

(i) PFRS 7 (Amendments), *Financial Instruments: Disclosures*, PFRS 9 Amendments), *Financial Instruments*, and PFRS 16 (Amendments), *Leases - Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates.

The Phase 2 amendments are relevant to the Group because it is exposed to the effects of the LIBOR reform on its interest-bearing loan and the designated hedging instruments that use LIBOR as interest benchmark rates [see Notes 7, 18.2(a) and 32.1(b)]. Management assessed that the exposure is minimal as the benchmark rate of the hedging instruments will likely follow the benchmark rate of the interest-bearing loans.

(ii) The Group opted to early adopt the application of the amendments to PFRS 16, *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*, (effective from April 1, 2021). The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 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 application of these amendments had no significant impact to the Group's consolidated financial statements as the Group did not receive any rent concession from its lessors as of December 31, 2021.

(b) Effective Subsequent to 2021 but not Adopted Early

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

(i) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022)

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)

(iv) 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:

a. PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 percent' Test for Derecognition of Liabilities*

b. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(vi) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(vii) PAS 8 (*Amendments*), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(viii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

(ix) 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)

2.3 Basis of Consolidation and Accounting for Investments in Subsidiaries, Investments in Subsidiaries and Associates, and Interests in Joint Arrangements

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries, as discussed in Note 1.2, after elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses, and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements. The financial statements of subsidiaries, associates and joint arrangements are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

The Parent Company accounts for its investments in subsidiaries, associates, interests in joint arrangements and non-controlling interests as follows:

(a) Investments in Subsidiaries

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

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

Distributions from subsidiaries are accounted for as dividend income which are eliminated at consolidation.

i) Accounting for Business Combination Using the Acquisition Method

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss (see Note 2.12).

ii) Accounting for Business Combination Using the Pooling-of-interests Method

Business combinations arising from transfers of interests in entities that are under the common control of the principal shareholder are accounted for under the pooling-of-interests method. Transfers of assets between commonly controlled entities are accounted for under historical cost accounting. Under this method, the financial information of the acquired entities is included as if the acquisition occurred in the earliest period presented. The assets and liabilities of the acquired entities are combined using their respective carrying values and any difference is accounted for and recognized in Other Reserves account presented under the consolidated statement of changes in equity.

(b) Investments in Associates

Associates are those entities over which the Parent Company is able to exert significant influence, but which are neither subsidiaries nor interests in a joint arrangement. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associates is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Any goodwill that represents the excess of acquisition cost over the fair value of the Parent Company's share of the identifiable net assets of the acquiree at the date of acquisition or fair value adjustment attributable to the Parent Company's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Parent Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity in net profit (losses) of associates and joint venture as part of Others account under Other Income (Charges) section of the consolidated statement of income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.20).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Parent Company, as applicable. However, when the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

(c) Interests in Joint Arrangements

A joint control arises from a contractually agreed sharing of control in an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control.

(i) Joint Operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. For interests in joint operation, the Group recognizes in its consolidated financial statements its assets including its share of any assets held jointly; its liabilities including its share of any liabilities incurred jointly; its revenue from sale of its share of the output arising from the joint operation; its expenses including its share of any expenses incurred jointly; and its share in the income from the sale of goods or services by the joint operation. The amounts of these related accounts are presented as part of the regular asset and liability accounts and income and expense accounts of the Group and are measured and recognized in accordance with the relevant financial reporting standards.

(ii) Joint Venture

A jointly controlled entity is a corporation, partnership, or other entity in which two or more venturers have an interest, under a contractual arrangement that establishes joint control over the entity. Each venturer usually contributes cash or other resources to the jointly controlled entity. Those contributions are included in the accounting records of the venturer and recognized in the venturer's financial statements as an investment in the jointly controlled entity.

Investments in joint venture are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in a jointly controlled entity is subject to the purchase method. The purchase method involves the recognition of the jointly controlled entity's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Any goodwill that represents the excess of acquisition cost over the fair value of the venturer's share of the identifiable net assets of the joint venture at the date of acquisition or fair value adjustment attributable to the venturer's share in the joint venture is included in the amount recognized as investment in joint venture.

All subsequent changes to the ownership interest in the equity of the joint venture are recognized in the venturer's carrying amount of the investments.

Changes resulting from the profit or loss generated by the joint venture are credited or charged against the Equity in net profit (losses) of associates and joint venture as part of Others – net account under Other Income (Charges) section of the consolidated statement of income.

Impairment loss is provided when there is objective evidence that the investments in joint venture will not be recovered (see Note 2.20).

Changes resulting from other comprehensive income of the jointly controlled entity or items recognized directly in the jointly controlled entity's equity are recognized in other comprehensive income or equity of the venturer, as applicable. However, when the venturer's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the venturer does not recognize further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. If the jointly controlled entity subsequently reports profits, the venturer resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the jointly controlled entity are accounted for as a reduction of the carrying value of the investments.

(d) Transactions with Non-controlling Interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized as Other Reserves in equity. Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The Parent Company holds interests in various subsidiaries, associates, and joint arrangements as presented in Notes 1.2 and 11.

2.4 Financial Assets

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

(a) *Classification, Measurement and Reclassification of Financial Assets*

The classification and measurement of financial assets is driven by the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the succeeding pages.

(i) *Financial Assets at Amortized Cost*

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

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

The Group's financial assets at amortized cost are presented as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to officers and employees), Refundable security and bond deposits (presented under Other Current Assets account) and Investment in Trust fund (which pertains solely to cash) and Refundable security deposits (presented under Other Current and Non-current Assets account) in the consolidated statement of financial position.

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

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

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

(ii) Financial Assets at Fair Value Through Other Comprehensive Income

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and;

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL). The Group has designated certain equity instruments as at FVOCI on initial recognition.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Other Income (Charges) account, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(iii) Financial Assets at Fair Value Through Profit or Loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition.

The Group's financial assets at FVTPL pertains only to derivatives arising from interest rate swap entered by GMCAC (see Notes 2.16 and 7).

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the consolidated statement of income. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Impairment of Financial Assets

At the end of the reporting period, the Group assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Group uses the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due [see Note 32.2(b)].

On the other hand, the Group applies a general approach in relation to advances to and receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded.

Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

For financial assets other than trade and other receivables and contract assets, the Group determines whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition.

In making this assessment, the Group considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

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

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

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

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in Revaluation Reserves account, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

(c) Derecognition of Financial Assets

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

2.5 Construction Materials

Construction materials are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of construction materials includes all costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

The net realizable value of construction materials is the current replacement cost.

2.6 Other Assets

Other current assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period, are classified as non-current assets.

2.7 Property, Plant and Equipment

Property, plant and equipment, except land and construction in progress, are carried at acquisition cost or construction cost less subsequent depreciation and any impairment losses. Land held for use in operations or administration is stated at cost less any impairment losses.

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

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

Building	25 years
Precast factory	25 years
Precast and construction equipment	3-15 years
Office furniture, fixtures and equipment	3-10 years
Transportation equipment	5-8 years

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction of the Group's building, batching plant and precast factory, and any applicable borrowing costs (see Note 2.22). The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.20).

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

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

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

2.8 Acquisition of Assets

Acquisition of interest in an entity that holds investment property which does not constitute a business is accounted for as an asset acquisition. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends to investors or other owners, members, and participant. Under the asset purchase accounting, the purchase cost is allocated to identifiable assets and liabilities based on relative fair values of individual items; goodwill or gain on bargain purchase is not recognized; and transaction costs are capitalized.

2.9 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Pursuant to the Concession Agreement for the PITX Project, the Group is granted the exclusive right and obligation to construct and develop the commercial area of the PITX Project (see Notes 1.2 and 29.3.2), which shall be held for rentals and rendering of any incidental service or facility from the use of commercial areas. Accordingly, the Group accounts for the construction and development of commercial area as Investment Property.

Investment property comprising of asset under construction and development are measured initially at acquisition cost, including transaction costs. This includes cost of construction, any applicable borrowing costs (see Note 2.22) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Following initial recognition, investment properties are carried at cost less accumulated depreciation and any impairment in value (see Note 2.20).

In 2019, MWMTI started to depreciate the investment property using straight-line method as the asset become available for its intended use. Depreciation is computed over the remaining concession period of 33 years.

The Group's investment properties also include land which is carried at cost less any impairment in value.

The carrying value of the investment properties are reviewed for impairment when changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount and impairment losses are recognized in the consolidated statement of income.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

2.10 Intangible Assets

The Group's intangible assets currently include acquired software licenses and concession assets as described in more detail as follows:

(a) Concession Assets

The Group accounts for its Concession Agreement in relation to the MCIA Project [see Notes 1.2(a) and 13] under the intangible asset model as it receives the right (license) to charge users of the public service.

The concession asset is recognized initially at cost. It consists of:

(i) Upfront fees payments on the Concession Agreement, including the related borrowing costs;
(ii) Directly attributable costs related to the acquisition of the concession assets; and,

(iii) Cost of infrastructure constructed and under construction in accordance with the terms and conditions of the Concession Agreement. These are not recognized as property, plant and equipment of the Group but as an intangible asset.

Following initial recognition, concession assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The service concession asset is amortized using the unit-of-production method which reflects the asset's usage-based on passenger volume and usage of their airport activities over the concession period. Management believes that usage-based method best reflects the pattern of consumption of the concession asset.

The period and method of amortization are reviewed at least at the end of each financial reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The amortization expense on the concession asset is recognized in the consolidated statement of income in the expense category consistent with the function of the concession asset.

Subsequent costs and expenditures related to infrastructures arising from the Group's commitments to the Concession Agreement are recognized as additions to the concession asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognized as property, plant and equipment and accounted for in accordance with the Group's accounting policy on Property, Plant and Equipment.

The concession asset will be derecognized upon turnover to the Grantors. There will be no gain or loss upon derecognition as the concession asset, which is expected to be fully amortized by then, and will be handed over to the Grantors with no consideration.

Concession assets not yet in use are initially recognized at cost and assessed for impairment at least annually based on the asset's value-in-use. Amortization of the assets will commence only when it becomes available for use.

The Group's concession assets not available for use are tested for impairment if there are any indications of impairment. The related carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.20).

(b) Acquired Computer Software Licenses

Acquired computer software license (shown as part of Other Non-current Assets) is accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of three to five years as the lives of these intangible assets are considered finite. In addition, this is subject to impairment testing as described in Note 2.20.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software and those costs associated with research activities are recognized as expense in profit or loss as incurred.

Costs that are directly attributable to the development phase of new customized software for information technology are recognized as intangible assets if, and only if, the Group can demonstrate all of the following recognition requirements below:

(i) technical feasibility of completing the prospective product for internal use or sale;

(ii) the intangible asset will generate probable economic benefits through internal use or sale;

(iii) intention and ability to complete, i.e., availability of sufficient technical, financial, and other resources necessary for completion, and use or sell the asset; and,

(iv) ability to measure reliably the expenditure attributable to the intangible asset during development.

Acquired computer software license is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an intangible asset is determined as the difference between the net disposal proceeds and carrying value of the asset, and is charged to profit or loss for the period.

2.11 Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables [except output value-added tax (VAT) and other taxes payable], and other non-current liabilities (except unearned rent income) are recognized when the Group becomes a party to the contractual terms of the instrument. These are recognized initially at their fair values and subsequently measured at amortized cost, using the effective interest method for maturities beyond one year, less settlement payments. All interest-related charges incurred on a financial liability, except capitalized borrowings costs which is recognized as part of the related qualifying asset (see Note 2.22), are recognized as an expense in profit or loss under the caption Finance Costs in the statement of income.

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

Trade and other payables are initially recognized at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the BOD.

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

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss. Where an existing 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 derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized as gain or loss in profit or loss. If the modification is not considered substantial, the liability is restated to the net present value of revised cash flows discounted at the original effective interest rate, with the adjustment recognized as gain or loss in profit or loss.

2.12 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition, except for lease liabilities which are measured based on the present value of the remaining lease payments as if the acquired lease were a new lease at acquisition date and right-of-use assets which are measured at an amount equal to the recognized lease liability, adjusted to reflect favorable or unfavorable lease terms compared with market terms. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.20).

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.13 Segment Reporting

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

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

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

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses;
- expenses relating to share-based payments, if any;
- research costs relating to new business activities; and,
- revenue, costs, and fair value gains from investment property, if any.

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

2.14 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.15 Provisions and Contingencies

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

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

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

2.16 Derivative Financial Instruments and Hedging

Derivative financial instruments are initially recognized at fair value on the date in which a derivative transaction is entered into, and are subsequently remeasured and accounted for in the consolidated statement of financial position at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge of an identified risk and qualifies for hedge accounting treatment or accounted for as derivative not designated for hedges.

The Group's derivative financial instruments are accounted for transactions not designated as hedges. Certain freestanding derivative instruments that provide economic hedges under the Group's policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair values of derivative instruments not designated as hedges are recognized immediately in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

2.17 Revenue and Expense Recognition

Revenue arises mainly from rendering of construction services, airport operations, trading operations and landport operations.

To determine whether to recognize revenue, the Group follows a five-step process described below:

1) identifying the contract with a customer;
2) identifying the performance obligation;
3) determining the transaction price;
4) allocating the transaction price to the performance obligations; and,
5) recognizing revenue when/as performance obligations are satisfied.

The Group determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

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

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

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

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Groups performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,

(c) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The Group often enters into transactions involving construction services, airport operations, airport merchandising operations, landport operations, and other contracts containing performance obligations with counterparties. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c).

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the asset or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group's normal credit terms ranges from 35 to 60 days after billing.

In addition, the following specific recognition criteria for each identified performance obligation must also be met before revenue is recognized:

(a) *Construction operations revenue* – This includes revenue from construction activities such as construction works, sale of construction materials, management fee and rental of construction equipment.

i. *Contract revenues* – This includes revenue from construction services and is recognized over time as the service is provided. The Group uses the percentage of completion method to determine the appropriate amount to recognize as contract revenue in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

ii. *Sale of construction materials* – Revenue from sale of ready mixed concrete and precast materials are recognized over time as goods are manufactured as there are no alternate use for these construction materials.

iii. *Consultancy and Management fees* – This is recognized on a time-and-materials basis as the services are provided. Customers are invoiced monthly as work progresses, which are due upon receipt by the customers. Any amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

iv. *Rental revenue* – Revenue from rentals arising from the lease of its construction equipment is recognized on the straight-line basis over the lease term based on the provisions of the covering lease contracts, including any minimum rent-free period therein, plus additional rent free period as mutually agreed by the contracting parties [see Note 2.18(b)]. This is outside the scope of PFRS 15.

(b) *Airport operations revenue* – Revenue from airport operations pertains to revenue from services related to aeronautical and non-aeronautical activities in the MCIA, which are further classified as follows:

i. *Aeronautical revenue* – Aeronautical revenues pertain mainly to passenger service charges which are recognized as revenue over time when the related airport services have been rendered, the rates for such fees are provided under Administrative Order (AO) No. 2, Series of 2011, issued by MCIAA. On the other hand, revenues from ancillary services such as parking, tacking, and lighting services are recognized at a point in time upon availment of service.

ii. *Concession revenue* – Concession revenues are generated through landport concessionaires, tenants or airport service providers who pay monthly fees for the right to use or access airport facilities to offer their goods and services to the general public and air traveling community. Airport facilities and parking spaces are not specific in the license agreement and the Group still has control over which are available for rental. Payments are in accordance with the negotiated agreements with these parties, and are based on either a minimum monthly guarantee or on gross receipts as applicable. Concession revenue is recognized over time when the related sale of concessionaire is earned.

iii. *Commercial revenue* – Commercial revenues comprise advertising charges, car parking and car rental revenues. Car parking revenue comprises time-based charges from the operation of car parking services. Car rental revenue comprises concession charges from car rental companies. Revenue is recognized over time when the related services are provided.

(c) *Trading operations revenue* – Airport merchandising operations revenues relates to sale of food and non-food items within the premise of MCIA. Airport merchandising operations revenues are recognized at a point in time when the control over the goods have passed to the buyer.

(d) *Landport operations revenue* – Landport operations revenue is recognized under the cost-recovery method in accordance with PFRS 15. Rendering of operating services is one of the Group's performance obligations under the Concession Agreement. After the recovery of construction costs, revenues are recognized based on the landport operations of the PITX Project up to the extent of the annual grantor payment (AGP).

(e) *Check-in counter revenue* – This comprises rental of check-in counter charged to airline companies and space rental charged to tenants. The Group bills the airlines based on the number of passengers. The rate per passenger varies on the annual number of passengers reached by each airline per cycle. Revenue from check-in counters is recognized over the period when the related services have been rendered.

(f) *Sale of food and non-food items* – This is recognized at a point in time upon transferring control of the promised goods or services to a customer.

(g) *Common use service area (CUSA) charges* – CUSA is recognized over time when the performance of contractually agreed task has been rendered. Furthermore, recoveries from utility expenses are recognized net of related expenses as the Group acts only as an agent of the utility companies.

The Group presents a contract asset when it transfers control of goods or performs services before the customer pays consideration or before payment is due. A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

The Group presents a contract liability when a customer pays the consideration, or the Group has the right to an amount of consideration that is unconditional (i.e., a receivable), before the Group transfers goods or performs services to the customer. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract liability also includes cash received from customers which are applied to subsequent progress billings for construction contracts. The Group considers the effect of significant financing component in the contract which is recognized as part of Construction Operation Revenues and Finance Cost in the consolidated statement of income [see Note 3.1(c)].

The Group assesses its revenue agreement against the specific criteria in order to determine if it is acting as a principal or an agent [see Note 3.1(o)]. Billing from common area, air conditioning and other dues are presented at gross amounts since the Group acts as a principal. Other revenues from electricity and water dues, in with the Group acts as an agent, are presented in excess of actual charges and consumption.

The Group incurs incremental costs in obtaining customer contracts (i.e., biddings costs on construction contracts). These costs are expensed when incurred as these are incurred regardless whether the contract is obtained.

The Group also incurs costs in fulfilling contracts with customers. These costs are divided into: (i) costs that give rise to an asset; and, (ii) costs that are expensed as incurred.

When determining the appropriate accounting treatment for such costs, the Group first considers any other applicable standards (see Notes 2.5 and 2.7). If other standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to deferred fulfilment costs, the Group applies the following criteria, which, if met, result in capitalization:

(a) the costs directly relate to a contract or to a specifically identifiable anticipated contract;
(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and,
(c) the costs are expected to be recovered.

Deferred fulfilment costs recognized as part of Other Current Assets in the consolidated statement of financial position are subsequently included as part of construction costs and considered in determining the stage of completion of the project. Furthermore, these are derecognized either upon disposal or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that deferred fulfilment costs may be impaired. An impairment loss is recognized when the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive under the relevant contract.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except for capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

2.18 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.20).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented as part of Property, Plant and Equipment and Interest-bearing Loans and Borrowings accounts, respectively.

(b) Group as Lessor

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

Revenue from rentals also include revenue from lease of the Group's office and commercial spaces and various equipment which is recognized on the straight-line basis over the lease term based on the provision of the covering lease contracts, including any minimum rent free period therein, plus additional rent free period as mutually agreed by the contracting parties. Revenue from rentals also include variable rent income based on an index or rate.

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

2.19 Foreign Currency Transactions and Translation

(a) Transactions and Balances

Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income.

(b) Translation of Financial Statements of Foreign Subsidiaries

The consolidated operating results and financial position of offshore subsidiaries (see Note 1), which are measured using the United States ("U.S.") dollar, are translated to Philippine pesos, the Parent Company's functional currency, as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) Income and expenses for each profit or loss account are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,

(iii) All resulting translation adjustments are recognized in other comprehensive income and as part of Revaluation Reserves in the consolidated statement of changes in equity

When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the consolidated statement of income as part of the Other Income (Charges).

The translation of the financial statements into Philippine peso should not be construed as a representation that the foreign currency amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.20 Impairment of Non-financial Assets

The Group's investments in associates and joint ventures, property, plant and equipment, intangible assets, concession assets, investment properties, deferred fulfilment costs and other non-financial assets are subject to impairment testing. All non-financial assets, except intangible assets not yet available for use which are tested for impairment at least annually, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

Except for intangible assets not yet available for use, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.21 Employee Benefits

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

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's post-employment defined benefit plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

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

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise.

Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income account in the consolidated statement of income.

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

(b) Short-term Employee Benefits

The Group recognizes a liability, net of amounts already paid, and an expense for services rendered for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided.

(c) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due.

Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(d) Bonus Plans

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the employees' performance evaluation attributable to a calendar year. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) Compensated Absences

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

2.22 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.23 Income Taxes

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

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

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

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

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

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

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

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

2.24 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates and joint ventures; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

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

All material related party transactions and related party transactions involving directors and/or officers shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions and related party transactions involving directors and/or officers. In case that a majority of the independent directors' vote is not secured, the material related party transactions and related party transactions involving directors and/or officers may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock.

For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 1% of the Group's total consolidated assets, the same BOD approval would be required for the transaction/s that meet and exceeds the materiality threshold covering the same related party. Under SEC Memorandum Circular No. 10, Series of 2019, R*ules on Material Related Party Transactions for Publicly-listed Companies*, the minimum threshold to be considered as a material related party transaction is 10% of the total assets based on the latest audited consolidated financial statements.

Directors with personal interest in a certain related party transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

2.25 Equity

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

Additional paid-in capital includes any premium received on the issuance of capital stock or reissuance of treasury shares. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued, or disposed of.

Revaluation reserves comprise actuarial gains and losses due to remeasurements of post-employment defined benefit plan, foreign currency translation of financial statements of foreign subsidiaries, and the mark-to-market valuation of its financial assets at FVOCI.

Other reserves represent GMCAC's equity transaction costs arising from the subscriptions to its shares of stock.

Retained earnings, the appropriated portion of which is not available for dividend declaration, represent all current and prior period results of operations as reported in the consolidated statement of income, reduced by the amounts of dividends declared.

2.26 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to shareholders of the Parent Company by the weighted average number of common shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared in the current year.

Diluted EPS is computed by adjusting the weighted average number of common shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted EPS is equal to the basic EPS.

2.27 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

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

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. If the renewal options and/or periods are not enforceable (i.e., if the lessee cannot enforce the extension without the agreement of the lessor), it would not be considered in determining the lease term.

For leases of construction and transportation equipment, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Determination of Timing of Satisfaction of Performance Obligations

(i) Construction Operations Revenue

The Group determined that its revenue from construction services shall be recognized over time in accordance with the percentage-of-completion method. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the construction services that create or enhance an asset that the customer controls as the asset is created or enhanced. This demonstrates that the customer obtains the benefits of the Group's rendering of construction service as it performs.

In determining the best method of measuring the progress of the Group's rendering of construction services, management considers the input method (i.e., based on the Group's inputs to the satisfaction of a performance obligation) under PFRS 15 because of the direct relationship between the Group's effort, in terms of incurred labor hours, and the transfer of service to the customer.

(ii) Airport Operations Revenues

The Group determined that its revenue from airport services shall be recognized over time as the services are being rendered and at a point in time for ancillary services (e.g., parking, tacking, and lighting services) that are provided for a short span of time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other entities. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of aeronautical and non-aeronautical services as it performs.

(iii) Trading Operations Revenues

In determining the appropriate method to use in recognizing the Group's revenues from airport merchandising operation revenues, which include sale of food and non-food items in the premises of MCIA, management determines that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e. generally when the customer acknowledged delivery of goods.

(iv) Landport Operation Revenues

The Group has the control over the landport area and the right to collect concessionaire revenue. The Group determined that its revenue from landport operation services shall be recognized using the cost-recovery method in accordance with PFRS 15 since services rendered is one of the Group's performance obligations under Concession Agreement. After the recovery of construction costs, revenues are recognized based on the landport operations costs of the PITX Project (see Note 29.3.2) up to the extent of the AGP.

(c) Determination of Transaction Price and Amounts Allocated to Performance Obligations

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone contract prices. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., defined in Note 2 (VAT)].

In determining the transaction price, the Group adjusts the amount of consideration for the effects of time value of money for payments received prior to rendering construction services when the construction period is more than one year. This circumstance indicates that the contract contains significant financing component. The Group uses the prevailing interest rate at the time of receipt of advance payments, which approximates the Group's borrowing rate.

(d) Determination of ECL on Trade and Other Receivables, Refundable Security and Bond Deposits, and Contract Assets

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

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade and other receivables and contract assets are disclosed in Note 32.2.

With respect to refundable security and bond deposits, management does not expect significant risks of collectibility since the same can be applied to the last period rentals at the option of the Group.

(e) Evaluation of Business Model Applied in Managing Financial Instruments

The Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Group's investment and trading strategies.

(f) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(g) Distinction Between Business Acquisition and Asset Acquisition

The Group determines whether the acquisition of an entity constitute a business acquisition or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a business, as defined in PFRS 3, taking into consideration the substance of the transaction. Failure to make the right judgment will result in misstatement of assets.

On the basis of the assessment made by management, the acquisition of ownership in Altria was accounted for as asset acquisition (see Note 11.2) since it does not constitute a purchase of business. Conversely, the equity ownership in GMCAC, MCEI, GMI, MLI, MCBVI, MIL, MWMTI, MTI, MC-SG, WHI, CDI, and TLH are accounted for as investments in subsidiaries.

(h) Distinction Between Operating and Finance Leases for Contracts where the Group is the Lessor

The Group has entered into various lease agreements for check-in counters and space rental. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(i) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition of provisions and contingencies are discussed in Note 2.15 and relevant disclosures are presented in Note 29.

(j) Determination of Control, Joint Control and Significant Influence

Judgment is exercised in determining whether the Group has joint control of an arrangement or significant influence over an entity. In assessing each interest over an entity, the Group considers voting rights, representation on the BOD or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

Management considers that the Group has de facto control over GMI even though it effectively holds 50% of the ordinary shares. The Parent Company exercises control over the entity because major decisions involving entering and negotiating Supply and Delivery Agreements with Duty Free Philippines Corporation still rests with the Parent Company. In line with this, the Parent Company retains control over GMI's operations [see Note 1.2(c)].

Also, the Group believes to have significant influence over CMCI, due to the Group's ability to participate over the entity's relevant activities based on the rights and powers of the Parent Company over the management of CMCI 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. Hence, the investee is treated as an associate (see Note 11.1). In addition, the Group has determined that it does not have a significant influence, but has a joint control over MGCJV, MGCJVI, MTRGC, SSPPC and HMDJV due to the contractually agreed sharing of control over these investees wherein decision on relevant activities require unanimous consent between the Group and its co-venturers. GMCAC recognizes its interest in MTRGC and SSPPC as joint ventures, while the Parent Company's interests in MGCJV, MGCJVI and HMDJV are recognized as joint operations [see Notes 2.3(c) and 11.4]. On the other hand, the Parent Company has determined that its ownership interest in Silay Solar Power Inc. (SSPI) does not result in control or significant influence over SSPI (see Note 10).

(k) Capitalization of Borrowing Costs

The Group determines whether the amount of borrowing costs qualify for capitalization as part of the cost of the qualifying asset or expensed outright. The accounting treatment for the borrowing costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time to get the asset ready for its intended use. Failure to make the right judgment will result in misstatement of assets and net profit.

(l) Accounting for Service Concession Arrangement

IFRIC 12, *Service Concession Arrangements*, outlines an approach to account for contractual arrangements arising from entities providing public services. It provides that the operator or concessionaire should not account for the infrastructure under PAS 16 as property, plant and equipment, but recognize a financial asset and/or an intangible asset if the conditions below are met:

- The Grantor controls or regulates what services the operator or concessionaire must provide with the infrastructure, to whom it must provide them, and at what price; and

- The Grantor controls through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement.

Mactan-Cebu International Airport Project

As discussed in Note 1.2(a), the Philippine Government, acting through the DOTr and MCIAA, executed a Concession Agreement with GMCAC whereby GMCAC was given an exclusive right to design, develop, and undertake the MCIA Project; and, enjoy complete and uninterrupted possession of the MCIA Project Assets for the purpose of implementing the MCIA Project.

At the end of the concession period, GMCAC shall hand-over the MCIA Project and the Project Assets to the Grantors without cost, free from any liens and encumbrances, including all improvements made to the airport facilities, commercial assets, works in progress, and right to receive revenues. In addition, GMCAC shall be entitled to collect and receive concession revenue consisting of revenues on account of passenger service charge, airport parking fees, and tacking fees; other apron charges; and, revenues from commercial charges. GMCAC may apply for an increase of such fees following the procedures as set forth in the Concession Agreement.

The Group has identified that the Concession Agreement is within the scope of IFRIC 12 and shall be accounted for using the intangible asset model, wherein the service concession asset is recognized as an intangible asset in accordance with PAS 38, *Intangible Assets*. The intangible asset is amortized using the usage-based method over the life of the concession agreement as management believes that straight-line method best reflects the pattern of consumption of the concession asset.

In April 2014, GMCAC paid upfront fees to the Philippine Government amounting to P14,404.6 million to undertake the implementation and operation of the MCIA Project in accordance with the Concession Agreement (see Note 13). The Group identified certain significant and key activities related to the MCIA Project, as also set forth in the Concession Agreement. As such, the upfront fees were allocated among these key activities using proportionate rates based on the expected construction/renovation costs as follows: (i) existing Terminal 1 infrastructure; (ii) construction of new passenger Terminal; (iii) renovation and expansion of Terminal; and, (iv) capacity augmentation. Subsequent project development costs shall be capitalized as incurred on the specific key activities related to the Project.

Parañaque Integrated Terminal Exchange Project

As discussed in Note 29.3.2, the Philippine Government acting through the DOTr executed a Concession Agreement on February 25, 2015 with MWMTI whereby the latter was given an exclusive right to design, develop, and undertake the PITX Project and enjoy complete and uninterrupted possession of the Project Assets for the purpose of implementing the PITX Project.

At the end of the concession period, MWMTI shall hand over the PITX Project and Project Assets to the Grantor without cost, free from any liens and encumbrances, including all improvements made to the landport facilities, commercial assets, works in progress, and right to receive revenue.

The PITX Project is composed of separately identifiable landport and commercial areas under a certain development plan with different degrees of control between the Grantor and MWMTI. The landport area is controlled by the Grantor while the commercial area is controlled by MWMTI. In addition, MWMTI shall be entitled to collect and receive the concessionaire revenue from the commercial area while it will be receiving fixed payments from the Grantor for the landport area in form of AGP.

MWMTI has identified that the Concession Arrangement with respect to the landport area of the PITX Project is within the scope of Philippine Interpretation IFRIC 12 and shall be accounted for using the financial asset model, wherein the concession asset arising from the component of landport area is recognized as financial asset in accordance with PFRS 9.

On the other hand, the Group determined that the component with respect to the commercial area of the PITX Project is not within the scope of IFRIC 12, and therefore, shall be accounted for using the applicable accounting standard based on the control and purpose of the operation, hence, PAS 40, *Investment Property* (see Notes 2.9 and 15).

The related concession asset accounted for under the financial asset model is presented as part of Contract Receivables in the consolidated statement of financial position, which includes the recoverable accumulated costs incurred for the development and construction of the PITX Project as determined in accordance with PFRS 15 and equivalent to the fair value of construction services and other considerations provided (see Note 2.4 and 6).

(m) Non-consolidation of Entities in which the Group Holds More than 50% Ownership

The Parent Company's ownership interest in MWCCI was accounted for as an associate even though it holds 51% ownership interest as the Parent Company has no control over the relevant activities of MWCCI. Management considers that Citicore has control since it entered into a management agreement with MWCCI, whereby Citicore shall provide management services to MWCCI for the administration of its activities under the Modernization of the Philippine Orthopedic Center (MPOC) Project [see Note 11.1(a)].

(n) Distinction Between Investment Property and Owner-occupied Property

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the performance of the Group's construction activities and its supply process.

(o) Evaluating Principal Versus Agent Consideration

The Group exercises judgment to determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Group is a principal) or to arrange for the other party to provide those goods or services (i.e., the Group is an agent). Failure to make the right judgment will result in misstatement of revenues and expenses accounts. The Group assessed that it is only acting as an agent for utility transactions of its tenants under operating leases. Moreover, the Group also assessed that it is the principal in its revenue arrangements pertaining to CUSA and air-conditioning charges in its office and retail spaces.

(p) Determining Whether Loan Modifications are Substantial Modifications

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. Based on management's assessment, GMCAC's loan modification in 2021 does not represent a substantial modification of terms [see Note 18.2(a)].

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

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

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate [see Note 2.18(a)]. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset, and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 32.2.

(c) Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's financial assets carried at FVTPL and FVOCI, and the amounts of applicable fair value changes recognized on those assets are disclosed in Notes 7 and 10, respectively.

(d) Determination of Net Realizable Value of Construction Materials

In determining the net realizable value of construction materials, management takes into account the most reliable evidence available at the time the estimates are made. The Group periodically reviews its construction materials for possible damaged and obsolete items. Items identified as obsolete are provided with impairment allowance.

Management has assessed that no allowance for obsolescence is required to be recognized on construction materials in 2021, 2020 and 2019.

(e) Accounting for Business Combinations

On initial recognition, the assets and liabilities of any acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in profit or loss in the subsequent period.

(f) Estimation of Useful Lives of Intangible Assets, Property, Plant and Equipment, and Investment Property

The Group estimates the useful lives of computer software and property, plant and equipment based on the period over which the assets are expected to be available for use. The related estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation, and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

There were no changes in the estimated useful lives of property, plant and equipment and intangible assets in 2021 and 2020.

The Group believes that the usage-based method based on passenger volume and usage of the airport activities over the concession period reflected the pattern in which the concession's future economic benefits are expected to be consumed by the Group and will be applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits [see Note 2.10(a)]. In 2021 and 2020, passenger volume significantly declined compared with pre-pandemic levels due to travel and quarantine restrictions imposed by the government. Although amortization expense reduced substantially during those years, management assessed that the reduced passenger volume is temporary as the quarantine restrictions started to ease up during the first quarter of 2022 and passenger volume showed improvements from December 2021 levels. The positive changes are estimated to continue until full recovery of pandemic losses by 2024, hence, amortization expense will eventually normalize. In 2021, 2020, and 2019, amortization expense recognized relating to concession assets amounted to P50.2 million, P163.5 million and P738.6 million, respectively.

The carrying amounts of intangible assets are analyzed in Notes 12.5 and 13. The carrying amount of property, plant and equipment is analyzed in Note 14.

(g) Principal Assumption for Estimation of Fair Value of Investment Properties

The Group's investment properties composed of land and commercial area of the PITX Project comprising of asset held for lease and are carried at cost less accumulated depreciation and any impairment in value. Although investment properties are measured using the cost model, the financial reporting standard requires the disclosure of its fair value.

The Group determined the fair value of the commercial area approximates its fair value as of December 31, 2020 as it was only newly constructed in March 2019. In 2021, the fair value of the commercial area was assessed using the discounted cash flows valuation technique. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

On the other hand, the Group determines the fair value of the land through appraisals by independent external appraisers.

The fair value disclosures related to the investment properties are further discussed in Note 33.6.

(h) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets recognized as at December 31, 2021 and 2020 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 26.4.

(i) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset, or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.20). Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

PFRS requires non-financial assets to be assessed for any indication of impairment annually, especially those that have not been brought into use. The recoverable amount of the concession assets, including those not yet in use, has been determined based on a value in use calculation using cash flow projections from financial model approved by senior management covering the remaining life of the concession period of 18 and 19 years as of December 31, 2021 and 2020, respectively.

The pre-tax discount rate applied to cash flow projections is 10.0% and 12.3% as of December 31, 2021 and 2020. Pre-tax discount rate is based on weighted average cost of capital, adjusted for company-specific risks and reflects prevailing or current market conditions at year-end.
The calculation of value in use of the concession assets is most sensitive to the following assumptions:

- Passenger traffic volume
- Discount rate
- Growth rates

Management assesses on an annual basis the impact of the current and future economic outlook to the abovementioned assumptions in making its cash flow projections. In 2021 and 2020, management has taken into consideration the continuing impact of the COVID-19 pandemic in its cash flow projections, including its effect on the abovementioned assumptions.

The carrying value of the concession assets not yet available for use amounted to P9,615.9 million and P9,007.9 million as at December 31, 2021 and 2020, respectively (see Note 13).

Management has assessed that no impairment losses are required to be recognized on the Group's non-financial assets in 2021, 2020 and 2019.

(j) Valuation of Post-employment Defined Benefit

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

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of DBO, as well as the significant assumptions used in estimating such obligation are presented in Note 24.2.

4. 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:

4.1 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. This segment also has merchandising operations of food and non-food items.

(c) *Landport Operations* – principally relates to the development and implementation of the Southwest Integrated Transport 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.

4.2 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.

4.3 Analysis of Segment Information

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

	Construction			Airport			Landport			Total		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Results of operations												
Sales to external customers	**P 14,329,464**	P 10,842,200	P 15,309,069	**P 599,468**	P 1,178,613	P 4,017,334	**P 715,039**	P 902,414	P 555,402	**P 15,643,971**	P 12,923,227	P 19,881,805
Intersegment sales	**26,905**	363,371	651,419	**-**	-	-	**-**	-	-	**26,905**	363,371	651,419
Segment Revenues	**14,356,369**	11,205,571	15,960,488	**599,468**	1,178,613	4,017,334	**715,039**	902,414	555,402	**15,670,876**	13,286,598	20,533,224
Cost and other operating expenses:												
Cost of construction, airport and landport operations excluding depreciation and amortization	**11,124,688**	8,779,449	13,033,918	**353,949**	492,171	886,235	**149,440**	145,176	233,979	**11,628,077**	9,416,796	14,154,132
Depreciation and amortization	**1,133,162**	1,019,034	837,723	**102,510**	229,837	803,232	**232,110**	222,508	111,093	**1,467,782**	1,471,379	1,752,048
Interest income	**(464,851)**	(458,515)	(472,442)	**(9,515)**	(32,543)	(78,022)	**(7,614)**	(8,208)	(210)	**(481,980)**	(499,266)	(550,674)
Interest expense	**1,364,842**	1,220,377	1,215,052	**1,294,235**	1,050,725	957,954	**148,144**	214,205	114,758	**2,807,221**	2,485,307	2,287,764
Material non-cash items	**-**	(2,192)	12,476	**(78,649)**	(144,597)	(32,796)	**-**	-	-	**(78,649)**	(146,789)	(20,320)
Equity share in profit or loss and joint ventures	**10,633**	-	-	**57,050**	40,965	(26,248)	**-**	-	-	**67,683**	40,965	(26,248)
Other income (charges)	**(171,387)**	(59,323)	(138,611)	**(210,287)**	23,479	(13,652)	**(133,884)**	(194,421)	(131,221)	**(515,558)**	(230,265)	(283,484
Tax expense (income)	**67,012**	(59,584)	127,526	**76,865**	217,456	219,818	**21,124**	106,772	(34,361)	**165,001**	264,644	312,983
Other expenses	**939,703**	642,350	706,711	**385,160**	490,807	691,821	**228,159**	203,700	267,574	**1,553,022**	1,336,857	1666,106
	14,003,802	11,081,596	15,322,353	**1,971,318**	2,368,300	3,408,342	**637,479**	689,732	561,612	**16,612,599**	14,139,628	19,292,307
Segment Net Profit (Loss)	**P 352,567**	P 123,975	P 638,135	**(P 1,371,850)**	(P 1,189,687)	P 608,992	**P 77,560**	P 212,682	(P 6,210)	**(P 941,723)**	(P 853,030)	P 1,240,917
Consolidated Statements of Financial Position												
Total Segment Assets	**P 49,988,040**	P 44,902,291	P 43,330,597	**P 34,980,098**	P 35,286,304	P 35,934,459	**P 6,727,959**	P 7,321,688	P 7,998,133	**P 90,696,097**	P 87,510,283	P 87,263,189
Total Segment Liabilities	**P 32,351,079**	P 29,079,082	P 31,030,326	**P 28,100,062**	P 27,034,748	P 26,491,719	**P 4,826,617**	P 5,497,864	P 7,451,163	**P 65,277,758**	P 61,611,694	P 64,973,208
Capital Expenditures	**P 631,034**	P 467,180	P 2,817,196	**P 279,511**	P 1,050,949	P 2,206,858	**P 80,688**	P 216,153	P 838,345	**P 991,233**	P 1,734,282	P 5,862,399
Investment in associates and joint ventures accounted for by the equity method	**P 813,793**	P -	P -	**P 47,720**	P 104,770	P 145,735	**P -**	P -	P -	**P 861,513**	P 104,770	P 145,735

4.4 Reconciliation

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

	2021	2020	2019
Revenues			
Segment revenues	**P 15,670,876**	P 13,286,598	P 20,533,224
Intersegment sales	**(26,905)**	(363,371)	(651,419)
Revenues as reported in the consolidated statements of income	**P 15,643,971**	P 12,923,227	P 19,881,805
Profit or loss			
Segment net profit (loss)	**(P 941,723)**	(P 853,030)	P 1,240,917
Other unallocated income (expense)	**48,569**	(21,566)	(129,882)
Net profit (loss) as reported in the consolidated statements of income	**(P 893,154)**	(P 874,596)	P 1,111,035
Assets			
Total segment assets	**P 90,696,097**	P 87,510,283	P 87,263,189
Elimination of intercompany accounts	**(12,629,646)**	(7,877,956)	(9,031,920)
Other unallocated assets	**7,110,178**	1,711,442	2,533,057
Total assets as reported in the consolidated statements of financial position	**P 85,176,629**	P 81,343,769	P 80,764,326
Liabilities			
Total segment liabilities	**P 65,277,758**	P 61,611,694	P 64,973,208
Elimination of intercompany accounts	**(3,253,619)**	(1,823,709)	(4,083,754)
Other unallocated liabilities	**3,951,582**	1,033,316	1,876,360
Total liabilities as reported in the consolidated statements of financial position	**P 65,975,721**	P 60,821,301	P 62,765,814

4.5 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.

The revenues from three major customers in 2021, 2020 and 2019 accounted for 38%, 46%, and 17%, respectively, of the total construction revenues are as follows:

	2021	2020	2019
Customer A	**P 2,084,313,919**	P2,150,769,324	P 2,861,117,765
Customer B	**1,767,782,385**	1,227,659,023	1,608,179,056
Customer C	**1,586,261,904**	1,595,766,503	1,128,109,032
	P 5,438,358,208	P4,974,194,850	P5,597,405,853

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	2021	2020
Cash on hand	**P 4,515,280**	P 5,400,865
Cash in banks	**2,889,408,586**	2,165,007,181
Short-term placements	**2,952,164,164**	5,055,741,866
	P 5,846,088,030	P7,226,149,912

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 1.6% in 2021 and 2020. The interest income earned from these financial assets amounted to P32.6 million, P57.9 million and P110.6 million in 2021, 2020 and 2019, respectively, and are presented as part of Finance income under Other Income (Charges) account in the consolidated statements of income (see Note 25.2).

6. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	Notes	2021	2020
Contract receivables:			
Third parties		**P 2,911,018,409**	P 2,840,546,754
Related parties	28.1	**1,454,980,969**	944,337,644
		4,365,999,378	3,784,884,398
Retention receivables:			
Third parties		**1,689,943,587**	1,534,199,721
Related parties	28.1	**788,840,503**	868,788,166
		2,478,784,090	2,402,987,887
Advances to:			
Related parties	28.4	**6,418,877,754**	6,410,689,673
Officers and employees	28.3	**85,798,075**	74,481,307
		6,504,675,829	6,485,170,980
Receivables from airport operations	18.2 (a), 21.2	**699,627,783**	570,230,462
Rental receivables:	21.3		
Lease receivable – per contract		**703,189,750**	385,466,377
Lease receivable – effect of straight-line method		**652,564,199**	524,235,954
		1,355,753,949	909,702,331
Receivables from sale of goods	21.4	**-**	766,766
Accrued interest receivables	28.4	**1,452,075,646**	1,011,075,646
Other receivables	28.2, 28.5	**345,402,891**	172,164,286
		17,202,319,566	15,336,982,756
Allowance for impairment		**(231,765,011)**	(37,932,641)
		P16,970,554,555	P 15,299,050,115

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 (see Note 21.2).

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. As of December 31, 2021 and 2020, rent receivables arising from the effect of straight-lining method amounted to P652.6 million and P524.2 million, respectively (see Note 21.3).

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

All receivables, except advances to officers and employees which are subject to liquidation, are subject to credit risk exposure [see Note 32.2(b)].

All of the Group's trade and other receivables have been reviewed for impairment using the provision matrix as determined by the management [see Note 32.2(b)]. The total impairment losses recognized by the Group are presented in the succeeding paragraphs.

The total allowance for impairment for contract, retention and airport receivables provided by the Group amounted to P231.8 million and P37.9 million as of December 31, 2021 and 2020, respectively.

A reconciliation of the allowance for impairment at the beginning and end of 2021 and 2020 is shown below.

	Note	**2021**	2020
Balance at beginning of year		**P 37,932,641**	P 10,956,072
ECL	23	**222,772,533**	27,289,069
Reversal of impairment loss	23	**(17,792,630)**	-
Write-off		**(11,147,533)**	(312,500)
Balance at end of year		**P 231,765,011**	P 37,932,641

The amount of impairment losses, net of reversal of impairment loss, is presented separately under the Other Operating Expenses section of the statements of income (see Note 23).

7. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

In November 2015, GMCAC entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate US dollar-denominated loan maturing in June 2022 with start date on December 15, 2017. A notional amount of US$75.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap agreement, GMCAC pays annual fixed interest rate within a range of 1.79% to 2.65% plus margin ranging from 2.50% to 3.08% and receives floating rate and receives floating rate of nine-month US$ LIBOR rate on Bloomberg Page on the notional amount.

As at December 31, 2021 and 2020, GMCAC recognized P54.9 million and P121.9 million derivative liability shown under Trade and Other Payables (see Note 17). GMCAC recognized in the consolidated statements of income under Other Income (Charges) unrealized gain from change in fair value of the interest rate swap amounting to US$1.7 million or P78.6 million in 2021, unrealized loss of US$1.0 million or P43.3 million in 2020, and US$1.6 million or P104.8 million in 2019 (see Note 25.3). GMCAC entered into interest rate swap as economic hedges of underlying exposure arising from its foreign currency-denominated loan. Such interest swap agreement is accounted for as a derivate instrument not designated for hedges.

8. CONSTRUCTION MATERIALS

At the end of 2021 and 2020, construction materials were stated at cost which is lower than net realizable value. This account consists of the following:

	2021	2020
Work in progress	**P 1,129,136,315**	P 963,166,389
Consumables and spare parts	**506,652,379**	281,222,077
Mechanical electrical plumbing and fireproof materials	**182,836,039**	219,528,702
Precast	**94,980,118**	92,773,144
Hardware	**59,488,080**	60,728,374
Rebars	**27,117,251**	31,159,478
Others	**44,949,202**	70,464,699
	P 2,045,159,384	P 1,719,042,863

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

Others pertain to construction materials which include painting materials, nails and adhesive items.

9. CONTRACT ASSETS

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

	2021	2020
Balance at beginning of year	**P 4,231,600,246**	P 3,975,734,097
Increase as a result of changes in measurement of progress	**10,780,020,228**	9,642,837,195
Decrease as a result of reversal to trade receivables	**(10,233,915,616)**	(9,386,971,046)
Balance at end of year	**P 4,777,704,858**	P 4,231,600,246

The balance of contract assets as of December 31, 2021 and 2020 is net of allowance for impairment amounting to P288.2 million (see Note 32.2).

Contract assets pertains to the gross amount due from customers for contract works of all contracts in progress which are not yet billed (see Note 2.17). Contract assets in 2021 and 2020 also include the cost of the landport area of the PITX Project amounting to P510.1 million which is to be recovered through the Grantor payments [see Notes 3.1(l) and 15].

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.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The financial assets pertain to the Group's equity investment acquired in 2015 wherein the Parent Company does not exercise control or significant influence (designated as at FVOCI) and golf club shares [see Note 2.4(a)(ii)].

The details of the financial assets at FVOCI as of 2021 and 2020 is shown below.

Investment securities at FVOCI:	
Investment in SSPI	P 2,500,000
Golf club shares	1,044,472
	P 3,544,472

The Group has equity interest of 1% in SSPI as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020, the amounts of the Group's non-current financial assets approximate its fair values.

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

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

	Notes	**2021**	2020
Investments in:			
Associates	11.1	**P 813,793,409**	P 824,426,033
Joint ventures	11.3	**47,719,774**	104,769,953
		P 861,513,183	P 929,195,986

The significant commitments related to the associates and joint venture are discussed in Note 29.

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.

11.1 Equity Advances and Investments in Associates

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

	Note	**2021**	2020
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 year		**19,963,169**	9,308,698
Equity in net profit (loss) for the year	25.3	**(10,632,624)**	10,654,471
Balance at end of year		**9,330,545**	19,963,169
		P 813,793,409	P 824,426,033

The equity in net profit (loss) includes catch-up adjustments to reflect the audited balances of the associates, hence, might not be equal to the amount of the Group's share in net profit based on the financial information presented below.

These associates do not have any other comprehensive income or loss 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.

As of December 31, 2021 and 2020, 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 (see Note 29.2). 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.

As of December 31, 2021 and 2020, the Parent Company owns 10% interest in CMCI as a joint venture partner.

The table below presents the financial information of MWCCI and CMCI as of and for years ended December 31, 2021, 2020 and 2019 of the associates (amounts in thousands of PHP).

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Income (Loss)
2021:						
MWCCI *(Unaudited)*	**P 338,947**	**P 847,397**	**P 87,447**	**P -**	**P -**	**P -**
CMCI *(Unaudited)*	**4,215,261**	**2,017,636**	**1,885,472**	**2,080,191**	**273,670**	**10,546**
2020:						
MWCCI *(Unaudited)*	P 338,947	P 847,398	P 87,447	P -	P -	P 5,999
CMCI *(Audited)*	3,525,156	2,646,046	1,894,306	2,020,208	344,183	(13,849)
2019:						
MWCCI *(Unaudited)*	P 1,186,343	P -	P 87,447	P -	P -	(P 6,000)
CMCI *(Audited)*	3,975,675	3,090,155	2,194,494	2,600,799	408,764	73,360

A reconciliation of the above summarized financial information to the carrying amount of the investments in associates is shown below (amounts in thousands of PHP).

	Notes	% Interest Held	Net Asset Value	Share in Net Asset	Carrying Value of Investments
2021					
MWCCI	a	51%	P 1,098,896	P 560,437	P 587,070
CMCI	b	10%	2,267,234	226,723	226,723
Total				**P 787,160**	**P 813,793**
2020					
MWCCI	a	51%	P 1,098,896	P 560,437	P 587,070
CMCI	b	10%	2,311,552	231,155	237,356
Total				P 791,592	P 824,426

Management determined that the difference between the respective share in the net assets of the associates and the carrying amount of the investment in CMCI is not material to the consolidated financial statements. The Group has not recognized any impairment of the investment in MWCCI as the associate expects to collect all its remaining receivables both from the Ultimate Parent Company and from DOH, a third party [see Note 11.1(a)].

As of December 31, 2021 and 2020, the Parent Company did not receive any dividends from its associates.

11.2 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 December 31, 2021 and 2020, Altria has no operations and its assets mainly pertain to the land where the Parent Company's precast and batching facilities are constructed (see Note 14). In accordance with Group's policy (see Note 2.8), 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. The difference shall be charged directly to profit or loss as part of Others – net account under the Other Income (Charges) section in the consolidated statements of income (see Note 25.3). The Parent Company charged P2.3 million, P0.5 million, P0.5 million in 2021, 2020, and 2019, respectively, to profit or loss to account for the expenses incurred by Altria, net of changes in cash in bank, bond deposits and accrued expenses.

11.3 Interest in Joint Ventures

This account includes the carrying values of the following components:

	Note	**2021**	2020
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 losses:			
Balance at beginning of year		**(11,878,047)**	29,086,993
Equity in net loss for the year	25.3	**(57,050,179)**	(40,965,040)
Balance at end of year		**(68,928,226)**	(11,878,047)
		P 47,719,774	P 104,769,953

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

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

The following are the summary of financial information related to the Group's interest in the joint ventures as of December 31, 2021 and 2020 (amounts in thousands of PHP):

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Income/(Loss)
2021 (Unaudited):						
MTRGC	**P 111,041**	**P 100,339**	**P 140,731**	**P 2,089**	**P 24,937**	**(P 32,076)**
SSPPC	**40,615**	**336,306**	**315,883**	**17,017**	**15,165**	**(6,027)**
2020 (Audited):						
MTRGC	P 122,415	P 110,647	P 129,922	P 2,504	P 66,230	(P 38,419)
SSPPC	35,261	391,614	260,970	17,017	180,094	(62,719)
2019 (Audited):						
MTRGC	P 155,593	P 102,557	P 115,588	P 3,508	P 232,235	P 1,807
SSPPC	120,913	411,847	302,522	18,630	654,764	66,710

Additional financial information for these joint ventures are as follows:

	2021	2020	2019
MTRGC:			
Cash and cash equivalents	**P 22,418,886**	P 12,235,148	P 17,084,509
Depreciation and amortization	**18,935,760**	21,797,177	14,513,362
Interest income	**6,857**	21,948	75,970
Interest expense	**4,840,500**	5,092,877	1,986,846
Income tax expense	**-**	14,194,728	1,392,248
SSPC:			
Cash and cash equivalents	**P 9,336,123**	P 22,863,451	P 107,221,042
Depreciation and amortization	**4,531,221**	59,934,709	40,391,372
Interest income	**507**	591,536	351,310
Interest expense	**-**	1,447,420	1,463,337
Income tax expense (income)	**-**	(26,863,886)	24,369,136

A reconciliation of the summarized financial information to the carrying amount of the investments in associates is shown below (amounts in thousands of PHP).

	Net Asset Value	**Share in Net Assets**	**Carrying Value of Investments**
2021			
MTRGC	P 68,560	P 28,562	P 28,562
SSPPC	45,985	19,158	19,158
Total		P 47,720	P 47,720
2020			
MTRGC	P 100,552	P 41,890	P 42,743
SSPPC	148,888	62,027	62,027
Total		P 103,917	P 104,770

Management determined that the difference between the respective share in the net assets of the joint ventures and the carrying amount of the investments is not material to the consolidated financial statements

11.4 Interest in Joint Operations

As discussed in Notes 1.2(k) and 1.2(l), 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. Also, as discussed Note 2.3(c)(i), 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.

The capital commitments of the joint operations are disclosed in Note 29.5.2.

As of and for the years ended December 31, 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
December 31, 2021			
Assets:			
Cash and cash equivalents	P 721,895,985	P -	P 721,895,985
Trade and other receivables	683,049,548	(190,658,362)	492,391,186
Other current assets	306,767,498	-	306,767,498
Property, plant, and equipment – net	120,521,764	-	120,521,764
	P 1,832,234,795	**(P 190,658,362)**	**P 1,641,576,433**
Liabilities:			
Trade and other payables	P 443,092,629	P -	P 443,092,629
Due to related parties	1,953,674	-	1,953,674
Other liabilities	15,558,696	-	15,558,696
	P 460,604,999	**P -**	**P 460,604,999**
Revenues and Expenses			
Contract revenues	P 777,240,976	-	P 777,240,976
Contract costs	(432,835,357)	-	(432,835,357)
Other operating expenses	(254,625,416)	-	(254,625,416)
Finance income	8,394,678	-	8,394,678
	P 98,174,881	**P -**	**P 98,174,881**

	Before Elimination	Elimination	After Elimination
December 31, 2020:			
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:			
Contract revenues	P 1,313,678,683	(P 214,945,351)	P 1,098,733,332
Contract costs	(1,058,509,197)	161,497,804	(897,011,393)
Other operating expenses	(68,202,200)	-	(68,202,200)
Finance income	(6,639,558)	-	(6,639,558)
	P 180,327,728	(P 53,447,547)	P 126,880,181

12. OTHER ASSETS

This account is composed of the following:

	Notes	**2021**	2020
Current:			
Advances to contractors and suppliers	12.1	**P 7,020,949,969**	P 4,857,992,746
Prepaid taxes	12.4	**1,045,342,030**	812,495,632
Deferred fulfilment costs	12.7	**743,947,850**	787,283,237
Input VAT	12.2	**570,366,701**	775,596,442
Deferred input VAT	12.2	**426,529,409**	455,773,123
Refundable security and bond deposits		**189,540,978**	155,107,192
Prepaid insurance		**75,768,970**	37,516,325
Prepaid subscription		**12,638,510**	17,966,039
Prepaid rent		**6,164,110**	16,699,653
Miscellaneous		**41,711,945**	40,313,939
Balance forwarded		**P10,132,960,472**	P 7,956,744,328

	Notes	2021	2020
Balance brought forward		**P10,132,960,472**	P 7,956,744,328
Non-current:			
Deferred input VAT	12.2	**1,906,045,520**	1,798,604,430
Investment in trust fund	12.6	**163,541,216**	401,525,300
Deposits for condominium units	12.3	**115,337,468**	121,265,571
Refundable security deposits	2.4	**44,692,207**	44,421,967
Computer software license – net	12.5	**39,783,913**	47,859,287
Advances to contractors and suppliers	12.1	**7,999,946**	7,999,946
Miscellaneous		**73,074,778**	168,125
		2,350,475,048	2,421,844,626
		P12,483,435,520	P10,378,588,954

12.1 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.

12.2 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. 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 deferred input VAT amounting to P1,847.1 million and P1,729.3 million as of December 31, 2021 and 2020, respectively, represents GMCAC's deferred input VAT arising mainly from the acquisition of goods and equipment and payment of services in relation to the construction activities in the airport. 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 (see Note 13).

12.3 Deposits for Condominium Units

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

12.4 Prepaid Taxes

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

12.5 Computer Software License

The details of this account are presented below.

	2021	2020	2019
Cost	**P 154,805,624**	P 147,037,422	P 129,596,424
Accumulated amortization	**(115,021,711)**	(99,178,135)	(82,280,584)
	P 39,783,913	P 47,859,287	P 47,315,840

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

	Notes	**2021**	2020
Balance at beginning of year		**P 47,859,287**	P 47,315,840
Additions	13	**7,768,203**	17,440,998
Amortization expense for the year	23	**(15,843,577)**	(16,897,551)
Balance at end of year		**P 39,783,913**	P 47,859,287

The related amortization charges were recorded as part of Depreciation and amortization under Other Operating Expenses account in the consolidated statements of income.

12.6 Investment in Trust Fund

On November 28, 2015, 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. As of December 31, 2021 and 2020, the investment in trust fund is composed only of cash.

The OLSA provided that the Security Trustee shall invest and reinvest the monies in the collateral accounts [see Note 18.2(a)].

12.7 Deferred Fulfilment Costs

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

The policy on initial and subsequent measurement of these deferred fulfilment costs is discussed in Note 2.17.

The movement of deferred fulfilment costs is shown below:

	2021	2020
Balance at beginning of year	**P 787,283,237**	P 579,089,321
Additions	**66,734,247**	430,684,262
Amortization	**(110,069,634)**	(222,490,346)
Balance at end of year	**P 743,947,850**	P 787,283,237

13. 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 Republic Act (R.A.) 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.

As of December 31, the breakdown of the capitalized concession assets is as follows:

	Airport Upfront Fees	Infrastructure	Total
December 31, 2021			
Cost			
Balance at beginning of year	P 18,659,047,099	P 12,947,875,863	P 31,606,922,962
Additions	352,370,474	272,908,832	625,279,308
Balance at end of year	19,011,417,573	13,220,784,695	32,232,202,270
Accumulated amortization			
Balance at beginning of year	(801,952,990)	(876,242,255)	(1,678,195,245)
Amortization for the year	(37,599,721)	(12,584,740)	(50,184,461)
Balance at end of year	(839,552,711)	(888,826,995)	(1,728,379,706)
Net carrying amount	**P 18,171,864,862**	**P 12,331,957,700**	**P30,503,822,564**
December 31, 2020			
Cost			
Balance at beginning of year	P 18,299,678,949	P 12,651,605,702	P 30,951,284,651
Additions	359,368,150	296,058,161	655,426,311
Reclassification	-	212,000	212,000
Balance at end of year	18,659,047,099	12,947,875,863	31,606,922,962
Accumulated amortization			
Balance at beginning of year	(735,299,726)	(779,398,455)	(1,514,698,181)
Amortization for the year	(66,653,264)	(96,843,800)	(163,497,064)
Balance at end of year	(801,952,990)	(876,242,255)	(1,678,195,245)
Net carrying amount	P 17,857,094,109	P 12,071,633,608	P 29,928,727,717

	Airport Upfront Fees	Infrastructure	Total
December 31, 2019			
Cost			
Balance at beginning of year	P 17,899,920,545	P 11,165,494,142	P 29,065,414,687
Additions	399,758,404	1,486,111,560	1,885,869,964
Balance at end of year	18,299,678,949	12,651,605,702	30,951,284,651
Accumulated amortization			
Balance at beginning of year	(501,163,876)	(274,937,732)	(776,101,608)
Amortization for the year	(234,135,850)	(504,460,723)	(738,596,573)
Balance at end of year	(735,299,726)	(779,398,455)	(1,514,698,181)
Net carrying amount	P 17,564,379,223	P 11,872,207,247	P 29,436,586,470

Upfront fees include P14,404.6 million bid premium paid by GMCAC to the Philippine Government for the MCIA Project. In addition, the capitalized borrowing costs amounted to P604.1 million and P610.5 million as at December 31, 2021 and 2020, respectively, at a capitalization rate of 4.99% to 9.69% in 2021 and 2020, respectively.

Cost of airport infrastructure pertains mainly to the design and renovation of passenger terminals and development works of the MCIA Project. Additions to airport infrastructure, include, among others, the rehabilitation of the existing T1, construction of the new T2 building, and structural design.

As of December 31, 2021, and 2020, the concession assets not yet available for use amounted to P9,615.9 million and P9,007.9 million, respectively. The breakdown of concession assets not yet available for use are shown below.

	2021	2020
Capacity augmentation	**P 8,412,842,922**	P 7,881,311,850
Fuel hydrant	**979,794,734733**	903,350,447
Link bridge	**223,214,286**	223,214,286
	P 9,615,851,941	P 9,007,876,583

Concession assets not yet available for use are not amortized but tested for impairment as at December 31, 2021 and 2020 in accordance with GMCAC's accounting policy. The recoverable amounts of these were determined based on a value in use calculation using cash flow from financial model approved by the management covering the remaining life of the concession of 18 and 19 years in 2021 and 2020, respectively.

The pre-tax discount rate applied to cash flow projections is 10.0% and 12.3% as of December 31, 2021 and 2020. As a result of this analysis, management assessed the no impairment loss is required to be recognized on the Group's concession assets in 2021, 2020 and 2019.

14. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of December 31, 2021 and 2020 are shown below.

	Land	Building	Precast Factory	Office Furniture, Fixture and Equipment	Transportation Equipment	Precast and Construction Equipment	Construction in Progress [as Restated - see Note 2.1(d)]	Right of Use Assets (See Note 16)	Total
December 31, 2021									
Cost	P 994,081,255	P 507,066,792	P 941,719,545	P 950,957,136	P 938,470,789	P 7,921,789,256	P 749,563,344	P 1,034,765,485	P14,038,413,602
Accumulated depreciation	-	(169,052,251)	(362,704,584)	(797,714,371)	(659,693,534)	(4,482,579,201)	-	(399,802,319)	(6,871,546,260)
Net carrying amount	**P 994,081,255**	**P 338,014,541**	**P 579,014,961**	**P 153,242,765**	**P 278,777,255**	**P 3,439,210,055**	**P 749,563,344**	**P 634,963,166**	**P 7,166,867,342**
December 31, 2020 - As restated (see Note 2)									
Cost	P 994,061,255	P 499,811,749	P 683,560,326	P 814,391,979	P 881,408,747	P 7,748,453,297	P 396,213,893	P 849,731,333	P12,867,632,579
Accumulated depreciation	-	(127,375,631)	(276,713,333)	(574,332,343)	(582,525,580)	(3,825,473,738)	-	(241,350,359)	(5,627,770,984)
Net carrying amount	P 994,061,255	P 372,436,118	P 406,846,993	P 240,059,636	P 298,883,167	P 3,922,979,559	P 396,213,893	P 608,380,974	P 7,239,861,595
January 1, 2020 - As restated (see Note 2)									
Cost	P 989,509,286	P 481,860,502	P 675,212,912	P 722,955,234	P 813,691,664	P 7,584,937,751	P 122,788,659	P 701,317,660	P 12,092,273,668
Accumulated depreciation	-	(88,688,776)	(221,638,815)	(353,045,181)	(493,990,199)	(3,178,005,199)	-	(132,873,188)	(4,468,241,549)
Net carrying amount	P 989,509,286	P 393,171,726	P 453,574,097	P 369,910,053	P 319,701,465	P 4,406,932,361	P 122,788,659	P 568,444,472	P 7,624,032,119

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of 2021, 2020, and 2019 is shown below.

	Land	Building	Precast Factory	Office Furniture, Fixture and Equipment	Transportation Equipment	Precast and Construction Equipment	Construction in Progress	Right of Use Asset (See Note 16)	Total
Balance at January 1, 2021, net of accumulated depreciation									
As previously reported	P 994,061,255	P 372,436,118	P 406,846,993	P 240,059,636	P 298,883,167	P 3,922,979,559	P 653,700,622	P 568,444,472	P 7,497,348,324
Restatement (Note 2)	-	-	-	-	-	-	(257,486,729)	-	(257,486,729)
As restated	P 994,061,255	P 372,436,118	P 406,846,993	P 240,059,636	P 298,883,167	P 3,922,979,559	P 396,213,893	P 608,380,974	P 7,239,861,595
Additions	20,000	7,255,043	67,614,416	137,116,782	107,848,715	151,313,091	619,846,870	187,575,152	1,278,590,069
Disposal	-	-	-	(396,854)	(29,045,197)	(18,287,460)	(13,147,930)	(926,423)	(61,803,864)
Reclassification	-	-	190,544,803	-	-	62,804,686	(253,349,489)	-	-
Depreciation charges for the year	-	(41,676,620)	(85,991,251)	(223,536,801)	(98,909,166)	(679,599,819)	-	(160,066,537)	(1,289,780,458)
Balance at December 31, 2021, net of accumulated depreciation	**P 994,081,255**	**P 338,014,541**	**P 579,014,961**	**P153,242,765**	**P 278,777,255**	**P 3,439,210,055**	**P 749,563,344**	**P 634,963,166**	**P7,166,867,342**
Balance at January 1, 2020, net of accumulated depreciation									
As previously reported	P 989,509,286	P393,171,726	P 453,574,097	P 369,910,053	P 319,701,465	P 4,406,932,361	P 164,766,976	P 568,444,472	P 7,666,010,436
Restatement (Note 2)	-	-	-	-	-	-	(41,978,317)	-	(41,978,317)
As restated	P 989,509,286	P 393,171,726	P 453,574,097	P 369,910,053	P 319,701,465	P 4,406,932,361	P 122,788,659	P 568,444,472	P 7,624,032,119
Additions	4,551,969	17,951,247	15,799,464	90,988,975	71,748,419	190,208,703	257,424,593	157,183,969	805,857,339
Disposal	-	-	-	(107,288)	(47,849)	(1,095,170)	-	(1,236,705)	(2,487,012)
Reclassification due to CIP Reversal	-	-	(9,021,062)	1,743,112	(3,803,589)	5,399,725	16,000,641	(10,530,827)	(212,000)
Depreciation charges for the year	-	(38,686,855)	(53,505,506)	(222,475,216)	(88,715,279)	(678,466,060)	-	(105,479,935)	(1,187,328,851)
Balance at December 31, 2020, net of accumulated depreciation	P 994,061,255	P372,436,118	P 406,846,993	P 240,059,636	P 298,883,167	P 3,922,979,559	P 396,213,893	P 608,380,974	P 7,239,861,595
Balance at January 1, 2019, net of accumulated depreciation									
As previously reported	P 703,175,409	P204,857,408	P 383,801,073	P299,147,986	P 247,832,325	P 3,204,229,722	P 150,907,111	P -	P5,193,951,034
Restatement (Note 2)	-	-	-	-	-	-	(41,978,317)	-	(41,978,317)
As restated	703,175,409	204,857,408	383,801,073	299,147,986	247,832,325	3,204,229,722	108,928,794	-	5,151,972,717
Effect of adoption of PFRS 16	-	-	-	-	(43,014,177)	(134,891,630)	-	212,183,448	34,277,641
Additions	349,499,888	97,057,738	70,436,606	191,991,957	194,719,927	2,019,643,231	130,701,894	424,531,514	3,478,582,755
Disposal	(63,166,011)	(6,490,029)	-	(72,694)	(339,847)	(12,455,765)	-		(82,524,346)
Reclassification due to CIP Reversal	-	118,386,041	42,559,334	(20,241,007)	970,651	(22,568,848)	(116,842,029)	-	2,264,142
Depreciation charges for the year	-	(20,639,432)	(43,222,916)	(100,916,189)	(80,467,414)	(647,024,349)	-	(68,270,490)	(960,540,790)
Balance at December 31, 2019, net of accumulated depreciation	P 989,509,286	P393,171,726	P 453,574,097	P369,910,053	P 319,701,465	P 4,406,932,361	P 122,788,659	P 568,444,472	P7,624,032,119

Construction in progress pertains to accumulated costs incurred in constructing a new precast warehouse, workers' barracks and logistics department facility which are located in Taytay, Rizal.

In 2021, 2020 and 2019, certain property, plant and equipment were sold for P89.5 million, P4.3 million and P92.1 million, respectively. As a result, the Group recognized gains amounting to P24.3 million, P1.9 million, and P9.6 million in 2021, 2020 and 2019, respectively, and are presented as Gain (loss) on disposals of property and equipment as part of Others – net under Other Income (Charges) account in the consolidated statements of income (see Note 25.3).

As of December 31, 2021 and 2020, the gross carrying amounts of the Group's fully depreciated property, plant and equipment that are still in use are P1,131.9 million and P708.6 million, respectively. The Group has no idle properties in any of the years presented.

Depreciation expense is charged to the following accounts in the consolidated statements of income:

	Notes	**2021**	2020	2019
Contract costs	22.1	**P 1,006,018,603**	P 924,021,681	P 773,562,002
Cost of landport operations	22.3	**105,768,446**	104,800,106	56,627,495
Other operating expenses	23	**177,993,409**	158,507,064	130,351,293
		P 1,289,780,458	P 1,187,328,851	P 960,540,790

15. INVESTMENT PROPERTIES

The gross carrying amounts and the accumulated depreciation of investment properties at the beginning and end of the reporting periods are shown below.

	Land	**Commercial Area**	**Construction in Progress**	**Total**
December 31, 2021				
Cost	P 530,896,780	P 3,930,968,749	P 145,743,580	P 4,607,609,109
Accumulated depreciation	-	(114,265,295)	-	(114,265,295)
Net carrying amount	**P 530,896,780**	**P 3,816,703,454**	**P 145,743,580**	**P 4,493,343,814**
December 31, 2020 – As Restated (see Note 2)				
Cost	P 502,509,171	P 3,724,304,346	P 257,486,729	P 4,484,300,246
Accumulated depreciation	-	(105,919,152)	-	(105,919,152)
Net carrying amount	P 502,509,171	P 3,618,385,194	P 257,486,729	P 4,378,381,094
December 31, 2019 – As Restated (see Note 2)				
Cost	P 462,416,110	P 3,767,853,349	P 41,978,317	P 4,272,247,776
Accumulated depreciation	-	(43,549,003)	-	(43,549,003)
Net carrying amount	P 462,416,110	P 3,724,304,346	P 41,978,317	P 4,228,698,773

A reconciliation of the carrying amounts of investment property at the beginning and end of the reporting periods is shown below.

	Land	Commercial Area	Construction in Progress	Total
Balance as of January 1, 2021, net of accumulated depreciation and amortization				
As previously reported	P 502,509,171	P 3,618,385,194	P -	P 4,120,894,365
Restatement (Note 2)	-	-	257,486,729	257,486,729
As restated	502,509,171	3,618,385,194	257,486,729	4,378,381,094
Additions	28,387,609	55,096,826	145,743,580	229,228,015
Reclassifications	-	257,486,729	(257,486,729)	-
Depreciation and amortization	-	(114,265,295)	-	(114,265,295)
Balance at December 31, 2021	**P 530,896,780**	**P 3,816,703,454**	**P 145,743,580**	**P 4,493,343,814**
Balance as of January 1, 2020, net of accumulated depreciation and amortization				
As previously reported	P 462,416,110	P 3,724,304,346	P -	P 4,186,720,456
Restatement (Note 2)	-	-	41,978,317	41,978,317
As restated	462,416,110	3,724,304,346	41,978,317	4,228,698,773
Additions	40,093,061	-	215,508,412	255,601,473
Depreciation and amortization	-	(105,919,152)	-	(105,919,152)
Balance at December 31, 2020	P 502,509,171	P 3,618,385,194	P 257,486,729	P 4,378,381,094
Balance as of January 1, 2019, net of accumulated depreciation and amortization				
As previously reported	P 437,755,175	P 3,322,105,588	P -	P 3,759,860,763
Restatement (Note 2)	-	-	41,978,317	41,978,317
As restated	437,755,175	3,322,105,588	41,978,317	3,801,839,080
Additions	24,660,935	445,747,761	-	470,408,696
Depreciation and amortization	-	(43,549,003)	-	(43,549,003)
Balance at December 31, 2019	P 462,416,110	P 3,724,304,346	P 41,978,317	P 4,228,698,773

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 P530.9 million and P502.5 million as of December 31, 2021 and 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. The fair value these assets for 2021 and 2020 amounts to P1,897.9 million and P1,869.5 million, respectively (see Note 33.6).

As discussed in Note 3.1(l), MWMTI was granted an exclusive right and obligation under the Concession Agreement. Relative to the arrangement, MWMTI incurred costs necessary to construct the facility. The separately identifiable accumulated costs incurred in the development of the PITX Project are allocated based on development and implementation plan for the landport and commercial areas. Any change in the allocation arising from the necessary revisions in the implementation plan is accounted for prospectively in the consolidated financial statements. The Group determined that the component with respect to commercial area of PITX Project is not within the scope of Philippine Interpretation of IFRIC 12, and therefore shall be accounted for using the applicable accounting standard based on the purpose and current use of the assets; hence, were recognized under PAS 40, as these assets are held to earn rentals.

The allocation of cost as of the end of the reporting periods are as follows:

	2021	2020
Landport area (see Note 9)	**P 510,141,518**	P 510,141,518
Commercial area	**3,769,109,913**	3,828,278,382
	P4,279,251,431	P4,338,419,900

Costs incurred for the landport area are presented as unbilled receivables under Contract Assets account in the consolidated statements of financial position (see Note 9). Unbilled receivable is recognized to the extent of actual cost incurred for the period. Meanwhile, costs incurred for the commercial area are presented as part of Investment Properties in the consolidated statements of financial position.

In March 2019, the Group started to depreciate the investment property using straight-line method as the asset is already readily available for its intended use. Depreciation is computed over the concession period of 33 years.

Rental revenues recognized in 2021, 2020 and 2019 amounted to P715.0 million, P900.8 million and P528.7 million, respectively, and are presented as part of Landport Operations account under the Revenues section of the consolidated statements of comprehensive income (see Note 21.3). Depreciation charges substantially represent the direct costs in leasing these properties. Other operating costs in leasing these properties include Real property taxes amounting to P119.4 million, P128.9 million, and P39.0 million in 2021, 2020, and 2019, respectively, and Repairs and maintenance amounting to P14.7 million, P2.4 million, and P5.2 million in 2021, 2020, and 2019, respectively. Real property taxes is included as part of Taxes and licenses while Repairs and maintenance is presented under Repairs and maintenance account in the consolidated statements of comprehensive income(see Note 23).

As of December 31, 2021 and 2020, the fair value of the Commercial area amounted to P3,816.7 million and P3,618.4 million, respectively.

16. 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 insure 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 consolidated statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Number of average remaining lease term	Number of leases with extension options	Number of leases with options to purchase	Number of leases with termination options
2021:						
Transportation equipment	186	1 – 5 years	3 years	-	49	-
Precast and construction equipment	168	1 – 5 years	4 years	-	54	-
Parcel of land	1	4 years	4 years	-	-	-
2020						
Transportation equipment	162	1 – 5 years	3 years	-	49	-
Precast and construction equipment	164	2 – 5 years	5 years	-	54	-

16.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets (see Note 14) as at December 31, 2021, 2020, and 2019 and the movements during the period are shown below.

	Land	Precast and Construction Equipment	Transportation Equipment	Total
Balance as of January 1, 2021	P -	P 440,424,375	P 167,956,599	P 608,380,974
Additions	67,963,753	118,058,865	1,552,534	187,575,152
Disposals	-	-	(926,423)	(926,423)
Depreciation and amortization	(16,990,938)	(101,629,143)	(41,446,456)	(160,066,537)
Balance at December 31, 2021	**P 50,972,815**	**P 456,854,097**	**P 127,136,254**	**P 634,963,166**
Balance as of January 1, 2020	P -	P 376,631,729	P 191,812,743	P 568,444,472
Additions	-	121,647,009	35,536,960	157,183,969
Disposals	-	-	(1,236,705)	(1,236,705)
Reclassifications	-	(6,727,238)	(3,803,589)	(10,530,827)
Depreciation and amortization	-	(51,127,125)	(54,352,810)	(105,479,935)
Balance at December 31, 2020	P -	P 440,424,375	P 167,956,599	P 608,380,974
Balance as of January 1, 2019	P -	P 134,891,630	P 77,291,818	P 212,183,448
Additions	-	272,329,885	152,201,629	424,531,514
Depreciation and amortization	-	(30,859,786)	(37,680,704)	(68,270,490)
Balance at December 31, 2019	P -	P 376,631,729	P 191,812,743	P 568,444,472

In 2021 and 2020, ownership of certain transportation equipment was transferred to an employee of the Company amounting to P1.2 million and P0.9 million, respectively.

16.2 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as part of Interest-bearing Loans and Borrowings (see Note 18) as at December 31, 2021 and 2020 as follows:

	2021	2020
Current	**P 219,483,607**	P 195,172,595
Non-current	**246,214,092**	337,495,382
	P 465,697,699	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 December 31, 2021, and 2020, the Group has not committed to any leases which had not commenced.

16.3 Lease Payments Not Recognized as Liabilities

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

The expenses pertaining to short-term leases and low-value assets amounted to P57.0 million, P30.1 million and P47.4 million in 2021, 2020 and 2019, respectively, and is presented as Rentals as part of Administrative expenses under Other Operating Expenses (Income) in the consolidated statements of income (see Note 23).

16.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P254.5 million, P98.9 million and P142.4 million in 2021, 2020 and 2019, respectively, and is presented as part of Repayment of interest-bearing loans and borrowings in the statement of cash flows. Interest expense in relation to lease liabilities amounted to P45.4 million, P36.1 million and P22.1 million in 2021, 2020 and 2019, respectively, and is presented as part of Finance costs under Finance Income (Costs) in the consolidated statements of income (see Note 25.1).

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities at December 31, 2021, 2020 and 2019 is as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
December 31, 2021						
Lease payments	P 248,374,420	P 169,959,559	P 84,711,884	P 8,765,243	P -	P 511,811,106
Finance charges	(28,890,813)	(13,514,723)	(3,494,320)	(213,551)	-	(46,113,407)
Net present value	**P 219,483,607**	**P 156,444,836**	**P 81,217,564**	**P 8,551,692**	**P -**	**P 465,697,699**
December 31, 2020						
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
December 31, 2019						
Lease payments	P 173,754,977	P 154,811,019	P 118,511,190	P 71,505,203	P 33,525,354	P 552,107,743
Finance charges	(34,311,321)	(23,107,246)	(13,427,038)	(6,162,507)	(748,928)	(77,757,040)
Net present value	P 139,443,656	P 131,703,773	P 105,084,152	P 65,342,696	P 32,776,372	P 474,350,703

17. TRADE AND OTHER PAYABLES

This account consists of the following:

	Notes	**2021**	2020
Trade payables		**P 5,036,078,936**	P 4,002,239,479
Retention payable		**2,180,081,529**	2,195,156,203
Accrued expenses		**506,190,339**	749,582,769
Security deposits	20	**235,216,916**	119,723,716
Interest payable	18	**195,323,314**	920,315,247
Derivative liability	7	**54,872,973**	121,895,954
Due to related parties	28.4	**328,685,322**	20,000,000
Others		**80,266,018**	163,037,855
		P 8,616,715,347	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.

Others include accrued salaries and other non-trade payables.

18. INTEREST-BEARING LOANS AND BORROWINGS

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

	Notes	**2021**	2020
Current:			
Bank loans	18.2, 29.4	**P 14,504,602,415**	P 12,915,285,156
Lease liabilities	16.2	**219,483,607**	195,172,595
Notes payable	18.1, 29.4	**56,000,000**	20,000,000
		14,780,086,022	13,130,457,751
Non-current:			
Bank loans	18.2, 29.4	**28,961,405,146**	26,881,620,942
Notes payable	18.1, 29.4	**5,513,791,232**	5,570,791,232
Lease liabilities	16.2	**246,214,092**	337,495,382
		34,721,410,470	32,789,907,556
		P 49,501,496,492	P 45,920,365,307

The total unpaid interest from the foregoing interest-bearing loans and borrowings as of December 31, 2021 and 2020 amounted to P195.3 million and P920.3 million, respectively, and is presented as Interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

18.1 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:

1) 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;
2) make any material change in the nature of its business from that being carried on as of the signing date;
3) 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;
4) amend its articles of incorporation and/or by-laws except as required by law or unless prior consent was obtained from the bank;
5) 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;
6) sell, assign, lease, transfer, and/or dispose all or substantially all of its properties;
7) assign, transfer or otherwise convey any right to receive any of its income or revenues;
8) voluntarily suspend its business operations in a manner that will result in a material adverse effect;
9) 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;
10) permit its financial debt to equity ratio to exceed 2:1; and,
11) voluntarily prepay any indebtedness.

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

Tranche A and B has matured already, leaving Tranche C outstanding, with a carrying value of P69.8 million and P70.8 million, respectively, as at December 31, 2021 and 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	5.50%
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:

1) 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;
2) Amendment of articles of incorporation and by-laws which would cause a material adverse effect or except when prior consent is obtained from the bank;
3) 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;
4) Sale of asset, transfer or dispose of all or substantially all of its properties and assets except in the ordinary course of business;
5) 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;
6) 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;
7) Make a capital expenditure not in the ordinary course of business;
8) 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;
9) 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;
10) 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;
11) 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,
12) 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 P1,900.0 million and P1,920.0 million as at December 31, 2021 and 2020, respectively.

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

(c) 2020 Various Notes Facility.

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

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the 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 Parent Company has to maintain a debt-to-equity ratio of not more than 2.33 and a debt service coverage ratio of at least 1.10. Debt pertains to all interest-bearing loans and borrowing.

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

1) 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;
2) make any material change in the nature of its business from that being carried on as of the signing date;
3) 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;
4) amend its articles of incorporation and/or by-laws except as required by law or where prior consent is obtained from the bank;
5) 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.;
6) sell, assign, lease, transfer, and/or dispose all or substantially all of its properties;
7) assign, transfer or otherwise convey any right to receive any of its income or revenues;

8) 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).
9) voluntarily suspend its business operations in a manner that will result in a material adverse effect;
10) 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 December 31, 2021 and 2020.

As of December 31, 2021 and 2020, the carrying amount of all the corporate notes are P5,569.8 million and P5,590.8 million, respectively.

The total interest on these notes payable amounted to P328.5 million, P338.1 million and P304.8 million in 2021, 2020 and 2019, respectively, and is presented as part of Interest expense from notes payable under Finance Costs account (see Note 25.1). Unpaid interest as of December 31, 2021 and 2020 amounting to P31.3 million is presented as part of Interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

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

18.2 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;
- 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.

The carrying value of the Project receivables as of December 31, 2021 and 2020 amounted to P699.6 million and P570.2 million, respectively, net of allowance for ECL amounting to P4.9 million and P6.1 million as of December 31, 2021 and 2020, respectively. These are non-interest bearing and generally on a 30 to 60-day credit terms.

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. As of December 31, 2021 and 2020, the carrying amount of the assets pledged, in the form of a trust fund investment, as collateral amounted to P163.5 million and P401.5 million, respectively (see Note 12.6). These are composed of dollar deposit accounts which earns interest of 0.5% to 1.6% in 2021, 2020 and 2019 and peso deposit accounts which earns interest of .5% to 6.5% in 2021, 2020 and 2019.

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 GMCAC has debt-to-equity ratio of 67:33 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. As there is no event of default yet based on the terms of the loan, the outstanding balance was not yet considered due and demandable [see Note 18.2(d)].

Pursuant to Schedule V of the OLSA, GMCAC has principal and interest payable due on December 15, 2020, with the principal payable equivalent to 1% of total loan and with the interest accrued payable covering the period from June 16, 2020 to December 15, 2020. On December 11, 2020, GMCAC requested from the Lenders through a formal letter request, for the deferment of the principal and interest that will fall due on December 15, 2020 to February 15, 2021. On December 15, 2020, GMCAC received a reply from the Lenders unanimously approving the deferment for principal and interest, of which interest on the outstanding principal shall continue to accrue until February 15, 2021, as if such date were an interest payment date.

On a letter dated February 14, 2021, GMCAC requested for further extension of payment date from February 15, 2021 to March 31, 2021. Interest on the outstanding principal shall continue to accrue until March 31, 2021, as if such date were an interest payment date and the current interest period shall be extended, and the succeeding interest period shall be shortened accordingly. The Lenders approved the request on February 15, 2021.

GMCAC has availed of certain reliefs and renegotiated the terms of its existing loan agreements with its lenders. As a result, 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:

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

  The remaining 0.50% 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. As at December 31, 2021 and 2020, GMCAC was able to comply with the required debt to equity ratio;

- Debt service 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 recovery 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.

The modifications in the contractual cash flows are not substantial and therefore did not result in the derecognition of the affected financial liabilities. Total modification gain recognized a result of these modifications amounted to P207.8 million and is presented under Other Income (Charges) - net account in the 2021 consolidated statement of income (see Note 25.3).

As of December 31, 2021, GMCAC has unamortized premium on long-term debt amounting to P1.1 billion arising from the modification of terms. The amount is the result of recognizing the new carrying amount of the long-term debt based on the present value of the modified contractual cash flows discounted at the original effective interest rate. The premium on long-term debt is attributable to the deferred interests payable by GMCAC on June 15, 2023 and December 15, 2023 under the Second Amendment Agreement which formed part of the new carrying amount of the long-term debt under the modified terms.

Debt issuance costs incurred in relation to the amendment of the terms of the OLSA amounting to P22.8 million was recognized and formed part of the new carrying amount of the loans.

The movements of debt issuance costs relating to drawn amounts follows:

	2021	2020
Balance at the beginning of the year	**P 240,664,623**	P 266,359,488
Additional debt issuance costs	**22,795,530**	-
Amortization during the year	**(35,395,100)**	(25,694,865)
Balance at the end of the year	**P 228,065,053**	P 240,664,623

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 December 31, 2021 and 2020, GMCAC recognized P54.9 million and P121.9 million derivative liability arising from this interest rate swap transaction.

Total interest on these loans recognized as expense, including the amortization of debt issue costs, amounted to P1,059.0 million, P1,050.7 million and P946.2 million in 2021, 2020 and 2019, respectively, and is presented as part of Interest expense from bank loans under Finance costs under Other Income (Charges) account in the consolidated statements of income (see Note 25.1). Total accrued interest amounting to P97.7 million and P834.1 million as of December 31, 2021 and 2020, respectively, is presented as part of Interest payable under Trade and Other Payables in the consolidated statements of financial position (see Note 17). Capitalized borrowings amounted to P604.1 million and P610.5 million as at December 31, 2021 and 2020, respectively, at a capitalization rate of 4.99% to 9.69% in 2021 and 2020, respectively (see Note 13).

(b) OLSA for PITX project

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

In 2017, MWMTI made its first drawdown amounting to P825.0 million while the remaining loan facility was fully drawn in 2019 in tranches amounting to P3,075.0 million. The loan principal shall be amortized quarterly over 15 years and the first principal repayment is due on January 16, 2021. The interest-bearing loan is secured by the Joint Venturers and bears annual interest of 3.55%, 4.62%, and 6.89% in 2021, 2020, and 2019, 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.

In 2019, MWMTI exceeded the agreed debt-to-equity ratio and had lower than the stated debt service coverage ratio. Prior to December 31, 2019, MWMTI requested for the financial covenants not to be enforced during the grace period of 36 months from the initial drawdown date of the loan or from 2017, which was confirmed by one of the Bank's officers. MWMTI was also able to increase its credit line and drawdown and has been up to date in servicing of its loan. In addition, it has not received any written notice from the bank that the loan is already due and demandable, as required in the loan agreement to classify the loan as current as of the date of the issuance of the 2019 consolidated financial statements. Hence the loan was classified as non-current as of December 31, 2019. In 2021 and 2020, MWMTI has already complied with affirmative and negative covenants indicated in the OLSA.

Total interest expense on these loans, including the amortization of debt issue costs, amounted to P138.4 million and P173.5 million in 2021 and 2020, respectively, and is presented as part of Interest expense from bank loans under Finance costs under Other Income (Charges) account in the 2021 and 2020 consolidated statements of income (see Note 25.1). Total accrued interest amounting to P17.3 million and P17.5 million as of December 31, 2021 and 2020, respectively, is presented as part of Interest payable under Trade and Other Payables in the consolidated statements of financial position (see Note 17).

The total carrying value of bank loans of MWMTI as of December 31, 2021 and 2020 amounting to P117.0 million and P3,724.5 million, and P59.0 million and P3,841.5 million are presented under the current and non-current portion, respectively, of bank loans.

(c) Other Bank Loans

In addition, the Group also obtained various bank loans with total outstanding balance of P14,504.6 million and P12,915.3 million as of December 31, 2021 and 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, and 5.13% to 7.0% in 2019. Total interest on these bank loans amounted to P635.4 million, P624.4 million and P629.9 million in 2021, 2020 and 2019, respectively, and is presented as part of Interest expense from bank loans under Finance costs under Other Income (Charges) account in the consolidated statements of income (see Note 25.1). The unpaid portion of these interest amounted to P49.0 million and P37.4 million as of December 31, 2021 and 2020, respectively, and is presented as part of Interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

(d) Finance Cost, Events of Default and Covenant Compliance

Total interest on interest bearing loans and borrowings amounted to P2,161.4 million, P2,186.6 million and P2,000.9 million in 2021, 2020 and 2019, respectively, and is presented as Interest expense from bank loans and notes payable under Finance Costs account in the statements of income (see Note 25.1). Unpaid interest as of December 31, 2021 and 2020 amounting to P31.3 million and is presented as Interest payable under Trade and Other Payables account in the statements of financial position (see Note 17).

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, the Group retained its loan as non-current, due to on-going negotiation with their syndicated loan with the banks as of December 31, 2020. As there is no event of default yet based on the terms of the loan as discussed in the succeeding paragraphs, the outstanding balance was not yet considered due and demandable. Such negotiation was finalized in May 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.

19. CONTRACT LIABILITIES

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

	2021	2020
Balance at beginning of year	**P 4,593,930,101**	P 4,931,269,957
Increase due to billings excluding amount recognized as revenue during the year	**3,000,814,182**	1,604,069,732
Revenue recognized that was included in contract liability at the beginning of the year	**(1,955,644,394)**	(2,049,952,403)
Effect of financing component	**120,291,431**	108,542,815
Balance at end of year	**P 5,759,391,320**	P 4,593,930,101

These are presented and classified in the consolidated statements of financial position as at December 31 as follows:

	2021	2020 [As Restated – see Note 2.1(d)]
Current	**P 3,703,189,013**	P2,115,256,611
Non-current	**2,056,202,307**	2,478,673,490
	P 5,759,391,320	P 4,593,930,101

20. OTHER LIABILITIES

The details of this account are as follows:

	2021	2020
Current:		
Deferred output VAT	**P 139,255,223**	P 82,996,745
Withholding taxes	**67,137,365**	54,023,865
Government liabilities	**30,641,077**	71,118,450
Deferred revenue	**28,212,830**	13,284,012
Others	**612,841**	-
	P 265,859,336	P 221,423,072
Non-current:		
Security deposits	**P 471,258,850**	P 464,587,591
Unearned rent income	**188,314,260**	187,038,088
	P 659,573,110	P 651,625,679

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.

As of December 31, 2021 and 2020, security deposits pertains mainly to the amounts received from lessees in relation to GMCAC's airport operations. In 2019, the Group received additional security deposits upon full operations of MWMTI's PITX. These deposits on lease agreements will be refunded at the end of the lease terms, which ranges from one to eight years. The resulting day one gain amounting to P0.05 million in 2021 and P79.1 million in 2019 (nil in 2020) are presented as part of Finance Income in statements of comprehensive income (see Note 25.2).

Interest expense, arising from the unwinding of discount on these deposits, amounted to P10.1 million, P40.7 million, and P2.2 million in 2021, 2020, and 2019, respectively, is presented as accretion of security deposits under Finance Costs in the statements of comprehensive income (see Note 25.1).

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

21. REVENUES

When the Group prepares its investor presentations and when the Group's Executive Committee evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Notes 2.13 and 4.

The Group determines that the categories used in the investor presentations and financial reports used by the Group's management can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, 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
2021:						
Construction operations	21.1					
Contract revenues		P -	P 13,334,034,527	P -	P13,334,034,527	P 13,334,034,527
Sale of precast		-	616,053,269	616,053,269	-	616,053,269
Sale of ready mix concrete		-	170,512,543	170,512,543	-	170,512,543
Equipment rental		-	208,863,240	208,863,240	-	208,863,240
		-	14,329,463,579	995,429,052	13,334,034,527	14,329,463,579
Airport operations:	21.2					
Aeronautical revenues		-	190,468,401	190,468,401	-	190,468,401
Aero related revenues		-	77,785,429	77,785,429	-	77,785,429
Non-aero related revenues		-	307,788,731	307,788,731	-	307,788,731
		-	576,042,561	576,042,561	-	576,042,561
Landport operations	21.3					
Rental revenue – effect of straight-line method		-	586,711,216	-	586,711,216	586,711,216
Rental revenue – per contract		-	128,328,244	-	128,328,244	128,328,244
		-	715,039,460	-	715,039,460	715,039,460
Trading operations:	21.4					
Food revenues		21,540,063	-	21,540,063	-	21,540,063
Non-food revenues		1,885,451	-	1,885,451	-	1,885,451
		23,425,514	-	23,425,514	-	23,425,514
		P 23,425,514	**P 15,620,545,600**	**P1,594,897,127**	**P14,049,073,987**	**P 15,643,971,114**
2020:						
Construction operations	21.1					
Contract revenues		P -	P 10,424,370,239	P -	P10,424,370,239	P 10,424,370,239
Sale of precast		-	328,824,112	328,824,112	-	328,824,112
Sale of ready mix concrete		-	15,546,847	15,546,847	-	15,546,847
Equipment rental		-	73,458,747	73,458,747	-	73,458,747
		-	10,824,199,945	417,829,706	10,423,370,239	10,842,199,945
Airport operations:	21.2					
Aeronautical revenues		-	487,465,797	487,465,797	-	487,465,797
Aero related revenues		-	131,628,599	131,628,599	-	131,628,599
Non-aero related revenues		-	489,573,319	489,573,319	-	489,573,319
		-	1,108,667,715	1,108,667,715	-	1,108,667,715
Landport operations	21.3					
Rental revenue – effect of straight-line method		-	141,759,518	-	141,759,518	141,759,518
Rental revenue – per contract		-	759,069,445	-	759,069,445	759,069,445
Construction revenue		-	1,585,000	-	1,585,000	1,585,000
		-	902,413,963	-	902,413,963	902,413,963
Trading operations:	21.4					
Food revenues		40,763,655	-	40,763,655	-	40,763,655
Non-food revenues		29,181,187	-	29,181,187	-	29,181,187
		69,944,842	-	69,944,842	-	69,944,842
		P 69,944,842	P 12,853,281,623	P 1,596,442,263	P 11,326,784,202	P 12,923,226,465

	Notes	Point in time	Over time	Short-term	Long-term	Total
2019:						
Construction operations	21.1					
Contract revenues		P -	P 14,401,891,771	P -	P14,401,891,771	P 14,401,891,771
Sale of precast		-	690,145,856	690,145,856	-	690,145,856
Sale of ready mix concrete		48,707,959	-	48,707,959	-	48,707,959
Equipment rental		-	168,323,797	168,323,797	-	168,323,797
		48,707,959	15,260,361,424	907,177,612	14,401,891,771	15,309,069,383
Airport operations:	21.2					
Aeronautical revenues		-	2,017,492,164	2,017,492,164	-	2,017,492,164
Aero related revenues		-	433,345,599	433,345,599	-	433,345,599
Non-aero related revenues		-	1,240,274,696	1,240,274,696	-	1,240,274,696
		-	3,691,112,459	3,691,112,459	-	3,691,112,459
Landport operations	21.3					
Rental revenue – effect of straight-line method		-	382,476,437	-	382,476,437	382,476,437
Rental revenue – per contract		-	146,237,035	-	146,237,035	146,237,035
Construction revenue		-	26,688,355	-	26,688,355	26,688,355
		-	555,401,827	-	555,401,827	555,401,827
Trading operations:	21.4					
Food revenues		143,559,337	-	143,559,337	-	143,559,337
Non-food revenues		112,473,557	-	112,473,557	-	112,473,557
Consignment		70,188,285	-	70,188,285	-	70,188,285
		326,221,179	-	326,221,179	-	361,221,179
		P 374,929,138	P19,506,875,710	P4,924,511,250	P14,957.293,598	P 19,881,804,848

21.1 Construction Operation Revenues

The details of this account for the years ended December 31, 2021, 2020 and 2019 are composed of the revenues from:

	2021	2020	2019
Contracts in progress	**P 12,413,132,561**	P 9,821,566,592	P 15,140,197,972
Completed contracts	**1,916,331,018**	1,020,633,353	168,871,411
	P 14,329,463,579	P 10,842,199,945	P 15,309,069,383

Approximately 5%, 8%, and 7% of the contract revenues for 2021, 2020 and 2019, respectively, were earned from contracts with an associate and certain related party under common ownership (see Note 28.1).

21.2 Airport Operations Revenues

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

	Note	**2021**	2020	2019
Aeronautical		**P 190,468,401**	P 487,465,797	P2,017,492,164
Concession		**102,599,621**	175,215,890	606,495,158
Rental	29.1	**62,709,047**	140,209,403	514,492,251
Others		**220,265,492**	305,776,625	552,632,886
		P 576,042,561	P 1,108,667,715	P 3,691,112,459

Others include non-aero related services like taxi and bus ticket collection, service charges, advertising license and fees, and the likes.

21.3 Landport Operations Revenue

The PITX Project undertaken by the Group with the DOTr gives the Group the control over the landport area and the right to collect concessionaire revenue. As disclosed in Note 9, contract assets include unbilled receivable in 2019 which pertains to the cost of the landport area which is to be recovered through the Grantor payments.

The construction of the PITX Project was completed in 2019 and the Group has no unsatisfied performance obligations as of December 31, 2021 and 2020.

The details of landport operations revenue for the years ended December 31, 2021, 2020 and 2019 are composed of the revenues from:

	2021	2020	2019
Rental revenue – per contract	**P 586,711,216**	P 759,069,445	P 146,237,035
Rental revenue – effect of straight-line method	**128,328,244**	141,759,518	382,476,437
Construction revenue	**-**	1,585,000	26,688,355
	P 715,039,460	P 902,413,963	P 555,401,827

21.4 Trading Operations Revenue

The details of this account for the years ended December 31 are as follow:

	2021	2020	2019
Sale of food	**P 21,540,063**	P 40,763,655	P 143,559,337
Sale of non-food items	**1,885,451**	29,181,187	112,473,557
Consignment	**-**	-	70,188,285
	P 23,425,514	P 69,944,842	P 326,221,179

22. DIRECT COSTS

22.1 Cost of Construction Operations

The following is the breakdown of this account for the years ended December 31:

	Notes	**2021**	2020	2019
Materials		**P 4,487,949,063**	P 3,589,871,892	P 5,522,579,742
Outside services		**4,367,458,345**	3,183,737,819	4,731,572,291
Salaries and employee benefits	24.1	**1,354,772,256**	1,243,034,290	1,424,719,436
Depreciation	14	**1,006,018,603**	924,021,681	773,562,002
Project overhead		**914,499,809**	452,881,087	839,364,144
	23	**P 12,130,698,076**	P 9,393,546,769	P 13,291,797,615

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.

22.2 Costs of Airport Operations

The following is the breakdown of cost of airport operations:

	Notes		2021		2020		2019
Utilities		**P**	**97,665,013**	P	130,674,364	P	268,586,765
Repairs and maintenance			**64,242,458**		97,065,819		133,298,432
Amortization of concession asset	13		**50,184,461**		163,497,064		738,596,573
Salaries and employee benefits	24.1		**47,843,471**		53,714,354		65,635,177
Insurance			**38,415,345**		33,841,627		33,414,799
Outside services			**31,778,939**		74,646,023		147,038,962
Technical service charge			**14,007,049**		31,219,996		29,567,996
Airport operator's fee			**7,462,095**		14,264,771		47,585,582
Airline collection charges			**7,132,347**		20,278,680		44,826,143
Others			**29,433,412**		15,504,634		28,066,432
		P	**388,164,590**	P	634,707,332	P	1,536,616,861

22.3 Cost of Landport Operations

The following is the breakdown of cost of landport operations:

	Notes		2021		2020		2019
Depreciation and amortization	14, 15	**P**	**220,033,741**	P	210,719,258	P	100,176,498
Terminal costs			**123,478,825**		132,919,417		176,099,593
Construction cost			**-**		1,585,000		26,688,354
Others			**25,961,107**		10,671,844		31,190,581
	23	**P**	**369,473,673**	P	355,895,519	P	334,155,026

22.4 Costs of Trading Operations

The following is the breakdown of cost of airport merchandising operations for the years ended December 31:

	Note		2021		2020		2019
Cost of goods sold:							
Food		**P**	**13,266,924**	P	12,902,173	P	37,059,400
Non-food			**2,702,274**		8,442,905		16,474,013
Consignment			**-**		-		34,367,114
Spoilage and pilferages			**-**		-		348,442
Purchase discounts			**-**		(384,711)		(34,705)
	23	**P**	**15,969,198**	P	20,960,367	P	88,214,264

23. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	**2021**	2020	2019
Materials, supplies				
Outside services		**P 4,567,359,241**	P 3,374,009,996	P 5,273,914,333
and facilities		**4,499,430,238**	3,599,452,974	5,551,240,778
Salaries and employee benefits	24.1	**1,832,333,609**	1,854,709,508	1,991,316,155
Depreciation and amortization	12.5, 13, 14, 15	**1,470,073,791**	1,473,642,618	1,757,625,213
Project overhead		**914,499,809**	452,881,087	866,052,497
Taxes and licenses	15	**360,515,975**	366,303,578	276,163,672
Impairment losses on receivables	6	**204,979,903**	27,289,069	38,591
Utilities		**178,027,932**	192,945,464	363,250,340
Professional fees		**139,906,808**	127,678,354	146,976,840
Repairs and maintenance	15	**103,885,603**	137,452,380	195,120,440
Insurance		**76,437,983**	46,694,512	46,861,446
Rentals	16.3, 28.2, 29.1	**56,957,720**	30,137,601	47,439,832
Representation		**24,939,878**	13,839,364	30,074,308
Travel and transportation		**18,204,673**	28,713,738	48,771,300
Cost of trading operations	22.4	**15,969,198**	20,960,367	88,214,264
Security services		**10,306,007**	4,821,098	3,437,271
Airport operator's fee	22.2, 29.3.1(b)	**7,462,095**	14,264,771	47,585,582
Airline collection charges	22.2	**7,132,347**	20,278,680	44,826,143
Selling expense		**6,208,188**	17,482,839	85,147,602
Advertising		**5,572,743**	9,114,956	56,363,309
Gas and oil		**701,985**	1,040,848	859,601
Miscellaneous		**186,395,487**	127,102,869	156,670,229
		P14,687,301,213	P11,940,816,671	P17,077,949,746

Miscellaneous includes certain construction reworks and warranty cost for certain projects already completed.

These expenses are classified in the consolidated statements of income as follows:

	Note	**2021**	2020	2019
Cost of construction operations	22.1	**P 12,130,698,076**	P9,393,546,769	P13,291,797,615
Costs of airport operations	22.2	**388,164,590**	634,707,332	1,536,616,861
Cost of landport operations	22.3	**369,473,673**	355,895,519	334,155,026
Impairment loss		**204,979,902**	27,289,069	38,591
Costs of airport trading operations	22.4	**15,969,198**	20,960,367	88,214,264
Other operating expenses		**1,578,015,774**	1,508,417,615	1,827,127,389
		P 14,687,301,213	P11,940,816,671	P17,077,949,746

24. SALARIES

24.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Notes	**2021**	2020	2019
Short-term employee benefits		**P 1,780,225,574**	P1,789,849,973	P1,954,902,308
Post-employment benefit	24.2	**52,108,035**	64,859,535	36,413,847
	23	**P 1,832,333,609**	P1,854,709,508	P1,991,316,155

The expenses are allocated in the consolidated statements of income as follows:

	Notes	**2021**	2020	2019
Contract costs	22.1	**P 1,354,772,256**	P1,243,034,290	P1,424,719,436
Costs of airport operations	22.2	**47,843,471**	53,714,354	65,635,177
Other operating expenses		**429,717,882**	557,960,864	500,961,542
	23	**P 1,832,333,609**	P1,854,709,508	P1,991,316,155

24.2 Post-employment Benefit

(a) Characteristics of Defined Benefit Plan

The Group maintains a partially funded and noncontributory post-employment defined benefit plan covering all regular full-time employees. The Group conforms to the minimum regulatory benefit under the R.A. No. 7641, *Retirement Pay Law*, which is of the defined benefit type and provides a retirement benefit in lump sum equal to 22.5-day pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. The normal retirement age is 60 with a minimum of 5 years of credited service.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2021, 2020 and 2019.

The amounts of post-employment DBO in the consolidated statements of financial position are determined as follows:

	2021	2020
Present value of the DBO	**P 304,816,782**	P 348,036,884
Fair value of plan assets	**(4,691,732)**	(4,634,679)
	P 300,125,050	P 343,402,205

The movements in the present value of the DBO are as follows:

	2021	2020
Balance at beginning of year	**P 348,036,884**	P 344,592,331
Current service cost	**55,923,548**	64,859,535
Interest cost	**13,746,478**	17,891,726
Past service cost	**(3,815,513)**	-
Benefits paid directly from book reserve	**-**	(1,785,008)
Remeasurement/actuarial losses (gains) arising from:		
Changes in demographic assumptions	**(90,220,999)**	(3,297,747)
Experience adjustments	**(28,750,969)**	(65,494,335)
Changes in financial assumptions	**9,897,354**	(8,729,618)
Balance at end of year	**P 304,816,783**	P 348,036,884

Actuarial losses arising from experience adjustments pertain to the net effect of differences between previous actuarial assumptions and what actually incurred.

The movements in the fair value of plan assets are presented below.

	2021	2020
Balance at beginning of year	**P 4,634,679**	P 4,384,701
Interest income	**183,070**	228,443
Gain (loss) on plan assets (excluding amounts included in net interest)	**(126,017)**	21,535
Balance at end of year	**P 4,691,732**	P 4,634,679

The plan assets as of December 31, 2021 and 2020 consist mainly of the Unit Investment Trust Fund (UITF) amounting to P4.7 million and P4.6 million, respectively. The Group has 2,070 participation units on UITF managed by the trust department of a certain universal bank [see Note 32.2(c)]. Actual gain or loss on plan assets amounted to P0.1 million loss in 2021 and P0.2 million gain in 2020.

The components of amounts recognized in consolidated income and in the consolidated comprehensive income (loss) in respect of the defined benefit post-employment plan are as follows:

	2021	2020	2019
Recognized in consolidated profit or loss:			
Current and past service cost	**P 52,108,035**	P 64,859,535	P 36,413,847
Net interest expense	**13,563,408**	17,663,283	12,476,374
	P 65,671,443	P 82,522,818	P 48,890,221
Recognized in consolidated other comprehensive income (loss):			
Actuarial gains (losses) arising from:			
Changes in demographic assumptions	**P 90,220,999**	P 3,297,747	P -
Experience adjustments	**28,750,969**	65,494,335	(10,329,077)
Changes in financial assumptions	**(9,897,354)**	8,729,618	(104,497,013)
Return on plan assets (excluding amounts included in net interest)	**(126,017)**	21,535	153,818
	P 108,948,597	P 77,543,235	(P 114,672,272)

Current service costs are included as part of Salaries and employee benefits under Other Operating Expenses account in the consolidated statements of income. The net interest expense is included as part of Finance Costs account in the consolidated statements of income (see Note 25.1).

Amounts recognized in other comprehensive income (loss) are presented under item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment DBO, the following significant actuarial assumptions were used:

	2021	2020	2019
Discount rate	**5.17%**	3.95%	5.20%
Expected return on plan assets	**3.50%**	5.00%	5.00%
Employee turn-over rate	**3.00%**	3.00%	3.00%
Salary increase rate	**6.00%**	4.50%	6.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 24 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Defined Benefit Plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan and if the return on plan asset falls below this rate, it will create a deficit in the plan. As of December 31, 2021 and 2020, the plan has short-term investments managed through UITF.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the post-employment defined benefit plan are described in the next page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment DBO as of December 31:

		Impact on Post-Employment Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2021:			
Discount rate	**+/- 1%**	**(P244,506,021)**	**P 329,543,645**
Salary growth rate	**+/- 1%**	**330,011,003**	**(243,445,519)**
2020:			
Discount rate	+/- 1%	(P 46,651,074)	P 56,964,885
Salary growth rate	+/- 1%	56,040,280	(46,744,083)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the post-employment DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Funding Arrangements and Expected Contributions

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

The Group is not required to pre-fund the future defined benefits payable under the plan assets before they become due. For this reason, the amount and timing of contributions to the plan assets are at the Group's discretion. However, in the event a benefit claim, the shortfall will be due and payable from the Group to the plan assets.

The maturity profile of undiscounted expected benefit payments within 10 years from the end of the reporting periods follows:

	2021	2020
More than 1 year to 5 years	**P 60,165,280**	P 44,463,455
More than 5 years to 10 years	**100,148,370**	109,802,351
	P 160,313,650	P 154,265,806

The weighted average duration of the DBO at the end of the reporting period is 23.1 years.

25. OTHER INCOME (CHARGES)

25.1 Finance Costs

The breakdown of this account in is as follows:

	Notes	2021	2020	2019
Interest expense from:				
Bank loans	18.2	**P 1,832,843,352**	P 1,848,485,140	P 1,696,106,457
Notes payable	18.1	**328,542,199**	338,071,478	304,778,086
Lease liabilities	16.2	**45,382,314**	36,104,890	22,133,682
Accretion of security deposit	20	**10,056,267**	40,688,625	2,164,623
		2,216,824,132	2,263,350,133	2,025,182,848
Finance cost – PFRS 15		**285,376,165**	221,797,799	258,346,364
Foreign currency losses – net		**242,566,530**	-	3,420,967
Bank charges		**51,181,014**	3,933,999	9,501,226
Interest expense on retirement obligation – net	24.2	**13,563,408**	17,663,283	12,476,374
		P 2,809,511,249	P 2,506,745,214	P 2,308,927,779

Finance cost – PFRS 15 pertains to the portion of the transaction price regarded as interest expense due to the significant financing components within contracts [see Notes 2.17 and 3.1(c)]. This is the adjustment to the transaction price due to the time value of money. A contract is considered to have a significant financing component if the timing of payments agreed to by the parties provides the customer or the entity with a significant benefit of financing the transfer of goods or services.

Foreign currency losses - net mainly resulted from the Group's foreign currency-denominated transactions especially its off-shore loan [see Note 18.2(a)].

25.2 Finance Income

The details of finance income are the following:

	Notes	2021	2020	2019
Interest income from:				
Advances to related parties	28.4	**P 441,000,000**	P 433,125,000	P 441,000,000
Cash in banks	5	**23,394,086**	39,741,791	105,406,640
Short-term placements	5	**9,228,276**	18,194,897	5,152,906
Foreign currency gains – net	18.2(a)	**777,747**	203,569,550	137,098,221
Day one gain	20	**516,268**	-	79,180,145
Other finance income		**7,097,520**	145,734	-
		P 482,013,897	P 694,776,972	P 767,837,912

Foreign currency gains – net mainly resulted from the Group's foreign currency-denominated transactions especially its off-shore loan [see Note 18.2(a)].

Day one gain is a result of a discounting the nominal amount of security deposits to its present value at initial recognition of an instrument. Subsequently, this is amortized as interest expense with corresponding credit to the security deposit account. The day one gain in 2021 and 2020 pertains to security deposits collected from leases recorded at amortized cost using effective interest method (see Note 20).

25.3 Others – Net

This consists of the following:

	Notes	2021	2020	2019
Gain on loan modification	18.2(a)	**P 207,829,510**	P -	P -
Common usage service area charges		**109,916,695**	109,477,445	34,506,436
Management and consultancy fee	28.5	**103,280,955**	29,603,415	102,906,182
Unrealized gain (loss) on interest rate swap	7	**78,648,688**	(43,343,700)	(104,842,394)
Equity in net profit (losses)of associates and joint venture	11.1, 11.3	**(67,682,803)**	(30,310,530)	32,674,443
Gain on disposals of property and equipment	14	**24,279,017**	1,874,270	9,603,796
Utility recoveries		**23,450,364**	81,823,643	4,926,560
Income from scrap sales	8	**-**	1,682,895	7,294,766
Penalties and charges		**-**	8,208,087	5,567
Others - net	11.2, 28.2	**167,323,268**	60,733,847	85,396,945
		P 647,045,694	P 219,749,372	P 172,472,301

CUSA pertains to fees charged used to maintain the common areas such as restroom, lobby, and other shared spaces that can be used by all tenants of the building and its customer.

The recognition of CUSA was made by MWMTI by grossing up charges to reflect the income and expense arising from these transactions as management determined that the MWMTI is acting as a principal on transactions.

Income from contract turnover pertain to reimbursements of costs incurred on a contract that has been turn overed to another contractor.

Utility recoveries include aircon repair and maintenance charges which are charged based on leasable area for the month and other such utility recovery billings such as electricity, water, fuel and bioaugmentation.

Management and consultancy fee pertains to fees charged by the Group to its clients for the project management and engineering and design services rendered.

Others – net represent various technical, and management services provided by the Group arising from the execution of its contract with the customers. The amount also includes various other charges arising from settlement agreement with suppliers.

26. TAXES

26.1 Registration with the Board of Investments

On May 29, 2015, the BOI approved the Parent Company's application for registration of its projects as PPP for School Infrastructure Project Phase 2 – Contract Package A pursuant to Build-Lease-Transfer Agreement with the Philippine DepEd on a nonpioneer status under the Omnibus Investment Code of 1987. Under such registration, the Parent Company is entitled of the following incentives:

(a) Income tax holiday (ITH) for a period of four years from May 30, 2015 or actual start of commercial operations, whichever is earlier;

(b) Importation of capital equipment, spare parts and accessories at zero duty for a period of five years from May 30, 2015;

(c) Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment; and,

(d) Employment of foreign nationals which will hold supervisory, technical or advisory positions for five years from May 30, 2015.

On June 13, 2019, the BOI has approved the Parent Company's request for extension of the ITH incentive from May 28, 2019 to February 28, 2021 in relation to its PPP for School Infrastructure Project Phase 2.

On September 22, 2020, the Parent Company filed another request for extension of the ITH incentive with the BOI until February 28, 2022, due to delays in obtaining ownership documents and necessary permits as condition for release of Certificate of Final Acceptance.

On February 22, 2019, the BOI approved the Parent Company's application for registration as New Producer of Housing Components (Hollow Core Precast Pre-Stressed Slab) on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226). As such, the Parent Company is entitled to the following incentives:

(a) ITH for a period of four years from February 2019 or actual start of commercial operations, whichever is earlier;

(b) Importation of capital equipment, spare parts and accessories at zero-duty under Executive Order No. 57 and its Implementing Rules and Regulations:

(c) Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment; and,

(d) Employment of foreign nationals which will hold supervisory, technical or advisory positions for five years from the date of registration.

On June 20, 2016, GMCAC was registered with the BOI as a PPP Project for the GMCAC Phase 2 – Operation and maintenance of Terminal 2 (Phase 2 O&M of T2) under the Concession Agreement with the DOTr and MCIAA as an expansion Project on a Non-pioneer status under the Omnibus Investment Code of 1987 (Executive Order No. 226).

Under the registration, GMCAC is entitled, among others, to ITH incentives for three years from December 2018 and July 2018 for Phase 1 and Phase 2, respectively, or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration. GMCAC has informed the BOI that the actual start of commercial operations of Phase I is on January 1, 2016 for ITH purposes.

Also, GMCAC is entitled to additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed for the first five years from date of registration but not simultaneously with ITH.

GMCAC voluntarily waived the ITH incentive for Phase 2 O&M of T2 for the taxable year 2020. For the period starting January 1, 2021 to June 30, 2021, the end of ITH period, GMCAC filed with the BOI a formal notice of its intention to waive the ITH incentive for Phase 2 O&M of T2 on April 16, 2021. The formal notice was acknowledged as received by the BOI on the same date. GMCAC subjected all revenues and expenses of Phase 2 to RCIT for the year ended December 31, 2021.

26.2 Registration with Clark Freeport Zone

MGCJVI was registered as Clark Freeport Zone (CFZ) enterprise on April 12, 2018 with registration number C2018-169. On April 26, 2007, R.A. 9400 or "An Act Amending R.A. 7227 as Amended, otherwise known as the Bases Conversion and Development Act of 1992 and for Other Purposes" was approved.

One of the major amendments to R.A. 7227, now embodied in R.A. 9400, is the official declaration of Clark, which used to be a Special Economic Zone, as a Freeport Zone that would cover 4,400 hectares of the former Clark Air Base. Under R.A. 9400, the CFZ shall be operated and managed as a separate customs territory ensuring free flow or movement of goods and capital equipment within, into and exported out of Clark, as well as provide incentives such as tax and duty-free importation of raw materials and capital equipment. However, exportation or removal of goods from the territory of Clark to other parts of the country will also be subjected to customs duties and taxes under the Tariff and Customs Code of the Philippines, as amended by the National Internal Revenue Code. As a CFZ-registered enterprise, in lieu of paying the regular corporate income tax rate of 30%, MGCJVI shall pay 5% tax on gross income earned, divided as follows: 3% to the national government and 2% to the municipality or city where the zone is located. In addition, it is exempt from other internal revenue tax dues for its registered activities within the Freeport Zone, such as business tax, VAT and excise tax.

Under Revenue Regulation No. 02-01, enterprises registered pursuant to the Bases Conversion and Development Act of 1992 under R.A. 7227, as well as other enterprises duly registered under special economic zones declared by law which enjoy payment of special tax rate on their registered operations or activities in lieu of other taxes, are not subject to improperly accumulated earnings tax.

26.3 CREATE Act

On March 26, 2021, Republic Act (R.A.) No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Group:

- regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable would be lower by P6.2 million than the amount presented in the 2020 consolidated financial statements and such amount was charged to 2021 profit or loss. In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized net deferred tax liabilities in 2020 by P139.7 million and such was recognized in the 2021 profit or loss amounting to P139.0 million and in other comprehensive income or loss amounting to P0.7 million

26.4 Current and Deferred Taxes

The components of tax expense as reported in profit or loss and other comprehensive income in the consolidated statements of income and consolidated statements of comprehensive income are presented in the below and in the succeeding page.

	2021	2020	2019
Reported in consolidated profit or loss			
Current tax expense:			
RCIT at 25% in 2021 and 30% in 2020 and 2019	**P 126,817,360**	P 35,073,613	P 34,250,758
Other corporate tax of foreign subsidiaries at 42% or 17%	**8,329,060**	1,760,064	18,719,686
MCIT at 2%	**6,756,827**	14,295,448	67,906,224
Effect of change in income tax rate	**(6,227,434)**	-	-
Final tax at 20% and 7.5%	**2,901,949**	4,909,100	3,872,695
Gross income tax (GIT)at 5%	**1,772,148**	8,980,018	15,865,847
	140,349,910	65,018,243	140,615,210
Deferred tax expense			
arising from origination and reversal of temporary differences	**168,000,539**	199,768,572	183,587,512
Effect of change in income tax rate	**(138,977,787)**	-	-
	29,022,752	199,768,572	183,587,512
	P 169,372,662	P 264,786,815	P 324,202,722

	2021	2020	2019
Reported in consolidated other comprehensive income (loss)			
Deferred tax expense (income) relating to origination and reversal of temporary differences	**P 27,395,223**	P 23,262,970	(P 34,401,682)
Effect of change in income tax rate	**(675,667)**	-	-
	P 26,719,556	P 23,262,970	(P 34,401,682)

A reconciliation of tax on pretax profit (loss) computed at the applicable statutory rates to tax expense for the year ended December 31 is as follows:

	2021	2020	2019
Tax on pretax profit (loss) at 25% in 2021 and 30% in 2020 and 2019	**(P 180,945,439)**	(P 182,942,723)	P 430,571,261
Adjustment for income subjected to lower tax rates	**(17,179,787)**	(39,474,543)	(31,988,819)
Tax effects of:			
Unrecognized deferred tax asset from NOLCO	**582,535,969**	487,260,685	32,592,470
Effect of change in income tax rate due to CREATE	**(145,205,221)**	-	-
Non-taxable income	**(69,340,538)**	-	(128,453,670)
Non-taxable net profit Under ITH	**(31,460,089)**	(71,925,786)	(30,766,164)
Non-deductible expenses	**27,415,987**	60,742,970	52,247,644
MCIT applied	**3,551,780**	11,126,212	-
	P 169,372,662	P 264,786,815	P 324,202,722

The amount of deferred tax assets and deferred tax liabilities presented in the consolidated statements of financial position as at December 31, 2021 and 2020 are as follows:

	2021	2020
Deferred tax assets	**P 24,595,138**	P 9,626,113
Deferred tax liabilities	**(872,560,526)**	(801,849,193)
	(P 847,965,388)	(P 792,223,080)

In 2021, the Parent Company, GMI and BVI have reported net deferred tax assets while GMCAC and MWM have reported net deferred tax liabilities. In 2020, GMI and BVI have reported net deferred tax assets while the Parent Company, GMCAC and MWM have reported net deferred tax liabilities.

The details of net deferred tax assets (liabilities) as of December 31, 2021 and 2020 are as follows:

	2021	2020
Amortization of concession assets	**(P 923,983,080)**	(P 761,999,676)
Excess of estimated costs over actual costs	**(225,033,138)**	(227,139,057)
Rent received in advance	**(119,250,906)**	(105,749,321)
Effect of significant financing component	**97,939,225**	68,001,650
Impairment losses on trade receivables	**97,534,307**	52,791,561
Unrealized foreign currency losses (gains) – net	**60,448,472**	2,706,746
Post-employment defined benefit obligation	**75,130,061**	103,139,219
Accrued expenses with no withholding taxes	**38,076,550**	4,656,736
Excess MCIT	**35,082,251**	35,082,251
Uncollected non-taxable income*	**25,207,474**	30,248,969
Effect of PFRS 16	**(14,343,293)**	95,212
Net operating loss carry over	**3,540,682**	3,716,078
Deferred revenue	**1,851,799**	2,425,502
Fair value gains on financial assets at FVTPL	**(165,792)**	(198,950)
	(P 847,965,388)	(P 792,223,080)

**This pertains to the excess of revenue recognized under percentage of completion over collection of non-taxable revenues under ITH.*

The deferred tax expense (income) recognized in the consolidated statements of income and consolidated statements of comprehensive income for December 31 relate to the following:

	Profit or Loss			Other Comprehensive Income		
	2021	2020	2019	2021	2020	2019
Amortization of concession assets	**P 161,983,404**	P 168,636,412	P 241,597,225	P -	P -	P -
Unrealized foreign currency gains (losses) – net	**(57,741,727)**	57,688,237	(59,955,813)	-	-	-
Impairment losses on trade receivables	**(44,742,746)**	(8,104,548)	121,672,870	-	-	-
Accruals	**(33,419,814)**	(4,656,735)	-	-	-	-
Construction revenue – PFRS 15	**(29,937,575)**	(33,976,495)	(28,530,120)	-	-	-
Leases – PFRS 16	**14,438,506**	(523,573)	432,271	-	-	-
Rent received in advance	**13,501,584**	(77,192,549)	114,742,931	-	-	-
Uncollected non-taxable income*	**5,041,495**	59,825,351	(59,275)	-	-	-
Deferred fulfilment cost	**(2,105,918)**	-	-	-	-	-
Post-employment defined benefit obligation	**1,289,602**	(24,512,631)	(14,621,028)	**26,719,556**	23,262,970	(34,401,682)
Deferred revenue	**573,703**	2,752,051	(3,134,801)	-	-	-
NOLCO	**175,396**	65,934,913	(111,051,212)	-	-	-
Fair value gains on FA at FVPTL	**(33,158)**	-	-	-	-	-
Advance payments from customers	**-**	(12,487,551)	(38,993,047)	-	-	-
Excess MCIT	**-**	3,781,413	(38,512,489)	-	-	-
Excess of actual over estimated cost	**-**	2,604,277	-	-	-	-
Deferred tax expense (income)	**P 29,022,752**	P 199,768,572	P 183,587,512	**P 26,719,556**	P 23,262,970	(P 34,401,682)

The Parent Company, GMCAC and MWMTI are subject to the minimum corporate income tax (MCIT), which is computed at 1% of gross income in 2021 and 2% of gross income in 2020 as defined under the tax regulations, or RCIT, whichever is higher. In 2019, only the Parent Company and GMCAC reported MCIT.

In 2021, 2020 and 2019, the Group opted to claim itemized deductions in computing for its income tax due.

27. EQUITY

27.1 Capital Stock

Capital stock 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**	P3,912,617,536	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**	P 4,615,690,576	P3,912,617,536
Issued and outstanding	**2,381,709,313**	2,013,409,717	2,063,633,817			
Preferred shares – P1 par value						
Authorized						
Balance at beginning of year	**124,000,000**	70,000,000	70,000,000	**P 124,000,000**	P 70,000,000	P 70,000,000
Increase during the year	**26,000,000**	54,000,000	-	**26,000,000**	54,000,000	-
Balance at end of year	**150,000,000**	124,000,000	70,000,000	**P 150,000,000**	P 124,000,000	P 70,000,000
Subscribed and paid in:						
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	**13,500,000**	-	-	**13,500,000**	-	-
Issuance during the year:						
Series 2A	**-**	26,220,130	-	**-**	26,220,130	-
Series 2B	**-**	17,405,880	-	**-**	17,405,880	-
Series 3	**6,500,000**	13,500,000	-	**6,500,000**	13,500,000	-
Series 4	**40,000,000**	-	-	**40,000,000**	-	-
	143,626,010	97,126,010	40,000,000	**143,626,010**	97,126,010	40,000,000
Less: Subscription receivable:						
Balance at beginning of year	**10,125,000**	-	-	**10,125,000**	-	-
Subscription – Series 3	**4,875,000**	10,125,000	-	**4,875,000**	10,125,000	-
Balance at end of year	**15,000,000**	10,125,000	-	**15,000,000**	10,125,000	-
Balance at end of year	**128,626,010**	87,001,010	40,000,000	**P 128,626,010**	P 87,001,010	P 40,000,000
Less: Treasury shares						
Redemption of Series 1 preferred shares	**40,000,000**	-	-	**P 4,000,000,000**	P -	P -
Issued and outstanding	**88,626,010**	87,001,010	40,000,000			

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ex- date	November 4, 2021
Record date	November 9, 2021
Redemption date	December 3, 2021

On September 22, 2020, the SEC has approved the Parent Company's increase in its authorized capital stock to P5,054.0 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 P1.00 per share.

On September 30, 2020, the Parent Company entered into a Subscription Agreement with Citicore whereby Citicore subscribed to 13.5 million preferred shares of the Company at P1.00 each and paid 25% of such subscription in cash amounting to P3.4 million.

On November 5, 2020, the SEC has approved the Parent Company's offer and sale of Series 2 preferred shares which are to be issued in two subseries: Series 2A and Series 2B preferred phares, at a subscription price of P100.00 per share. As a result, the Parent Company recognized additional paid in capital amounting to P4.3 billion, arising from the excess of subscription price over par value of the issuance of Series 2A and 2B preferred shares. The Parent Company also recognized issuance-related costs amounting to P37.1 million which was charged against the additional paid in capital recorded from the issuance of Series 2A and 2B preferred shares.

As of December 31, 2021, and 2020, the Company has 33 and 26 holders of its common equity securities owning at least one board lot of 100 shares listed in the PSE, respectively, and its share price closed as of such dates at P5.18 and P7.94 per share in 2021 and 2020, respectively. The Company has 2,399.4 million common shares traded in the PSE as of December 31, 2021, and 2020.

As of December 31, 2021, and 2020, the Company has the following preferred shares traded in the PSE:

	2021		2020	
	No of Shares	**Closing Price**	No of Shares	Closing Price
Series 1	**-**	**P -**	40,000,000	P 100.5
Series 2A	**26,220,130**	**100.0**	26,220,130	100.0
Series 2B	**17,405,880**	**100.4**	17,405,880	100.9
Series 4	**40,000,000**	**100.9**	-	-

27.2 Retained Earnings

27.2.1 Common Shares Dividends

On December 26, 2019, the Parent Company's BOD approved the declaration of cash dividends for common shares in the amount of P0.12 per share or equivalent to P247.6 million to all stockholders of record as of January 15, 2020, payable on January 31, 2020. Outstanding dividend payable amounting to P239.9 million is presented as part of Dividend payable under the Trade and Other Payables account in the 2019 consolidated statement of financial position. The dividend payable was subsequently paid in January 2020. No dividends were paid to common stockholders in 2021 and 2020.

27.2.2 Preferred Shares Dividends

a) Series 1 Preferred Shares

In 2021, 2020 and 2019, the Parent Company's BOD approved the declaration of cash dividends of P1.76 per share or equivalent to P70.3 million per quarter (total of P281.0 million per year) to holders of Series 1 preferred shares, which were taken out of the unrestricted earnings of the Company as of December 31, 2021, 2020, and 2019, respectively. In 2021, the BOD approved the redemption of the Parent Company's Series 1 Preferred Shares (see Note 27.1)

The dividends on Series 1 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 7.03% per annum from listing date.

b) Series 2A and Series 2B Preferred Shares

In 2021, the Parent Company's BOD approved the declaration of cash dividends of P1.2 per share and P1.4 per share or equivalent to P31.1 million and P25.0 million (total of P124.5 million and P100.1 million) to holders of Series 2A and Series 2B preferred shares, respectively, which were taken out of the unrestricted earnings of the Parent Company as of December 31, 2020.

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
2019:				
Series 1 Preferred Shares:				
Approval dates	January 8, 2019	April 3, 2019	July 8, 2019	October 10, 2019
Record dates	February 13, 2019	May 16, 2019	August 14, 2019	November 15,2019
Payment dates	March 3, 2019	June 3, 2019	September 3, 2019	December 3, 2019
Common Shares:				
Approval date	-	-	-	December 26, 2019
Record date	-	-	-	January 15, 2020
Payment date	-	-	-	January 21, 2020

The Group's retained earnings are restricted up to the extent of the cost of its treasury shares, except those treasury shares acquired in the redemption of redeemable preferred shares amounting to P4,000.0 million as of December 31, 2021.

27.3 Treasury Shares

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

On October 20, 2016, the Parent Company's BOD approved the sale of its 150.0 million treasury shares at P14.90 per share. Net proceeds of the sale of treasury share amounted to P2,181.7 million, net of incidental cost of the transaction. Outstanding balance of the treasury shares after the sale is 260.8 million treasury shares at cost of P2,627.7 million. On October 1, 2018, the 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 2019 and 2018 amounted to P457.8 million and P827.1 million, respectively, which is equivalent to 26.1 million and 48.8 million shares, respectively.

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

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

27.4 Non-controlling Interest

Noncontrolling interests pertain to the equity ownership of minority stockholders in GMCAC, GMI, MCLI, and MCEI as follows:

	Proportion of Ownership Interests And Voting Rights Held by NCI			**Accumulated Equity of NCI**		
	2021	2020	2019	**2021**	2020	2019
GMCAC	40%	40%	40%	**P 2,612,024,719**	P3,152,592,405	P3,626,345,966
GMI	50%	50%	50%	**59,664,056**	66,765,072	69,618,695
MCLI	40%	40%	40%	**2,500,000**	2,500,000	2,500,000
MCEI	40%	40%	40%	**(712,295)**	(703,547)	(703,547)
				P 2,673,476,480	P3,221,153,930	P3,697,761,114

Upon incorporation, the Parent Company acquired 15.0 million shares of GMCAC. The purchase of the shares is part of the shareholders' agreement to execute, undertake, and implement the Project in accordance with the concession agreement. The shares acquired represent 60% of the total issued and outstanding shares of GMCAC (see Note 1.2). The non-controlling interest represents 38.24% ownership of GMR Infrastructure (Singapore) Pte. Ltd. (GISPL) and 1.66% ownership of GIL in GMCAC.

In 2016, the Parent Company acquired 12.0 million shares of GMI representing 60% of the total issued and outstanding shares of GMI. On March 15, 2017, the Parent Company sold 2,000,000 shares or 10% interest of GMI to GHOSPL. As of December 31, 2017, GMI is 50% owned by the Parent Company. In 2019, GMI declared P50.0 million dividends to non-controlling shareholders which resulted to a decrease in the equity attributable to the non-controlling interests. Outstanding dividends payable of GMI amounting P25.0 million is presented as part of Non-trade payables under Trade and Other Payables in the 2019 consolidated statement of financial position and was subsequently distributed fully in 2020 (see Note 17). There was no similar transaction in 2021 and 2020.

Another non-controlling interest representing 30% ownership of Philcarbon, Inc. in MCEI.

The Group's controlling 60% ownership in MCLI resulted in 40% non-controlling interest of the other stockholder. The non-controlling interest represents 50% ownership of GHOSPL in GMI and 40% of other stockholder in MCLI.

As of December 31, 2021, 2020 and 2019, the non-controlling interests amounting to P2,673.5 million, P3,221.2 million, and P3,697.8 million, respectively, as presented in the consolidated statements of financial position.

The Group determined that only the minority interest in GMCAC is considered as a material non-controlling interest, and accordingly, presented the relevant financial information in the below.

	2021	2020	2019
Current assets	**P 1,289,783,173**	P 1,961,180,023	P 2,484,974,268
Non-current assets	**33,568,753,075**	33,187,261,618	33,233,226,229
Total assets	**P 34,858,536,248**	P 35,148,441,641	P35,718,200,497
Current liabilities	**P 1,042,499,202**	P 2,984,748,802	P 1,927,502,224
Non-current liabilities	**24,433,999,569**	24,025,818,279	24,468,439,808
Total liabilities	**P 25,476,498,771**	P27,010,567,081	P26,395,942,032
Equity	**P 9,382,037,477**	P 8,137,874,560	P 9,322,258,465
Revenues	**576,042,561**	1,108,667,715	3,691,112,459
Net profit (loss)	**(1,357,648,552)**	(1,183,980,866)	529,233,776
Total comprehensive income	**(1,351,419,215)**	(1,184,383,906)	525,214,559
Equity in NCI:			
Beginning balance	**P 3,152,592,405**	P 3,626,345,966	P 3,416,260,141
Net profit (loss) allocated to NCI	**(540,567,686)**	(473,753,561)	210,085,825
Ending balance	**P 2,612,024,719**	P 3,152,592,405	P 3,626,345,966

27.5 Revaluation Reserves

The movements of this account which are attributable to the shareholders of the Parent Company are as follows:

	Retirement Benefit Obligation (See Note 24.2)	Foreign Currency Translation (See Note 2.19)	Total
Balance as of January 1, 2021	(P 9,016,722)	P 65,799	(P 8,950,923)
Remeasurements of post-employment defined benefit plan	108,948,597	-	108,948,597
Foreign currency translation	-	23,225,513	23,225,513
Other comprehensive income before tax	108,948,597	23,225,513	132,174,110
Tax expense	(26,719,556)	-	(26,719,556)
Other comprehensive income after tax	82,229,041	23,225,513	105,454,554
Non-controlling interest	(2,491,735)	-	(2,491,735)
Balance as of December 31, 2021	**P 70,720,584**	**P 23,291,312**	**P 94,011,896**
Balance as of January 1, 2020	(P 63,458,202)	P 74,555	(P 63,383,647)
Remeasurements of post-employment defined benefit plan	77,543,235	-	77,543,235
Foreign currency translation	-	(8,756)	(8,756)
Other comprehensive income before tax	77,543,235	(8,756)	77,534,479
Tax expense	(23,262,970)	-	(23,262,970)
Other comprehensive income after tax	54,280,265	(8,756)	54,271,509
Non-controlling interest	161,215	-	161,215
Balance as of December 31, 2020	(P 9,016,722)	P 65,799	(P 8,950,923)

	Retirement Benefit Obligation (See Note 24.2)	Foreign Currency Translation (See Note 2.19)	Total
Balance as of January 1, 2019	P 15,204,702	P -	P 15,204,702
Remeasurements of post-employment defined benefit plan	(114,672,272)	-	(114,672,272)
Foreign currency translation	-	74,555	74,555
Other comprehensive income before tax	(114,672,272)	74,555	(114,597,717)
Tax expense	34,401,682	-	34,401,682
Other comprehensive income after tax	(80,270,590)	74,555	(80,196,035)
Non-controlling interest	1,607,687	-	1,607,687
Balance as of December 31, 2019	(P 63,458,202)	P 74,555	(P 63,383,647)

28. 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 December 31, 2021 is as follows:

Related Party Category	Notes	Outstanding Amount of Transaction	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company –					
Cash advance granted	6, 28.4	P -	P 3,089,295,108	Interest-bearing	Unsecured; Unimpaired
Interest receivable	6, 28.4, 25.2	220,500,000	726,037,823	On demand; Noninterest-bearing	Unsecured; Unimpaired
Associate:					
Revenue from services	6, 21.1, 28.1	-	1,105,839,908	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	6, 28.4	(26,922)	42,179,046	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	17, 28.4	-	(20,000,000)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	6, 28.2	53,571	286,607	Normal credit terms	Unsecured; Unimpaired
Joint Arrangement:					
Revenue from services	6, 21.1, 28.1	356,773,700	80,247,052	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	6, 28.4	(735,000)	621,354	On demand; Noninterest-bearing	Unsecured; Unimpaired

Related Party Category	Notes	Outstanding Amount of Transaction	Receivable (Payable)	Terms	Conditions
Related Parties Under Common Ownership:					
Rent income	6, 28.2	3,804,016	18,473,666	Normal credit terms	Unsecured; Unimpaired
Revenue from services	6, 21.1, 28.1	378,457,534	1,057,734,512	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	6, 28.4	8,950,004	3,286,782,246	On demand; Interest-bearing and noninterest-bearing	Unsecured; Unimpaired
Interest receivable	6, 28.4, 25.2	220,500,000	726,037,823	On demand; Noninterest-bearing	Unsecured; Unimpaired
Management and consultancy	6, 25.3, 28.5	103,280,955	103,280,955	Normal credit terms	Unsecured; Unimpaired
Retirement fund		57,053	4,691,732	Upon retirement of beneficiaries	Partially funded; Unimpaired
Advances to Officers and Employees	6, 28.3	11,316,768	85,798,075	Upon liquidation, Noninterest-bearing	Unsecured; Unimpaired
Key Management Personnel – Compensation	28.6	286,309,661	-	On demand	Unsecured; Unimpaired

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

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Ultimate Parent Company:					
Cash advance granted	6, 28.4	P 19,923,383	P 3,089,295,108	Interest-bearing	Unsecured; Unimpaired
Interest receivable	6, 28.4, 25.2	216,562,500	505,537,823	On demand; Noninterest-bearing	Unsecured; Unimpaired
Minority shareholders and their affiliates -					
Revenue from services	6, 21.1, 28.1	115,289,396	153,195,977	On demand; Noninterest-bearing	Unsecured; Unimpaired
Associate:					
Revenue from services	6, 21.1, 28.1	231,199,602	1,093,283,188	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	6, 28.4	36,205,968	42,205,968	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	17, 28.4	-	(20,000,000)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	6, 28.2	53,571	229,286	Normal credit terms	Unsecured; Unimpaired
Joint Arrangement:					
Revenue from services	6, 21.1, 28.1	272,993,860	364,434,825	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	6, 28.4	(4,047,911)	1,356,355	On demand; Noninterest-bearing	Unsecured; Unimpaired
Related Parties Under Common Ownership:					
Rent income	6, 28.2	5,956,791	332,411	Normal credit terms	Unsecured; Unimpaired
Revenue from services	6, 21.1, 28.1	338,869,209	202,211,820	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	6, 28.4	91,061,375	3,277,832,242	On demand; Interest-bearing and noninterest-bearing	Unsecured; Unimpaired

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Interest receivable	6, 25.2, 28.4	216,562,500	505,537,823	On demand; Noninterest-bearing	Unsecured; Unimpaired
Retirement fund		295,978	4,634,679	Upon retirement of beneficiaries	Partially funded; Unimpaired
Advances to Officers and Employees	6, 28.3	22,977,518	74,481,307	Upon liquidation, Noninterest-bearing	Unsecured; Unimpaired
Key Management Personnel – Compensation	28.6	320,043,868	-	On demand	Unsecured; Unimpaired

The summary of the Group's transactions with related parties for December 31, 2019 is as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Ultimate Parent Company:					
Cash advance granted	28.4	P 2,923,049,503	P 3,069,371,725	Interest-bearing	Unsecured; Unimpaired
Interest receivable	25.2, 28.4	220,500,000	288,975,323	Normal credit terms	Unsecured; Unimpaired
Minority shareholders and their affiliates -					
Cash Granted	28.4	(841,103)	-	On demand; Noninterest-bearing	Unsecured; Unimpaired
Associate:					
Revenue from services	21.1, 28.1	313,577	905,413,727	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash advance granted	28.4	6,000,000	6,000,000	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	28.4	(20,000,000)	(20,000,000)	On demand; Noninterest-bearing	Unsecured; Unimpaired
Rent income	28.2	53,571	57,321	Normal credit terms	Unsecured; Unimpaired
Joint Arrangement:					
Revenue from services	21.1, 28.1	598,911,864	298,184,597	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	28.4	4,329,601	5,404,267	On demand; Noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	17, 28.4	14,883,628	-	On demand; Noninterest-bearing	Unsecured; Unimpaired
Related Parties Under Common Ownership:					
Rent income	28.2	3,662,298	3,703,186	Normal credit terms	Unsecured; Unimpaired
Revenue from services	21.1, 28.1	187,922,352	130,204,606	Normal credit terms	Unsecured; Unimpaired
Rent expense	23, 28.2	1,766,433	-	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	28.4	42,399,786	3,186,770,507	On demand; Interest-bearing and noninterest-bearing	Unsecured; Unimpaired
Cash advance obtained	28.4	44,683,199	-	On demand; Noninterest-bearing	Unsecured; Unimpaired
Interest receivable	25.2, 28.4	220,500,000	288,975,322	On demand; Noninterest-bearing	Unsecured; Unimpaired

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Retirement fund		295,910	4,384,701	Upon retirement of beneficiaries	Partially funded; Unimpaired
Advances to Officers and Employees		17,232,250	51,503,789	Upon liquidation, Noninterest-bearing	Unsecured; Unimpaired
Key Management Personnel – Compensation		310,903,975	-	On demand	Unsecured; Unimpaired

28.1 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 P735.2 million, P958.3 million and P787.1 million and in 2021, 2020 and 2019, respectively, and is recognized as part of Construction Operation Revenues account in the consolidated statements of income (see Note 21.1). 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 (see Note 6).

Through application of the ECL model based on the lifetime expected credit loss wherein the Group used its historical experience, external indicators and forward-looking information to calculate the ECL using the provision matrix, no impairment losses was required to be recognized for the years ended December 31, 2021, 2020 and 2019.

28.2 Rental of Land and Building

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

In 2019, the Group recognized rent expense amounting P1.8 million from the lease agreement with Megapolitan Realty and Development Corporation (Megapolitan) for the land where the Group's building is located (see Notes 23 and 29.1). The Group has no outstanding payables from the rental transaction with Megapolitan as of December 31, 2021 and 2020.

In 2019, Group also leases an office space where its registered address is located from Philwide Construction and Development Corporation (Philwide).

Megapolitan and Philwide are entities owned by the Group's stockholders and their close family members.

The Parent Company also leases out its office space to its associates and related parties under common ownership. As a result, the Group recognized rent income amounting to P3.8 million, P6.1 million, and P3.7 million in 2021, 2020 and 2019, respectively, from the lease of its office building to several related parties. This is recognized as part of Others under Other Income (Charges) - net account in the consolidated statements of income (see Note 25.3). 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 6).

28.3 Advances to Officers and Employees

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are to be liquidated 60 days from the date the cash advances were received. The outstanding receivables from these transactions are presented as part of Trade and Other Receivables (see Note 6).

No impairment losses were recognized in 2021, 2020 and 2019 for these advances.

28.4 Advances to and from Related Parties

In 2019, the Group obtained unsecured, noninterest-bearing cash advances from certain related parties to finance portion of its working capital requirement payable upon demand. In 2019, Advances obtained amounted to P20.0 million, while advances settled amounted to P59.6 million. The outstanding balance from these transactions is shown under Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

The Group has provided unsecured, interest-bearing, and noninterest-bearing cash advances to its associates and certain related parties under common ownership for their working capital requirements. Interest income arising from advances to related parties amounted to P441.0 million, P433.1 million and P441.1 million in 2021, 2020 and 2019, respectively, are presented under finance income (see Note 25.2). Outstanding interest receivable relating to advances to related parties amounting to P1,452.1 million and P1,011.1 million in 2021 and 2020, are presented under trade and other receivables (see Note 6). In 2021 and 2020, the Parent Company also provided bridge financing to its parent and associates for the Group's business expansion and diversification program.

In 2021 and 2020, the Group granted advances to related parties under common ownership amounting to P8.9 million and P91.0 million, respectively. There were no collections in 2021 and 2020 from these related parties.

In 2020, the Group also granted advances to Citicore amounting to P19.9 million. There were no collections in 2021 and 2020 from Citicore and no additional advances were given in 2021.

In 2021, the Group collected advances to associates amounting to P0.02 million. No additional advances were given to the associates in 2021. In 2020, additional advances granted to associates amounted to P36.2 million while there were no collections in 2020.

In 2021 and 2020, the Group collected advances to its joint arrangements amounting to P0.7 million and P4.0 million, respectively. No additional advances were granted in 2021 and 2020.

The breakdown of these accounts are as follows

	2021	2020
Due to related parties:		
Associates	**P 20,000,000**	P 20,000,000
Advances to related parties:		
Related party under common ownership	**P 3,286,782,246**	P 3,277,832,242
Ultimate parent company	**3,089,295,108**	3,089,295,108
Associates	**42,179,046**	42,205,968
Joint arrangement	**621,354**	1,356,355
	P 6,418,877,754	P 6,410,689,673

Further, upon assessment of recoverability based on the capacity to pay and expected collectability of these advances, no impairment losses were recognized in 2021, 2020 and 2019.

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 (see Note 33.2).

28.5 Others

The Parent Company's retirement plan is in the form of a bank-trustee managed account. The fair value of the retirement plan totalled P4.7 million and P4.6 million as of December 31, 2021 and 2020, respectively. The details of the retirement plan are presented in Note 24.2.

In 2021, the Parent Company provided certain project management and consultancy services to a related party under common ownership amounting to P103.3 million (see Note 25.3). The amount is outstanding as of December 31, 2021 and is presented as part of Other Receivables (see Note 6). There were no similar transactions in 2020 and 2019.

28.6 Key Management Compensation

The compensation of key management personnel is broken down as follows:

	2021	2020	2019
Short-term employee benefits	**P 276,313,110**	P 308,711,552	P 293,002,231
Post-employment benefits	**9,996,551**	11,332,316	17,901,744
	P 286,309,661	P 320,043,868	P 310,903,975

29. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

29.1 Lease Commitments - Group as Lessor

The Group is a lessor under operating leases covering rentals from lease of office and commercial spaces presented in the consolidated statements of financial position as Investment Properties. Rental income earned amounted to P715.0 million, P900.8 million and P528.7 million in 2021, 2020 and 2019, respectively, which is recognized under Landport Operations Revenues in the consolidated statements of income.

The future minimum lease receivables under the non-cancellable operating leases as of the end of 2021 and 2020 are as follows:

	2021	2020
Within one year	**P 805,287,019**	P 896,772,705
After one year but not more than two years	**759,041,887**	895,774,372
After two years but not more than three years	**725,026,482**	905,056,337
After three years but not more than four years	**30,328,800**	945,869,663
After four years but not more than five years	**17,852,040**	10,210,671
More than five years	**2,160,000**	5,672,295
	P 2,339,696,228	P 3,659,356,043

Variable rent, which pertains to a certain percentage share in the lessees' sales, is included as part of total rent income amounting to P32.5 million and P36.7 million in 2021 and 2020, respectively.

The Group is subject to risks associated with the rights it retains in the properties it leases, such as alterations made by the lessee that may impair the value of the leased properties. To manage the exposure on such risks, the Group exercises strict control over the fit-out process through Construction and Fitout Guidelines and closure of construction punchlists prior to opening. No alterations are allowed to be made without prior approval of the Group. Approvals are accorded based on submission of Architectural, Mechanical, Electrical, Plumbing and Fire Protection Plans and as per guidelines of the regulatory authorities. Moreover, the Group retains its right to inspect the leased properties over the lease term and cite violations on the Houserules of the Complex. In case of expiration of lease term or early termination due to the default of the lessee, the Group is entitled to the improvements installed on the leased properties without any obligation to reimburse the lessee for the costs of improvements.

29.2 PPP with DepEd

On October 8, 2012, the Parent Company, together with Citicore (collectively referred to as proponent), executed a build-lease-transfer agreement with the Philippine Government, through DepEd under the PPP for school infrastructure project, which provides initiatives on the construction of classroom nationwide to address the current classroom backlog and future requirements for classrooms.

The agreement requires the construction, maintenance, and lease of school buildings, whereby, the project proponent is authorized to finance and construct the school facility within 16 months from the execution date and upon its completion turns it over to the government agency or local government unit concerned on a lease agreement for a period of 10 years from the issuance of certificate of completion. After which, ownership of the facility is automatically transferred to the government agency or local government unit concerned.

During the lease period, the proponent shall be responsible for the maintenance works, which shall be performed twice, the first time at any point between the fourth and fifth years, and the second time at any point between the eighth and ninth years. At the end of the 10-year term, the proponent shall bear all costs incurred in connection with the transfer of rights to the Philippine Government.

Pursuant to the above agreements, the Parent Company and Citicore established CMCI to handle the PPP school infrastructure project. In 2016, the construction of the school buildings has been maintained.

As of December 31, 2021 and 2020, the school infrastructure project is 100% complete for both Phases 1 and 2.

29.3 Build-Operate-Transfer Agreements

29.3.1 Mactan-Cebu International Airport Project

(a) BOT Agreement

In 2014, GMCAC entered into a BOT agreement with the Grantors relative to the MCIA Project. GMCAC was established to undertake the Project involving, among others, the construction of a world-class airport passenger terminal (along with associated infrastructure and facilities), the renovation and expansion of the existing airport terminal and the operation and maintenance of both airport passenger terminals for a period of 25 years.

On April 8, 2014, the Parent Company entered into Shareholders' Agreement with GMR setting forth the terms and conditions governing their participation in the share capital of GMCAC, their rights and obligations as shareholders in relation to GMCAC. Under the said Shareholders' Agreement, the parties defined the business of GMCAC, the required manpower support from each shareholder, the composition of the board, formation of committees and the management team for the orderly management of the Project, conduct of board and shareholder meetings as well as restrictions on the transfer rights of the stockholders and issuance of additional shares.

GMCAC is a pioneer in the privately operated airport space in the Philippines when it took over the Mactan Cebu International Airport on the scheduled take over date of November 1, 2014.

(b) Technical Service Agreement

On August 19, 2014, GMCAC entered into a Technical Services Agreement (the Agreement) with GIL to provide for the services in compliance with the Concession Agreement are described in the succeeding page.

(i) The preparation of policies and procedures such as O&M Manual and the updating of such every January 30th of each calendar year, Fire Safety Manual, and any other additional systems, documentation, and manuals to meet the Performance Standards under the Concession Agreement;

(ii) Provide training or technical services to key personnel of GMCAC so that GMCAC may undertake the O&M of the facilities;

(iii) Provide qualified experts, on a permanent or long-term basis; and,

(iv) Provide other staff on non-permanent basis either based on GIL's location or seconded to GMCAC.

As stated in the Agreement and as agreed by the parties, GIL may provide services through any of its offices, subsidiaries, or branches where the qualified experts may be located, which shall include GISPL and/or GISPL's or GIL's branch to be incorporated in the Philippines. GMCAC also agreed to pay the relevant fees upon the invoice raised, directly and under the instructions of GIL, by such office, subsidiary, or branch.

The service fee shall be 1.25% of the actual audited gross revenue. The Agreement is effective up to the expiry of the Concession Period unless terminated earlier upon mutual consent of the parties.

Airport operator's fee recognized for 2021, 2020 and 2019 amounted to P7.5 million, P14.3 million and P47.6 million, respectively.

29.3.2 Parañaque Integrated Terminal Exchange Project

On February 25, 2015, MWMTI entered into a BOT agreement with the DOTr to undertake the PITX Project. Upon completion of the project, MWMTI shall operate and maintain the facility, which is divided into landport and commercial areas, within the agreed concession period of 35 years from the date of the completion of the construction, which is equivalent to 18 months.

The development and implementation of the PITX Project is divided into landport and commercial areas and related developments therein for a total lot area of 193.4 hectares (the Project Assets). Specifically, the PITX Project to be undertaken by MWMTI, as the concessionaire, consists of the following:

- The design, engineering and construction of the PITX Terminal, access road and the pedestrian connections between the PITX Terminal and Asia World Station concourse within 18 months from the construction date;
- From its completion until the end of the concession period, the operation and maintenance of the PITX Terminal in accordance with the Concession Agreement;
- The collection and remittance to the Grantor of landport fee from users of the PITX Terminal;
- The financing of the above activities;
- The design, financing, engineering, and construction of commercial assets, carrying out of the commercial business, and collection of any commercial revenue at the concessionaire's option; and,
- Turn-over of the Project Assets to the Grantor at the end of the Concession Period.

Pursuant to the Concession Agreement, MWMTI shall be entitled to collect and receive the concessionaire revenue comprising of AGP, commercial revenue, and any applicable grantor compensation payments. The AGP is collectible from the Grantor at the end of every anniversary year from the construction completion date thereof. For commercial revenue, MWMTI is free to impose and collect commercial charges from the use of commercial areas. On the other hand, the Grantor shall be entitled to the landport fee revenue from the users of the public service and other charges.

At the end of the concession period, MWMTI shall hand-over the PITX Project Assets to the Grantor without cost, free from any liens and encumbrances, including all improvements made to the landport facilities, commercial assets, works in progress and right to receive commercial revenues.
On November 5, 2018, MWMTI opened the landport while the construction of commercial areas and related developments were completed in 2019.

29.4 Credit Lines and Guarantees

29.4.1 Credit Lines

The Group has existing credit lines with local banks totalling P43,770.0 million and $75.0 million (P3,767.6 million) in 2021 and P45,885.7 million and $75.0 million (P3,547.7 million) in 2020.

In 2021 and 2020, the Group has availed additional bank loans amounting P4,291.9 and P9,831.3 million, respectively (see Notes 18.2 and 34). Unused credit lines as of December 31, 2021 amounted to P2,923.1 million.

29.4.2 Guarantees and Others

On December 26, 2019 the BOD approved the issuance of corporate guaranty in the amount of P4.5 billion in favor of Citicore. Subsequently on March 28, 2020, the BOD of the Parent Company approved the reduction of the amount of corporate guaranty from P4.5 billion to P1.5 billion. The approval is part of the governance initiative of the Parent Company and is deemed a regular corporate transaction to provide assistance, as needed, to new and other businesses to help them mature and produce strong and predictable cash flows to become stable and consistent contributors to the Group. These include forward integration opportunities in real estate development such as affordable housing segment and mid to high-end residential developments as well as in high-growth potential and fast-growing industries to support Group's long-term goal of strengthening its portfolio to provide additional legs for next level of growth.

On March 23, 2015, CMCI, with the Parent Company as guarantor, executed an RPA with certain local commercial banks, whereby the CMCI shall offer an outstanding finance lease receivable arising from PPP school infrastructure project within the purchase period on a limited recourse basis such as upon the occurrence of certain repurchase event under the RPA. Pursuant to the continuing obligations of the CMCI under the RPA, CMCI has been in compliance with the RPA during the reporting periods.

MWMTI entered in to an OLSA with a local universal bank in 2015, with the Parent Company as guarantor, for a loan facility amounting to P3,300.0 million to finance the construction of the ITS Project. In 2019, the Company requested the lender to increase the loan facility by P600.0 million making the total principal loan to P3,900.0 million.

29.5 Capital Commitments on Use of Proceeds and Joint Operations

29.5.1 Use of Proceeds

The Parent Company has capital commitments to utilize the proceeds from the issuance of its preferred shares amounting to P4,362.6 million for various expansion of its facilities and construction of infrastructure projects as stated in the use of proceeds report. As of December 31, 2021 and 2020, the balance of the unutilized proceeds amounted to P2,644.7 million and P4,109.6 million, respectively.

29.5.2 Joint Operations

As of December 31, 2021, HMDJV has capital commitments to purchase equipment amounting P217.5 million for the construction works of the Malolos- Clark Railway Project which is expected to be fully utilized upon the completion of the project. There are no commitments pertaining to MGCJV and MGCJVI as the related projects are already completed.

29.6 Legal Claims

In a Resolution dated October 8, 2021, the Department of Justice (DOJ) found probable cause against the general manager of the MCIA Authority, including four (4) Filipino directors and officers (Filipino Respondents) and eleven (11) foreign advisors (Foreign Respondents) of GMCAC for allegedly allowing non-Filipino officers and employees to manage, operate, and control the MCIA in violation of the Section 2-A of Commonwealth Act No. 108, as amended by Presidential Decree No. 715, otherwise known as the "Anti-Dummy Law".

To assail and refute such finding of probable cause, the Filipino Respondents filed a Petition for Review with the Secretary of Justice on October 29, 2021, while the Foreign Respondents filed a Motion for Reconsideration with the DOJ on November 26, 2021, which are both pending resolution.

Pending the resolution of the foregoing, the GMCAC's directors, officers, and advisors continue to perform their duties and responsibilities, in accordance with their respective mandates under the Concession Agreement and applicable laws. Management believes that such will not have a significant impact on the Group's consolidated financial statements as there are no cases filed yet against the Group and that in the event that there should be any cases filed against GMCAC, management believes that it has reasonable basis to defend GMCAC's legality.

There are other pending claims, tax assessment, and other legal actions filed by the Group or against the Group arising from the normal course of business. There are no related provisions recognized in the consolidated financial statements as management believes that the Group has strong legal positions related to such claims. Moreover, management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and results of operations of the Group.

29.7 Others

Apart from the foregoing significant commitments, and the Group's construction commitments with various counterparties under the ordinary course of business, there are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements, taken as a whole.

30. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share is calculated as Company's profit divided by the outstanding shares of its common stock (see Notes 2.26) and computed as follows:

	2021	2020	2019
Net profit (loss) attributable to shareholders of the Parent Company	**(P 342,985,234)**	(P 398,149,922)	P 859,487,439
Dividends on cumulative preferred shares	**(505,629,428)**	(281,000,000)	(281,000,000)
Net profit (loss) available to common shareholders of the Parent Company	**(848,614,662)**	(679,149,922)	578,487,439
Divided by weighted average number of outstanding common shares	**2,013,409,717**	2,036,285,370	2,081,168,982
Basic and diluted earnings (loss) per share	**(P 0.42)**	(P 0.33)	P 0.28

The Group does not have dilutive potential common shares outstanding as of December 31, 2021, 2020 and 2019; hence, diluted earnings (loss) per share is equal to the basic earnings (loss) per share.

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

On January 18, 2022, the Parent Company's BOD approved the declaration of cash dividends of P1.19 per share and P1.44 per share or equivalent to P31.1 million and P25.0 million, respectively, to holders of Series 2A and Series 2B preferred shares, respectively, on record as of February 4, 2022. The dividends which is payable on February 28, 2022, shall be taken out of the unrestricted earnings of the Parent Company as of December 31, 2021.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to its financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 33. 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.

32.1 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 intercompany advances to and from foreign related parties, which are denominated in US dollars. The Group also holds US dollar-denominated cash.

Significant US dollar-denominated financial assets (liabilities), translated into Philippine pesos at the closing rates, are as follows:

	2021	2020
Cash in banks	**P 1,764,251,914**	P 394,519,021
Investment in trust fund	**163,541,216**	401,525,300
Trade and other payables	**(263,595,131)**	(235,394,706)
Long-term debt	**(3,767,551,000)**	(3,436,885,000)
	(P2,103,353,001)	(P 2,876,235,385)

If the Philippine peso had strengthened by 11.30% and 9.51% in 2021 and 2020, respectively, against the US dollar, with all other variables held constant, loss before tax in 2021 and 2020 would have decreased by P237.7 million and P273.5 million, respectively. If the Philippine peso had weakened by the same percentages against the US dollar, then loss before tax in 2021 and 2020 would have increased by the same amounts, respectively.

These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held as at December 31, 2021 and 2020, with effect estimated from the beginning of the year.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(b) Interest Rate Risk

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

In November 2015, the Company entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate US dollar-denominated loan maturing in June 2022, start date is on December 15, 2017. A notional amount of US$75.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap agreement, the Company pays annual fixed interest rate of a range of 1.79% to 2.65% and receives floating rate of nine-month US$ LIBOR on Bloomberg Page on the notional amount.

As at December 31, 2021 and 2020 the Group recognized P54.9 million and P121.9 million derivative liability, respectively (see Notes 7 and 17). The Group recognized in the Group's consolidated statements of income under Other Income (Charges), unrealized gain from change in fair value of the interest rate swap amounting to US$1.7 million or P78.6 million in 2021, unrealized loss from change in fair value of the interest rate swap US$1.0 million or P43.3 million in 2020, and unrealized loss of US$1.6 million or P104.8 million in 2019, respectively (see Notes 7 and 25.3).

The Company entered into interest rate swap as economic hedges of underlying exposure arising from its foreign currency-denominated loan. Such interest swap is accounted for as derivative not designated for hedges.

The following table shows the information about the Group's financial instruments that are exposed to cash flow (floating rate instrument) and fair value (fixed rate instrument) interest rate risks and presented by maturity profile (in thousands):

December 31, 2021	**Within 1 year**	**1-2 years**	**More than 2 years**	**Total**	**Debt Issuance Cost**	**Carrying Value**
Cash and cash equivalents	**P 279,777**	**P -**	**P -**	**P 279,777**	**P -**	**P 279,777**
Investment in trust fund	**-**	**163,541**	**-**	**163,541**	**-**	**163,541**
	P 279,777	**P 163,541**	**P -**	**P 443,318**	**P -**	**P 443,318**
Derivative liability	**P 54,873**	**P -**	**P -**	**P 54,873**	**P -**	**P 54,873**
Long-term debt:						
PHP (P20 billion loan facility)	**P -**	**P -**	**P 20,556,350**	**P 20,556,350**	**(P 934,942)**	**P 19,621,408**
USD ($75 million loan facility)	**-**	**-**	**3,767,551**	**3,767,551**	**(44,067)**	**3,723,484**
	P -	**P -**	**P 24,323,901**	**P 24,323,901**	**(P 979,009)**	**P 23,344,892**
December 31, 2020						
Cash and Cash Equivalents	P 978,956	P -	P -	P 978,956	P -	P 978,956
Investment in trust fund	-	401,525	-	401,525	-	401,525
	P 978,956	P 401,525	P -	P 1,380,481	P -	P 1,380,481
Derivative liability	P 121,896	P -	P -	P 121,896	P -	P 121,896
Long-term debt:						
PHP (P20 billion loan facility)	P 730,450	P 1,460,900	P 18,365,000	P 20,556,350	(P 208,442)	P 20,347,908
USD ($75 million loan facility)	126,060	252,121	3,169,518	3,547,699	(32,222)	3,515,477
	P 856,510	P 1,713,021	P 21,534,518	P 24,104,049	(P 240,664)	P 23,863,385

As at December 31, 2021 and 2020, 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 (see Note 5) and certain interest-bearing loans which is subject to variable interest rate (see Note 18). All other financial assets and financial liabilities have fixed rates or are noninterest bearing.

The sensitivity of the profit (loss) before tax is analyzed based on a reasonably possible change in interest rates of +/-156.0, +/-248.0 and +/-248.0 basis points in 2021, 2020 and 2019, respectively, based on observation of current market conditions with effect from the beginning of the year. The changes in interest rates have been determined based on the average market volatility in interest rates for each period using standard deviation and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates.

All other variables held constant, if the interest rates increased by 156.0 basis points, 248.0 basis points and 248.0 basis points in 2021, 2020 and 2019, respectively, loss before tax in 2021 and 2020 would have increased by P20.9 million and P174.0 million, respectively, and profit before tax in 2019 would have decreased by P194.4 million. Conversely, if the interest rates decreased by the same basis points, loss before tax in 2021 and 2020 would have been lower and profit before tax in 2019 would have been higher by the same amounts.

32.2 Credit Risk

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

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

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

	Notes	**2021**	2020
Cash and cash equivalents	5	**P 5,846,088,030**	P 7,226,149,912
Trade and other receivables – net	6	**16,884,756,480**	15,224,568,808
Refundable security and bond deposits	12	**234,233,185**	199,529,159
Investment in trust fund	12	**163,541,216**	401,525,300
Contract assets	9	**4,777,704,858**	4,231,600,246
		P 27,906,323,769	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, as described below and in the succeeding page.

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables and Contract Assets

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

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

The expected loss rates are based on the payment and aging profiles over a period of 36 months before December 31, 2021 or 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 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 December 31, 2021 and 2020 was determined based on months past due, as follows for both trade and other receivables:

	Not more than 3 months	More than 3 mos. but not more than 6 mos.	More than 6 mos. but not more than 1 year	More than 1 year	Total
December 31, 2021:					
Expected credit loss rate	-	-	-	*22.2%*	
Contract receivables	P 4,948,836	P 16,995,126	P 662,124,693	P 604,278,175	P1,288,346,830
Receivables from airport operations	23,790,888	23,338,160	115,454,532	375,303,869	537,887,449
Lease receivables	61,616,024	48,956,559	379,349,077	65,734,997	555,656,657
	P 90,355,748	P 89,289,845	P 1,156,928,302	P1,045,317,041	P2,381,890,936
Loss Allowance	P -	P -	P -	P 231,765,011	P 231,765,011
December 31, 2020:					
Expected credit loss rate	-	-	-	*13.9%*	
Contract receivables	P 46,986,891	P 77,268,346	P 244,848,922	P 154,784,121	P 523,888,280
Receivables from airport operations	39,522,219	18,873,677	299,744,561	94,095,611	452,236,068
Lease receivables	63,944,110	50,981,057	115,257,688	24,377,629	254,560,484
	P 150,453,220	P 147,123,080	P 659,851,171	P 273,257,361	P1,230,684,832
Loss Allowance	P -	P -	P -	P 37,932,641	P 37,932,641

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.

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

(c) Investment in Trust Fund

In 2021 and 2020, the Group is exposed to credit risk on its investments in 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.

32.3 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 5 Years
December 31, 2021:			
Interest-bearing loans and borrowings	P 15,750,563,082	P 1,615,263,105	P 43,295,463,244
Trade and other payables	8,616,715,347	-	-
Security deposits (gross of unearned income)	-	-	471,258,850
	P 24,367,278,429	**P 1,615,263,105**	**P 43,766,722,094**
December 31, 2020:			
Interest-bearing loans and borrowings	P 12,689,450,003	P 1,070,381,301	P 34,171,924,687
Trade and other payables	8,291,951,223	-	-
Security deposits (gross of unearned income)	-	-	464,587,591
	P 20,961,401,226	P 1,070,381,301	P 34,656,512,278

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.

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

33.1 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.

		2021		2020	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets					
At amortized cost:					
Cash and cash equivalents	5	**P 5,846,088,030**	**P 5,846,088,030**	P 7,226,149,912	P 7,226,149,912
Trade and other receivables – net	6	**16,884,756,480**	**16,884,756,480**	15,224,568,808	15,224,568,808
Refundable security and bond deposits	12	**234,233,185**	**234,233,185**	199,529,159	199,529,159
Investment in trust fund	12	**163,541,216**	**163,541,216**	401,525,300	401,525,300
		23,128,618,911	**23,128,618,911**	23,051,773,179	23,051,773,179
Financial assets at FVOCI	10				
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 23,132,163,383	**P 23,132,163,383**	P 23,055,317,651	P 23,055,317,651
Financial Liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	18	**P 49,501,496,492**	**P 52,120,777,047**	P 45,920,365,307	P 47,931,755,991
Trade and other payables	17	**8,616,715,347**	**8,616,715,347**	8,291,951,223	8,291,951,223
Derivative liability	17	**54,872,973**	**54,872,973**	121,895,954	121,895,954
Security deposits*	20	**471,258,850**	**471,258,850**	464,587,591	464,587,591
		P 58,644,343,662	**P 61,263,624,217**	P 54,798,000,075	P56,810,190,759

**Under Other Non-Current Liabilities*

See Notes 2.4 and 2.11 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 32.

33.2 Offsetting of Financial Assets and Financial Liabilities

Currently, all other financial assets and financial liabilities are settled on a gross basis and no offsetting of financial instruments has been made in 2021 and 2020. However, each party to the financial instrument (particularly related parties) will have the option to settle amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 28 can be potentially offset to the extent of their corresponding outstanding balances.

In addition, the Group's investment in trust fund account (see Note 12) can be offset against the Group's outstanding interest-bearing loans and borrowings [see Note 18.2(a)] in the event of default in payments.

33.3 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.

33.4 Financial Instruments Measured at Fair Value

Since the fair value of the Group's financial assets through FVOCI approximates the cost amounting to P3.5 million as of December 31, 2021 and 2020, the fair value change is deemed immaterial (see Note 10). The Company's financial assets through FVOCI are under Level 2 of 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 December 31, 2021 and 2020.

	Notes	Level 1	Level 2	Level 3	Total
December 31, 2021					
Financial assets:					
Equity securities:					
SSPI	10	P -	P -	P 2,500,000	P 2,500,000
Golf club shares	10	-	1,044,472	-	1,044,472
		P -	**P 1,044,472**	**P 2,500,000**	**P 3,544,472**
Financial liabilities:					
Derivative liability	17	**P -**	**P 54,872,973**	**P -**	**P 54,872,973**

	Notes	Level 1	Level 2	Level 3	Total
December 31, 2020					
Financial assets:					
Equity securities:					
SSPI	10	P -	P -	P 2,500,000	P 2,500,000
Golf club shares	10	-	1,044,472	-	1,044,472
		P -	P 1,044,472	P 2,500,000	P 3,544,472
Financial liabilities:					
Derivative liability	17	P -	P121,895,964	P -	P 121,895,954

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

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

(a) Equity Securities

As of December 31, 2021, and 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 December 31, 2021 and 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.

The Group has equity interest of 1% in SSPI as of December 31, 2021 and 2020. These securities were valued based on entity specific estimate, thus included in Level 3.

(b) Derivative Liability

The fair value of the Group's derivative liability are measured under Level 2. As of December 31, 2021 and 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.

33.5 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.

	Level 1	Level 2	Level 3	Total
2021:				
Financial assets:				
Cash and cash equivalents	P 5,846,088,030	P -	P -	P 5,846,088,030
Trade and other receivables - net	-	-	16,884,756,480	16,884,756,480
Refundable security and bond deposits	-	-	234,233,185	234,233,185
Investment in trust fund	163,541,216	-	-	163,541,216
	P 6,009,629,246	**P -**	**P 17,118,989,665**	**P 23,128,618,911**
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 52,120,777,047	P 52,120,777,047
Trade and other payables	-	-	8,616,715,347	8,616,715,347
Security deposits	-	-	471,258,850	471,258,850
	P -	**P -**	**P 61,208,751,244**	**P 61,208,751,244**
2020:				
Financial assets:				
Cash and cash equivalents	P 7,226,149,912	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
	P 7,627,675,212	P -	P 15,424,097,967	P 23,051,773,179
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 47,931,755,991	P 47,931,755,991
Trade and other payables	-	-	8,291,951,223	8,291,951,223
Security deposits	-	-	464,587,591	464,587,591
	P -	P -	P 56,688,294,805	P 56,688,294,805

33.6 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.

	Note	**2021**	2020
Building for lease	15	**P 3,962,447,034**	P 3,875,971,923
Land	15	**1,897,868,396**	1,869,480,787
		P 5,860,315,430	P 5,745,452,710

The fair value of certain parcels of land are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location. On the other hand, the fair value of other parcels of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Both valuation process was applied as sale comparable method.

In estimating the fair value of investment property, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's non-financial assets indicated above is their current use. In 2020, the Group determined the fair value of the building approximates its fair value as of December 31, 2020 as it was only newly constructed in March 2019. In 2021, the Level 3 fair value of commercial area under investment properties was determined using the income approach which utilized discounted cash flow method to convert future cash flows to be generated by the non-financial assets in reference to the value of expected income, net of cost of services, other operating expenses and income taxes. The significant unobservable inputs used in the valuation of the property were future annual free cash flows ranging from P520.0 million to P2,400.0 million for average period of 29 years. The discount rates applied in determining the present value of future annual free cash flows is 12%. The management has determined that a reasonably possible change in the unobservable inputs to a different amounts or rates would not cause the fair values of the non-financial assets to be increase or decrease significantly.

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

34. 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 (Note 18)	Notes Payable (Note 18)	Lease Liabilities (Note 16)	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	4,291,987,360	-	-	4,291,987,360
Repayment of borrowings	(2,018,602,072)	(21,000,000)	(254,545,430)	(2,294,147,502)
Non-cash financing activities				
Effect of modification	1,118,939,962	-	-	1,118,939,962
Unrealized forex on dollar valuation	241,381,112	-	-	241,381,112
Amortization of debt issuance costs	35,395,100	-	-	35,395,100
Additional lease liabilities	-	-	187,575,152	187,575,152
Balance at December 31, 2021	**P 43,466,007,560**	**P 5,569,791,232**	**P 465,697,699**	**P 49,501,496,491**

	Bank Loans (Note 18)	Notes Payable (Note 18)	Lease Liabilities (Note 16)	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	(4,692,327,851)	(6,862,138,758)	(98,866,695)	(11,653,333,304)
Non-cash financing activities				
Unrealized forex on dollar valuation	(193,392,900)	-	-	(193,392,900)
Amortization of debt issuance costs	25,694,865	-	-	25,694,865
Additional lease liabilities	-	-	157,183,969	157,183,969
Balance at December 31, 2020	P 39,796,906,098	P 5,590,791,232	P 532,667,977	P 45,920,365,307
Balance as of January 1, 2019	P 30,775,838,256	P 5,846,502,472	P 157,923,257	P 36,780,263,985
Cash flows from financing activities:				
Additional borrowings	17,549,361,732	3,056,288,759	-	20,605,650,491
Repayment of borrowings	(9,784,888,587)	(49,861,241)	(142,381,709)	(9,977,131,537)
Non-cash financing activities				
Unrealized forex on dollar valuation	(145,427,315)	-	-	(145,427,315)
Amortization of debt issuance costs	30,747,898	-	-	30,747,898
Additional lease liabilities	-	-	424,531,514	424,531,514
Effect of adoption of PFRS 16	-	-	34,277,641	34,277,641
Balance at December 31, 2019	P 38,425,631,984	P 8,852,929,990	P 474,350,703	P 47,752,912,677

35. 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 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	**2021**	2020
Interest-bearing loans and Borrowings (excluding lease liabilities)	18	**P 49,035,798,793**	P 45,387,697,330
Total equity		**19,200,907,679**	20,522,467,864
		2.55: 1.00	2.21: 1.00

P&A
Grant Thornton

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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The Board of Directors and Stockholders
Megawide Construction Corporation and Subsidiaries
(A Subsidiary of Citicore Holdings Investment, Inc.)
20 N. Domingo Street
Brgy, Valencia
Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Megawide Construction Corporation and Subsidiaries (the Group) for the year ended December 31, 2021, on which we have rendered our report dated April 8, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8852327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until Dec. 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 8, 2022

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
LIST OF SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
Schedule A
Financial Assets - Fair Value Through Profit or Loss, Fair Value Through Other Comprehensive Income and Amortized Cost
December 31, 2021

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds or Notes	Amount Shown in the Statement Financial Positon as of Reporting Period	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued (iii)
Fair Value through Profit of Loss (FVTPL)				
	-	-	-	
	-	-	-	
	-	-	-	
	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**
Fair Value through Other Comprehensive Income (FVTOCI)				
Investment in Club shares - The City Club, Alphaland Makati Place	-	P 1,044,472	P 1,044,472	-
Investment in Silay Solar Power, Inc. (SSPI)	-	2,500,000	2,500,000	-
TOTAL	**-**	**P 3,544,472**	**P 3,544,472**	**-**
Financial Assets at Amortized Costs				
Cash and cash equivalents	-	P 5,846,088,030	P 5,846,088,030	**P** 32,622,362
Trade and other receivables - net		15,963,291,167	15,963,291,167	441,000,000
Refundable security and bond deposits		233,967,445	233,967,445	-
Investment in trust fund		163,541,216	163,541,216	2,447,617
TOTAL	**-**	**P 22,206,887,858**	**P 22,206,887,858**	**P 476,069,979**

Supplementary information on FVTPL and FVOCI

(i) *This investment represents equity instrument wherein the Group neither exercises control or significant influence as discussed in Note 10 to the consolidated financial statements*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2021

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
AILEEN DEL ROSARIO	-	242,400	-	-	242,400	-	242,400
AISA MARIA TRICCIA E. ESTACIO	17,999	2,969,221	(2,418,752)	-	568,467	-	568,467
AIZA M. TEPAIT	7,300	7,300	-	-	14,600	-	14,600
ALBERT ALINABON	-	73,042	-	-	73,042	-	73,042
ALBERT OROSCO	790	-	(790)	-	-	-	-
ALBERT SAAVEDRA	8,000	141,500	-	-	149,500	-	149,500
ALLAN LUCEL R. BARIT	172,812	-	-	-	172,812	-	172,812
ALYANA GRACE T. ROBLEZA	534	-	(534)	-	-	-	-
ANA JOY S. UPAO	20,000	18,600	(38,600)	-	-	-	-
ANALYN DELOS SANTOS	147,600	98,750	(246,350)	-	-	-	-
ANGELA CLAIRE D. GELLA	-	4,800	(4,800)	-	-	-	-
ANGELA CLAIRE GELLA	10,000	65,000	(75,000)	-	(0)	-	(0)
ANNA KARENINA SALGADO	37,176	732,500	(400,000)	-	369,676	-	369,676
ANNA SHARMAINNE CAOILE	47,000	-	-	-	47,000	-	47,000
ANNABELLE J. OBLIANDA	-	22,400	(22,400)	-	-	-	-
ANNIE MAE BERGAS	6,294	-	(6,294)	-	-	-	-
ANTONIO G. PAREDES	-	10,000	-	-	10,000	-	10,000
ARA C. AMORES	-	48,500	-	-	48,500	-	48,500
ARABELLE VALENCIA	78,750	761,800	(688,727)	-	151,823	-	151,823
ARDINE GEROLD ANACIETO	-	20,500	(20,500)	-	-	-	-
ARLEN NAZARIA	20,000	-	(20,000)	-	-	-	-
ARLENE JOYCE OBLEPIAS	-	247,500	(165,488)	-	82,012	-	82,012
ARNEL S. ARTES	1,200	26,400	(27,600)	-	-	-	-
ARNEL SOLOMON	491	-	(491)	-	-	-	-
ARNOLD FAMILARAN	-	1,326,822	-	-	1,326,822	-	1,326,822
ARVIN REY G. ARANDIA	-	12,500	-	-	12,500	-	12,500
ASTRID REGINE A. COLLADO	-	1,400	-	-	1,400	-	1,400
BAMBANG MEDICAL & HOSPITAL EQUIPMENT SUPI	31,680	-	-	-	31,680	-	31,680
BART V. CAINDOC	551	-	(551)	-	-	-	-
BENJAMIN S. FABROA JR.	108,436	-	-	-	108,436	-	108,436
BEVERLY R. MOLO	-	29,400	(23,400)	-	6,000	-	6,000
BORGIE DEAN B. SANTOS	-	71,700	(71,700)	-	-	-	-
BREZILDO T. SILDO	20,200	-	-	-	20,200	-	20,200
BRIGIDO BARBADILLO JR.	-	723,450	(502,295)	-	221,155	-	221,155
BRYAN MALINAO	29,847	173,932	(188,779)	-	15,000	-	15,000
BUSINESSWORKS INCORPORATED	-	294,118	-	-	294,118	-	294,118
CAMILLE JOY C. PEREDO	-	95,807	(77,060)	-	18,747	-	18,747
CANYON COVE HOTEL AND SPA INC.	228,967	-	-	-	228,967	-	228,967
CARMELA MARIEL I. CINCO	-	140,000	(98,000)	-	42,000	-	42,000
CATHELLE LOUISE L. CARREON	-	3,000	(3,000)	-	-	-	-
CECILE ALBAO	44,897	-	(44,897)	-	-	-	-
CHARLES PERRI HARI	22,800	500,000	(522,800)	-	-	-	-
CHARMAINE ZACARIAS	11,250	-	(11,250)	-	-	-	-
CHERRY ANN V. ARCENAL	97,500	-	-	-	97,500	-	97,500
CHESTER NEIL R. CARBONELL	173,350	-	(34,259)	-	139,091	-	139,091
CHITO BILOG	-	81,500	-	-	81,500	-	81,500
CHRISELDA E. CRISOLOGO	20,160	-	-	-	20,160	-	20,160
CHRISTOPHER A. GANOTICE	-	26,106	(26,106)	-	-	-	-
CHRISTOPHER NADAYAG	16,100	-	-	-	16,100	-	16,100
CHRISTOPHER REGINIO	7,400	-	-	-	7,400	-	7,400
CIB-BDO SA/CA PHP (001150324641/001158035633)	-	18,000	-	-	18,000	-	18,000
CICERO ILAGAN	560,293	-	-	-	560,293	-	560,293
CITY TREASURER MANDAUE CITY	198,465	-	-	-	198,465	-	198,465
CRISTELLE MAE AMORIN	21,300	46,500	-	-	67,800	-	67,800
CRYSTALLINE B. MANALANG	156,525	-	-	-	156,525	-	156,525
DALF LESAN B. GALELA	-	47,740	(47,740)	-	-	-	-
DANDIE C. ESPANOL	-	23,974	-	-	23,974	-	23,974
DANTE SUMIGCAY	-	8,000	(4,000)	-	4,000	-	4,000
DANTE V. CABELLO	1,925	-	-	-	1,925	-	1,925
DARYL JOHN LOPEZ	63,847	47,700	-	-	111,547	-	111,547
DARYL LUMBERIO	71,500	-	(71,500)	-	-	-	-
DEBBIE MAY PURIFICACION	-	328,124	-	-	328,124	-	328,124
DEWEY S. OLAYA	61,500	368,260	-	-	429,760	-	429,760
DIANA MARIE GASPAR	511	52,560	(53,072)	-	(0)	-	(0)
DOMINGO L. LAGMAN ENGINEERING CONSULTAN	-	8,929	-	-	8,929	-	8,929
DON VINCENT SAHAGUN	-	15,000	-	-	15,000	-	15,000
DONABEL R. PASTORAL	-	108,490	(30,750)	-	77,740	-	77,740
DONABELLE SISON	22,900	50,750	-	-	73,650	-	73,650
DONNA ANGELA DE JESUS	-	20,000	(20,000)	-	-	-	-
EDGAR REUNATA	-	24,000	(15,000)	-	9,000	-	9,000
EDGAR VALERA	222,458	-	-	-	222,458	-	222,458
EDWARD YBANEZ	-	82,500	-	-	82,500	-	82,500
Balance forwarded	P 2,770,308	P 10,220,473	(P 5,982,484)	-	P 7,008,297	-	P 7,008,297

Name	Balance at End of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 2,770,308	P 10,220,473	(P 5,982,484)	-	P 7,008,297	-	P 7,008,297
ELIZALDE A. MORALES	7,950	-	-	-	7,950	-	7,950
EMILIA CORAZON DE HITTA	-	37,500	-	-	37,500	-	37,500
ENRIQUE VALENZUELA JR.	-	9,200	-	-	9,200	-	9,200
ERIC DULAY	19,800	26,400	(46,200)	-	-	-	-
ERIC GREGOR TAN	-	314,000	(314,000)	-	-	-	-
ERICANDO GALANG	-	76,300	-	-	76,300	-	76,300
ERICKA SHARA MAE A. PLACIDO	-	81,877	(81,877)	-	-	-	-
ESTELITO CENSON JR.	41,750	1,248,048	(857,225)	-	432,574	-	432,574
ESTRELLA ALVARADO	247,376	-	-	-	247,376	-	247,376
EURENO BIETE	226,030	-	-	-	226,030	-	226,030
EXEQUIEL A ISMAEL	-	5,000	-	-	5,000	-	5,000
FAST AUTOWORLD PHILIPPINES CORP.	-	42,847	-	-	42,847	-	42,847
FEBELYN JOY MANAHAN	-	250,100	-	-	250,100	-	250,100
FEDERICO MARTINEZ	-	113,500	(63,500)	-	50,000	-	50,000
FERDINAND N. PORLUCAS	-	32,192	-	-	32,192	-	32,192
FIDEL P. CUERDO	1,842	-	(1,843)	-	(1)	-	(1)
FIONA ROSE R. NICOLAS	-	608,100	-	-	608,100	-	608,100
FRANCESCA MICAELA SANTECO	-	110,000	-	-	110,000	-	110,000
FRANCISCO TURANO JR.	-	17,702	(5,830)	-	11,872	-	11,872
GENISE M. REYES	-	88,220	(50,470)	-	37,750	-	37,750
GENNICA H. MIRANDA	-	27,000	-	-	27,000	-	27,000
GILBERT TUGADE	127,500	16,500	-	-	144,000	-	144,000
GLEN DIAZ	18,150	124,800	(142,950)	-	-	-	-
GLIZETTE DYAN BERNARDO	-	85,200	-	-	85,200	-	85,200
GLOBE HOME INTERIOR	8,143	-	-	-	8,143	-	8,143
GRACE ABEGAIL CASEM	42,473	89,510	(131,983)	-	0	-	0
GRANT LEE FELLOWES	1,318	-	-	-	1,318	-	1,318
GRAZIELLE ANN Q. ALMAZAN	-	14,288	(10,000)	-	4,288	-	4,288
GREENHILLS COURT CONDOMINIUM CORPORATIO	12,000	-	-	-	12,000	-	12,000
HAROLD DE LEON	-	4,050	(4,050)	-	-	-	-
HAZELLE A.SILVERIO	17,090	-	-	-	17,090	-	17,090
HAZELLE SILVERIO	-	31,950	-	-	31,950	-	31,950
HEDRO IAN PACETE	45,000	-	(45,000)	-	-	-	-
HELEN B. PEDUCHE	-	10,000	(10,000)	-	-	-	-
HERBERT ANDALUZ	-	26,400	(26,400)	-	-	-	-
JAMES CAMPBELL	-	82,266	-	-	82,266	-	82,266
JANE MARIE VELADO	-	11,491	-	-	11,491	-	11,491
JANELLE C. MONJARDIN	29,900	106,808	-	-	136,708	-	136,708
JANICE HONORIDEZ	168,287	-	-	-	168,287	-	168,287
JASON DE LUNA	-	8,500	(3,500)	-	5,000	-	5,000
JAY ONG	-	30,000	-	-	30,000	-	30,000
JAYBEE L. LA ROSA	-	78,240	-	-	78,240	-	78,240
JAYSON B. NARVAEZ	-	113,600	-	-	113,600	-	113,600
JEAN VIRAY	19,430	-	-	-	19,430	-	19,430
JEFFREY MIRANDILLA	435,000	-	-	-	435,000	-	435,000
JEFFREY OYAS	16,800	-	(16,800)	-	-	-	-
JENNIFER ARAGON	26,541	33,500	(60,041)	-	-	-	-
JEPHUNEI BERNARDO	-	-	(43,000)	-	(43,000)	-	(43,000)
JERALBINE NUGUID	20,000	-	-	-	20,000	-	20,000
JERBY CONCEPCION	109,800	478,600	(588,400)	-	-	-	-
JERICHA JAN PRIETO	-	16,109	-	-	16,109	-	16,109
JERMYN LEAL	-	237,750	-	-	237,750	-	237,750
JESSICA D. VIÑAS	-	43,570	(20,000)	-	23,570	-	23,570
JESUS ARIMBUYUTAN	-	288,810	-	-	288,810	-	288,810
JIEZL FLORALDE	-	34,125	-	-	34,125	-	34,125
JIM CARLO A. CORTES	3,000	-	-	-	3,000	-	3,000
JOANA MANGAHAS	71,680	34,224	-	-	105,904	-	105,904
JOANNE MARIE S. BENDERO	-	51,000	(51,000)	-	-	-	-
JOHN KALVIN CARREON	80,000	898,694	(538,194)	-	440,500	-	440,500
JOHN PAUL CADAY	-	19,250	-	-	19,250	-	19,250
JOMAR G. GABITO	-	71,640	(71,640)	-	-	-	-
JONALD BULLECER	7,980	7,800	(15,780)	-	-	-	-
JOSE CARLO CHAVEZ	-	306,800	-	-	306,800	-	306,800
JOSE LAMBERT A. LIM	-	111,524	-	-	111,524	-	111,524
JOSE RAMIREZ	1,000	25,000	(26,000)	-	-	-	-
JOSELITO O. INAMARGA	800,426	2,296,729	-	-	3,097,155	-	3,097,155
JOSELLER ORBINO	-	30,000	-	-	30,000	-	30,000
JOSEPH NAVARRO	-	37,500	(37,500)	-	-	-	-
JOSIE A. ABUCAY	1,500	-	-	-	1,500	-	1,500
JOSIE M. PARREÑO	87,709	-	-	-	87,709	-	87,709
JOUIE LEE OLIVER	-	329,590	(329,590)	-	-	-	-
JOWELYN ROSARIO	-	93,250	-	-	93,250	-	93,250
JOYSIAN NEPOMUCENO	-	3,000	-	-	3,000	-	3,000
JUANITO GARCIA	9,000	-	-	-	9,000	-	9,000
JULIE ANNE L. NUYLAN	-	7,000	(7,000)	-	-	-	-
JULIUS ARINAZA	-	14,823	-	-	14,823	-	14,823
JUNE PILLAS	-	25,000	(25,000)	-	-	-	-
JUNNY ANN S. INOT	-	11,238	(4,238)	-	7,000	-	7,000
KARA MAE MENDIOLA	10,000	34,100	(34,100)	-	10,000	-	10,000
KARENE XYZA DEMETRIO	-	6,000	-	-	6,000	-	6,000
KEITH ANTHONY CALIMAG	-	100,000	-	-	100,000	-	100,000
KHAREN ALFUENTE	-	55,000	-	-	55,000	-	55,000
KIM ALEXIE VALLESTERO	-	20,250	(20,250)	-	-	-	-
Balance forwarded	P 5,484,783	P 19,863,937	(P 9,665,844)	-	P 15,682,877	-	P 15,682,877

Name	Balance at End of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 5,484,783	P 19,863,937	(P 9,665,844)	-	P 15,682,877	-	P 15,682,877
KIM RITA MARIE SOLOMON	10,500	287,280	(281,962)	-	15,818	-	15,818
LAILANIE ANTONIO	1,800	-	-	-	1,800	-	1,800
LAMBERTO BANSIL III	-	247,800	-	-	247,800	-	247,800
LAPU-LAPU CITY TREASURER	9,720	-	-	-	9,720	-	9,720
LEI ANNE T. ORBISTA	-	8,800	-	-	8,800	-	8,800
LEO ROLLAN	-	20,000	(20,000)	-	-	-	-
LEUMAS DAVID R. LABISTE	24,000	-	(24,000)	-	-	-	-
LIAN MACHADO	6,087	61,200	(67,287)	-	-	-	-
LINO VILLANUEVA	355,215	-	-	-	355,215	-	355,215
LIZNIL JANE GEIDT	-	102,500	-	-	102,500	-	102,500
LLOYD PELAYO	-	57,750	(57,750)	-	-	-	-
LUIGIE LLANO	-	20,000	(20,000)	-	-	-	-
LUIS RAYMOND ILAGAN	93,600	184,932	-	-	278,532	-	278,532
MA. ABIGAEL JANE LIBRANDO	-	101,500	-	-	101,500	-	101,500
MA. GLORIA JENNIFER ONTE	-	250,850	-	-	250,850	-	250,850
MA. TERESA M. MORABE	-	46,300	(46,300)	-	-	-	-
MAEDEN B. ORDANZA	-	20,000	-	-	20,000	-	20,000
MANUEL CRUZ	-	112,900	-	-	112,900	-	112,900
MANUEL ONGJUCO	-	207,250	-	-	207,250	-	207,250
MARC BENI SANSAIT	8,000	-	-	-	8,000	-	8,000
MARDEL CIARA MARASIGAN	-	33,240	-	-	33,240	-	33,240
MARIA THERESA PASCUAL	80,000	-	-	-	80,000	-	80,000
MARICEL LUNA	76,850	-	-	-	76,850	-	76,850
MARIECRIS S. YADAO	6,527	34,520	(36,047)	-	5,000	-	5,000
MARIELLE M. OLEA	-	12,000	(4,504)	-	7,496	-	7,496
MARILOU M. GIANAN	-	245,000	-	-	245,000	-	245,000
MARIO LOPE PAR	185,466	282,693	-	-	468,159	-	468,159
MARJULAINE DERENE D. ACAY	7,000	-	(7,000)	-	-	-	-
MARK NICKSON GARCIA	99,277	-	-	-	99,277	-	99,277
MARK NICKSON P. GARCIA	175,385	-	-	-	175,385	-	175,385
MARK ROCAFORT	143,326	1,858,732	(1,669,426)	-	332,632	-	332,632
MARLON ALVARICO	26,174	-	-	-	26,174	-	26,174
MARNELLIE SANIDAD	40,000	71,000	(101,000)	-	10,000	-	10,000
MARTIN MIGUEL FLORES	10,717	-	-	-	10,717	-	10,717
MARY ANN ZACARIAS	14,851	88,254	(103,104)	-	-	-	-
MATEST LABORATORY SERVICES INC.	-	49,043	-	-	49,043	-	49,043
MELISSA SALILICAN	-	96,153	(21,490)	-	74,663	-	74,663
MICHAEL JOSEPH PEREYRA	31,800	-	-	-	31,800	-	31,800
MICHAEL SIMUNDAC	-	173,805	(164,468)	-	9,337	-	9,337
MICHELLE GATAL	111,295	-	-	-	111,295	-	111,295
MILESTILL YOUNG	45,000	20,000	(45,000)	-	20,000	-	20,000
NATIONAL INSTITUTE OF ACCOUNTING TECHNICI	9,025	-	-	-	9,025	-	9,025
NAZARENO C. ABALOS	6,351	-	-	-	6,351	-	6,351
NEIL CATABAY	-	43,600	(33,600)	-	10,000	-	10,000
NELSON LEGARDE	-	68,536	(8,536)	-	60,000	-	60,000
NELSON M. CASADO	-	90,000	-	-	90,000	-	90,000
NELSON TUIZA JR.	2,200	-	-	-	2,200	-	2,200
NESTOR F. DIZON JR.	-	98,840	-	-	98,840	-	98,840
NEW EZKLEEN PORTALET CORP.	8,839	-	-	-	8,839	-	8,839
NICOLE SYMON C. DILIG	-	20,000	(20,000)	-	-	-	-
NIDA H. GREFALDO	507,522	222,750	-	-	730,272	-	730,272
NIKKO KAYE VILLETE	-	31,680	(31,680)	-	-	-	-
NILO MELITON	30,600	26,400	(57,000)	-	-	-	-
NIÑO DELOS REYES	70,309	196,315	(266,624)	-	-	-	-
NIÑO JOVIT C. JIMENEZ	42,065	373,401	(68,300)	-	347,165	-	347,165
NOEL CANSINO	-	10,000	(10,000)	-	-	-	-
NOEL M. BERANA	14,464	46,750	-	-	61,214	-	61,214
NORLITO P. BUENA	1,476	26,851	(16,211)	-	12,116	-	12,116
NORMAN N. ESCOBAR	11,960	-	-	-	11,960	-	11,960
OLIVER BERMEJO	-	56,000	-	-	56,000	-	56,000
OUR LADY OF MT. CARMEL MEDICAL CENTER-CLAI	47,000	-	-	-	47,000	-	47,000
OWEN NIPA	79,650	3,600	(83,250)	-	-	-	-
PAMELA PEREZ	9,856	-	-	-	9,856	-	9,856
PAULINE JEENE AGUINALDO	-	15,000	(15,000)	-	-	-	-
PIELCHE IMSON	8,600	92,000	-	-	100,600	-	100,600
PINOY PROPERTIES INVESTMENT CORPORATION	-	22,755	(11,335)	-	11,419	-	11,419
PRIME CARE ALPHA	379,464	-	-	-	379,464	-	379,464
PRINCESS INCISO	-	60,000	-	-	60,000	-	60,000
PRINCESS MAUREEN DE LEON	2,381	224,000	(226,381)	-	(0)	-	(0)
QUAERITO QUALITAS INC.	130,000	-	-	-	130,000	-	130,000
RACQUEL H. VERZOSA	93,610	55,000	-	-	148,610	-	148,610
RAIZA JACKIE LOUISE ESPINO	74,319	547,440	(621,759)	-	-	-	-
RAYMUND JAY S. GOMEZ	-	7,834	-	-	7,834	-	7,834
RAYMUNDO LAYSON	6,140	-	(6,140)	-	-	-	-
REBECCA AYCOCHO	-	3,500	(3,500)	-	-	-	-
RED A. GOLPEO	-	39,500	(39,500)	-	-	-	-
RENATO ALEGADO	-	42,245	(42,245)	-	-	-	-
REXFORD ILAGAN	-	866,489	(866,489)	-	-	-	-
REZA MARIE C. DE GUZMAN	-	280,000	-	-	280,000	-	280,000
RHEA LAMOSTE	9,822	-	(9,822)	-	-	-	-
RHEONEIL M. RAFAEL	-	285,510	-	-	285,510	-	285,510
RICARDO MANUEL	94,062	-	-	-	94,062	-	94,062
RICHARD PEÑAMAYOR	-	58,200	(28,200)	-	30,000	-	30,000
ROBERT JASON TORRES	454,000	486,000	(454,000)	-	486,000	-	486,000
ROBERTO TAPIA	9,000	-	-	-	9,000	-	9,000
RODOLFO J. CERVERA	-	95,016	(95,016)	-	-	-	-
ROEL COLEGADO	42,915	175,000	(212,714)	-	5,201	-	5,201
ROLAND RAYCO	-	120,450	(80,600)	-	39,850	-	39,850
ROMAR COBILLA	55,791	-	-	-	55,791	-	55,791
ROMEO DIAZ	66,404	-	(66,404)	-	-	-	-
ROMEO FAUSTINO JR.	-	91,258	(72,805)	-	18,453	-	18,453
ROMEO P. FURIGAY	-	23,800	-	-	23,800	-	23,800
ROMEO SAKAY	-	30,000	(30,000)	-	-	-	-
ROMMEL SUNGA	-	210,000	(210,000)	-	-	-	-
RONA C. BAUTISTA	1,437	-	(1,437)	-	-	-	-
ROSE ANN PIQUERO	-	10,000	(10,000)	-	-	-	-
ROSE CELINE CASTRO	11,000	38,000	(38,000)	-	11,000	-	11,000
ROSE CLARY APOLINARIO	15,895	-	-	-	15,895	-	15,895
Balance forwarded	P 9,343,528	P 29,751,157	(P 16,071,730)	-	P 23,022,955	-	P 23,022,955

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			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 9,343,528	P 29,751,157	(P 16,071,730)	-	P 23,022,955	-	P 23,022,955
ROSEBHEL HIBAYA	-	177,160	(161,580)	-	15,580	-	15,580
ROSETTE PASCUAL	60,000	650,000	(504,000)	-	206,000	-	206,000
RUDY'S MOTOR SHOP	22,946	-	-	-	22,946	-	22,946
RUEL ALMA JR.	-	350,000	-	-	350,000	-	350,000
RUFINO DIZO	20,350	-	-	-	20,350	-	20,350
SANDRA MAE UNDALOK	-	91,950	-	-	91,950	-	91,950
SHARE TREATS INNOVATION CORPORATION	51,138	118,510	-	-	169,648	-	169,648
SHAW AUTOMOTIVE RESOURCES INC	-	8,616	-	-	8,616	-	8,616
SHEILA MARIE B. CO	-	4,200	(4,200)	-	-	-	-
SHELLA MAY C. NARCEDA	41,897	68,000	(41,897)	-	68,000	-	68,000
SHERYL A. PAZ	-	22,770	(22,770)	-	-	-	-
SICCION MARKETING, INC.	17,054	-	-	-	17,054	-	17,054
THE TENT CITY RENTALS & SALES SERVICES CORPO	23,112	-	-	-	23,112	-	23,112
TONI MAE B. REYES	-	38,500	-	-	38,500	-	38,500
TOYOTA MABOLO CEBU INC	-	11,330	-	-	11,330	-	11,330
TRANSWORLD TIRE AND AUTO SUPPLY	9,585	-	-	-	9,585	-	9,585
TRISHA MAY S. MANALO	15,872	30,000	-	-	45,872	-	45,872
VALERIE AYRA RAMOS	-	4,000	-	-	4,000	-	4,000
VANNESA ANN P. GERILLA	3,193	518,963	(452,196)	-	69,960	-	69,960
VENERABLE DALUSUNG	-	38,000	(38,000)	-	-	-	-
VICTOR RIVERA	-	107,000	(77,000)	-	30,000	-	30,000
VINCENT PAOLO DE GUZMAN	-	20,000	-	-	20,000	-	20,000
WESLEY ARPILLEDA	-	5,000	-	-	5,000	-	5,000
WINSHER CRIS G. STEWART	-	50,048	(24,548)	-	25,500	-	25,500
WINSTON V. JIMENEZ	62,012	-	-	-	62,012	-	62,012
YSRAEL ANGELES	-	66,360	(66,360)	-	-	-	-
ZHEENA OCAMPO	-	120,000	(70,000)	-	50,000	-	50,000
ZYRA FACTURAN	8,975	-	-	-	8,975	-	8,975
Balance forwarded	P 9,679,662	P 32,251,564	(P 17,534,281)	-	P 24,396,946	-	P 24,396,946

Name	Balance at End of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 9,679,662	P 32,251,564	(P 17,534,281)	-	P 24,396,946	-	P 24,396,946
KIM RITA MARIE SOLOMON	10,500	287,280	(281,962)	-	15,818	-	15,818
LAILANIE ANTONIO	1,800	-	-	-	1,800	-	1,800
LAMBERTO BANSIL III	-	247,800	-	-	247,800	-	247,800
LAPU-LAPU CITY TREASURER	9,720	-	-	-	9,720	-	9,720
LEI ANNE T. ORBISTA	-	8,800	-	-	8,800	-	8,800
LEO ROLLAN	-	20,000	(20,000)	-	-	-	-
LEUMAS DAVID R. LABISTE	24,000	-	(24,000)	-	-	-	-
LIAN MACHADO	6,087	61,200	(67,287)	-	-	-	-
LINO VILLANUEVA	355,215	-	-	-	355,215	-	355,215
LIZNIL JANE GEIDT	-	102,500	-	-	102,500	-	102,500
LLOYD PELAYO	-	57,750	(57,750)	-	-	-	-
LUIGIE LLANO	-	20,000	(20,000)	-	-	-	-
LUIS RAYMOND ILAGAN	93,600	184,932	-	-	278,532	-	278,532
MA. ABIGAEL JANE LIBRANDO	-	101,500	-	-	101,500	-	101,500
MA. GLORIA JENNIFER ONTE	-	250,850	-	-	250,850	-	250,850
MA. TERESA M. MORABE	-	46,300	(46,300)	-	-	-	-
MAEDEN B. ORDANZA	-	20,000	-	-	20,000	-	20,000
MANUEL CRUZ	-	112,900	-	-	112,900	-	112,900
MANUEL ONGJUCO	-	207,250	-	-	207,250	-	207,250
MARC BENI SANSAIT	8,000	-	-	-	8,000	-	8,000
MARDEL CIARA MARASIGAN	-	33,240	-	-	33,240	-	33,240
MARIA THERESA PASCUAL	80,000	-	-	-	80,000	-	80,000
MARICEL LUNA	76,850	-	-	-	76,850	-	76,850
MARIECRIS S. YADAO	6,527	34,520	(36,047)	-	5,000	-	5,000
MARIELLE M. OLEA	-	12,000	(4,504)	-	7,496	-	7,496
MARILOU M. GIANAN	-	245,000	-	-	245,000	-	245,000
MARIO LOPE PAR	185,466	282,693	-	-	468,159	-	468,159
MARJULAINE DERENE D. ACAY	7,000	-	(7,000)	-	-	-	-
MARK NICKSON GARCIA	99,277	-	-	-	99,277	-	99,277
MARK NICKSON P. GARCIA	175,385	-	-	-	175,385	-	175,385
MARK ROCAFORT	143,326	1,858,732	(1,669,426)	-	332,632	-	332,632
MARLON ALVARICO	26,174	-	-	-	26,174	-	26,174
MARNELLIE SANIDAD	40,000	71,000	(101,000)	-	10,000	-	10,000
MARTIN MIGUEL FLORES	10,717	-	-	-	10,717	-	10,717
MARY ANN ZACARIAS	14,851	88,254	(103,104)	-	-	-	-
MATEST LABORATORY SERVICES INC.	-	49,043	-	-	49,043	-	49,043
MELISSA SALILICAN	-	96,153	(21,490)	-	74,663	-	74,663
MICHAEL JOSEPH PEREYRA	31,800	-	-	-	31,800	-	31,800
MICHAEL SIMUNDAC	-	173,805	(164,468)	-	9,337	-	9,337
MICHELLE GATAL	111,295	-	-	-	111,295	-	111,295
MILESTILL YOUNG	45,000	20,000	(45,000)	-	20,000	-	20,000
NATIONAL INSTITUTE OF ACCOUNTING TECHNICI	9,025	-	-	-	9,025	-	9,025
NAZARENO C. ABALOS	6,351	-	-	-	6,351	-	6,351
NEIL CATABAY	62,009,676	(6,197,978)	(109,642)		55,702,056	-	55,702,056
NEIL CATABAY	-	43,600	(33,600)	-	10,000	-	10,000
NELSON LEGARDE	-	68,536	(8,536)	-	60,000	-	60,000
NELSON M. CASADO	-	90,000	-	-	90,000	-	90,000
NELSON TUIZA JR.	2,200	-	-	-	2,200	-	2,200
NESTOR F. DIZON JR.	-	98,840	-	-	98,840	-	98,840
NEW EZKLEEN PORTALET CORP.	8,839	-	-	-	8,839	-	8,839
NICOLE SYMON C. DILIG	-	20,000	(20,000)	-	-	-	-
NIDA H. GREFALDO	507,522	222,750	-	-	730,272	-	730,272
NIKKO KAYE VILLETE	-	31,680	(31,680)	-	-	-	-
NILO MELITON	30,600	26,400	(57,000)	-	-	-	-
NIÑO DELOS REYES	70,309	196,315	(266,624)	-	-	-	-
NIÑO JOVIT C. JIMENEZ	42,065	373,401	(68,300)	-	347,165	-	347,165
NOEL CANSINO	-	10,000	(10,000)	-	-	-	-
NOEL M. BERANA	14,464	46,750	-	-	61,214	-	61,214
NORLITO P. BUENA	1,476	26,851	(16,211)	-	12,116	-	12,116
NORMAN N. ESCOBAR	11,960	-	-	-	11,960	-	11,960
OLIVER BERMEJO	-	56,000	-	-	56,000	-	56,000
OUR LADY OF MT. CARMEL MEDICAL CENTER-CLAI	47,000	-	-	-	47,000	-	47,000
OWEN NIPA	79,650	3,600	(83,250)	-	-	-	-
PAMELA PEREZ	9,856	-	-	-	9,856	-	9,856
PAULINE JEENE AGUINALDO	-	15,000	(15,000)	-	-	-	-
PIELCHE IMSON	8,600	92,000	-	-	100,600	-	100,600
PINOY PROPERTIES INVESTMENT CORPORATION	-	22,755	(11,335)	-	11,419	-	11,419
PRIME CARE ALPHA	379,464	-	-	-	379,464	-	379,464
PRINCESS INCISO	-	60,000	-	-	60,000	-	60,000

TOTAL ADVANCES TO OFFICERS AND EMPLOYEES	P 74,481,307	P 32,251,564	(P 20,934,796)	-	P 85,798,075	-	P 85,798,075
Advances to related parties under common ownership							
Future State Myspace, Inc.	33,574.00	1,840	-	-	35,414.00	-	**35,414.00**
MySpace Properties Inc.	100,795,633.00	6,100,682	-	-	106,896,315.00	-	**106,896,315.00**
Megawide Foundation	39,845.00	47,631	-	-	87,476.00	-	**87,476.00**
ESA Group of Companies Inc.	-	757,143	-	-	757,143.00	-	**757,143.00**
Altria East Land, Inc.	60,428.00	-	(60,428)	-	-	-	**-**
Citicore Infrastructure Holdings, Inc.	31,716.00	1,548,624	-	-	1,580,340.00	-	**1,580,340.00**
Citicore Power Inc.	3,176,113,903.00	1,311,655	-	-	3,177,425,558.00	-	**3,177,425,558.00**
TOTAL ADVANCES TO RELATED PARTIES UNDER COMMON OWNERSHIP	3,277,075,099.00	9,767,575.00	(60,428.00)	-	3,286,782,246.00	-	**3,286,782,246.00**
ULTIMATE PARENT COMPANY	3,089,295,108.00	-	-	-	3,089,295,108.00	-	**3,089,295,108.00**
ASSOCIATES AND JOINT ARRANGEMENTS	44,319,466.00	-	(1,519,066)	-	42,800,400.00	-	**42,800,400.00**
	6,485,170,980.00	**42,019,139.00**	**(22,514,290.00)**	-	**6,504,675,829.00**	-	**6,504,675,829.00**

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
Schedule C
Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Megawide Construction (BVI) Corporation (MCBVI)	P 148,353,434	-	P 12,582,294	-	P 135,771,140	-	P 135,771,140
Megawide Terminals, Inc. (MTI)	480,245,448	38,989	-	-	480,284,437	-	480,284,437
Altria East Land, Inc. (Altria)	123,790,792	834,841					124,625,633
Tiger Legend Holdings Limited	-	472,264,936	-	-	472,264,936	-	472,264,936
Megawide Land Inc. (MLI)	12,275,848	4,274,131	-	-	16,549,979	-	16,549,979
Cebu2World Development, Inc.	2,084,290		2,084,290	-	-	-	-
Wide-Horizons, Inc.	1,250,000	90,911	-	-	1,340,911	-	1,340,911
Globemerchants Inc.		2,000,000			2,000,000		2,000,000

-

Supplementary information –

Megawide has receivables from MIL for construction and engineering services provided.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
Schedule D
Long-Term Debt
December 31, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-Term Debt" in Related Statement of Financial Position
Bank loans (i)	P 43,466,007,561	P 14,504,602,415	P 28,961,405,146
Note payable (ii)	5,569,791,232	P 56,000,000	5,513,791,232
Lease liabilities (iii)	465,697,699	219,483,607	246,214,092
Total	**P 49,501,496,492**	**P 14,780,086,022**	**P 34,721,410,470**

Supplementary information on Long-term Debt

(i) *Total bank loans represent certain omnibus loan security agreement (OLSA) and other bank loans that were entered into with various local universal banks comprising of P17,200.0 million drawdown from the OLSA with maturity of 15 years, and P2,500.0 million short-term unsecured bank loans.*

(ii) *Total notes payable represents unsecured availments from three notes facility agreement with a local bank for private placement amounting to P100.0 million in 2013, P2,000.0 million in 2016, and P3,600.0 million in 2020. These notes have maturity term that ranges from five to ten years from date of issue.*

In September 2016 and December 2016, the Parent Company availed an unsecured corporate 10-year corporate loans amounting to P650.0 million and P350.0 million to refinance the 5-year corporate note issued in 2011. Also, the Parent Company availed another P1,000.0 million unsecured 10-year corporate note for capital expenditures and general corporate requirments.

In February 2020, the Parent Company availed P3,600.0 unsecured corporate loans from its third loan facility for repayment of maturing debts, funding of new projects and general corporate requirements.

(iii) *Lease liabilities have an effective interest rate of 7.0% and 6.0% in 2020 and 2019 with maturity of three to five years from the date of transaction.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
Schedule E
Indebtedness to Related Parties
December 31, 2021

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Citicore-Megawide Consotium, Inc. (CMCI)	20,000,000	20,000,000
MWM Terminals, Inc. (MWMTI)	1,115,843,082	38,328,360
Cebu2World Development, Inc.	-	921,465,312
Total	**P 1,135,843,082**	**P 979,793,672**

Supplementary information on Indebtedness to Related Parties

[1] *The Group obtained unsecured, noninterest-bearing cash advances from its associate, CMCI, for working capital requirements, which are payable on demand. its working capital requirements, which are payable on demand. Citicore paid for the Parent Company's agreed subscription of MWCCI in 2014 and CMCI in 2012. These advances are noninterest-bearing and payable on demand.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
Schedule F
Guarantees of Securities of Other Issuers
December 31, 2021

Name of Related Party	Amount
MWM Terminals, Inc. (MWMTI)	P 3,841,500,000
Citicore Holdings Investments, Inc. (CHI)	1,500,000,000
Citicore Megawide Consortium, Inc. (CMCI)	656,000,000
Total	**P 5,997,500,000**

Supplementary information on Guarantees of Securities and Other Issuers

[1] *On December 26, 2019, the Parent Company's Board of Directors approved the issuance of corporate guaranty in the amount of P4,500.0 million infavour of CHI as part of the governance initiative of the Group to provide assistance, as needed, to new and other businesses to help them mature and produce strong and predictable cash flows to become stable and consistend to the Group. Subsequently on March 28, 2021, the BOD of the Parent Company approved the reduction of the amount of corporate guaranty to P1.5 billion.*

[2] *MWMTI entered in to an OLSA with a local universal bank in 2015, with the Parent Company as guarantor, for a for a loan facility amounting to P3,300.0 million to finance the construction of the ITS Project. In 2019, the Company requested the lender to increase the loan facility by P600.0 million making the total principal loan to P3,900.0 million. MWMTI has an oustanding loan amounting to P3,841.5 million as of December 31, 2021.*

[3] *On March 23, 2015, CMCI, with the Parent Company as guarantor, executed a RPA with certain local commercial banks, whereby CMCI shall offer an outstanding arising from PPP school infrastructure project finance lease receivable within the purchase period on a limited recourse basis such as upon the occurrence of certain repurchase event under the RPA. The Parent Company, as guarantor, shall pay on the demand up to the aggregate amount of P656 million in case of default of CMCI. Pursuant to the continuing obligations of CMCI under the RPA, CMCI has been in compliance with the RPA during the reporting periods.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
Schedule G
Capital Stock
December 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Postion Caption (i)	Number of Shares Reserved for Options, Warrants, Coversion and Other Rights / Treasury Shares	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common	4,930,000,000	2,381,709,313	P 386,016,410	1,330,634,698	19,171,308	681,320,525
Preferred	178,000,000	88,626,010.00	-	5,000,000	-	83,626,010

" 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 2019 and 2018 amounted to P457.8 million and P827.1 million, respectively, which is equivalent to 26.1 million and 48.8 million shares, respectively.

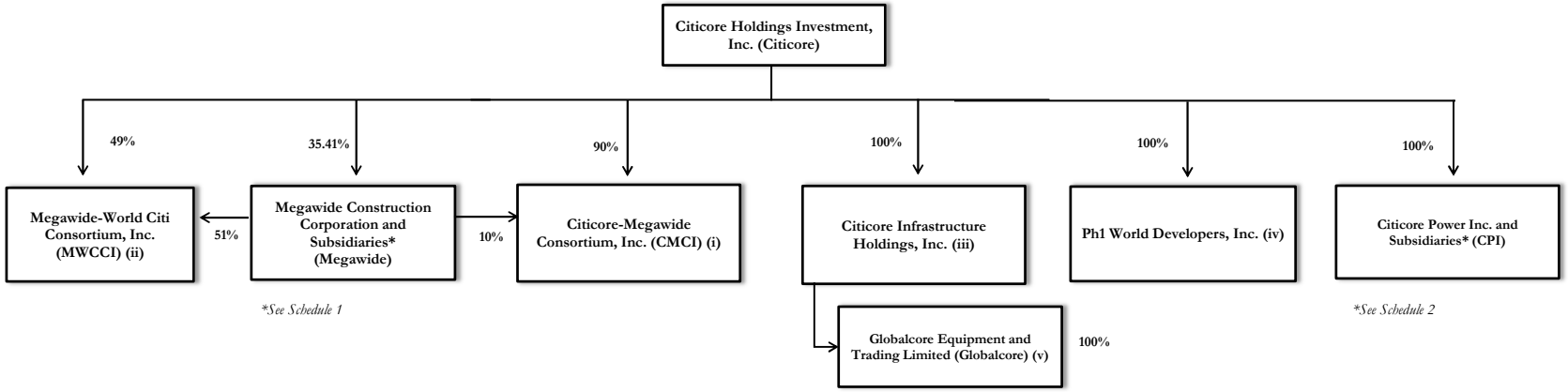
On March 3, 2020, the Parent's BOD approved an additional P3.0 billion to its share buyback program, making it a total of P5.0 billion and removal of the period within which to execute the program, making it open-ended. Total cost of acquired treasury shares in 2020 amounted to P703.1 million, which is equivalent to 50.2 million shares. "

MEGAWIDE CONSTRUCTION CORPORATION
Reconciliation of Retained Earnings Available for Dividend Declaration
For Year Ended December 31, 2021

Unappropriated Retained Earnings of the Parent Company at Beginning of Year	P	4,903,113,418
Prior Periods' Outstanding Reconciling Item		
Treasury shares - at cost	(	4,615,690,576) [1]
Deferred tax income	(	201,153,958)
Effect of prior period restatement		12,718,499
Effect of change in income tax rate		33,525,660
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		132,513,043
Net Profit of the Parent Company Realized During the Period		
Net profit per audited financial statements		1,285,145,170
Non-actual/unrealized income		
Deferred tax income related to deferred tax assets recognized in the profit or loss during the year	(	141,920,106)
Other Transaction During the Period		
Cash dividends to preferred and common shareholders	(	505,629,428)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**770,108,679**

[1] The Group's retained earnings are restricted up to the extent of the cost of its treasury shares, except those treasury shares acquired in the redemption of redeemable preferred shares amounting to P4,000.0 million as of December 31, 2021.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIP BETWEEN THE COMPANY AND ITS RELATED ENTITIES
December 31, 2021



Supplementary information:

(i) *The rights and powers of Megawide over the management and control of the CMCI are exercised through a seat in the Board of Directors (BOD). Taking this into consideration, the Megawide concluded that it has significant influence over the investee; accordingly the investment is accounted for as an investment in associate.*

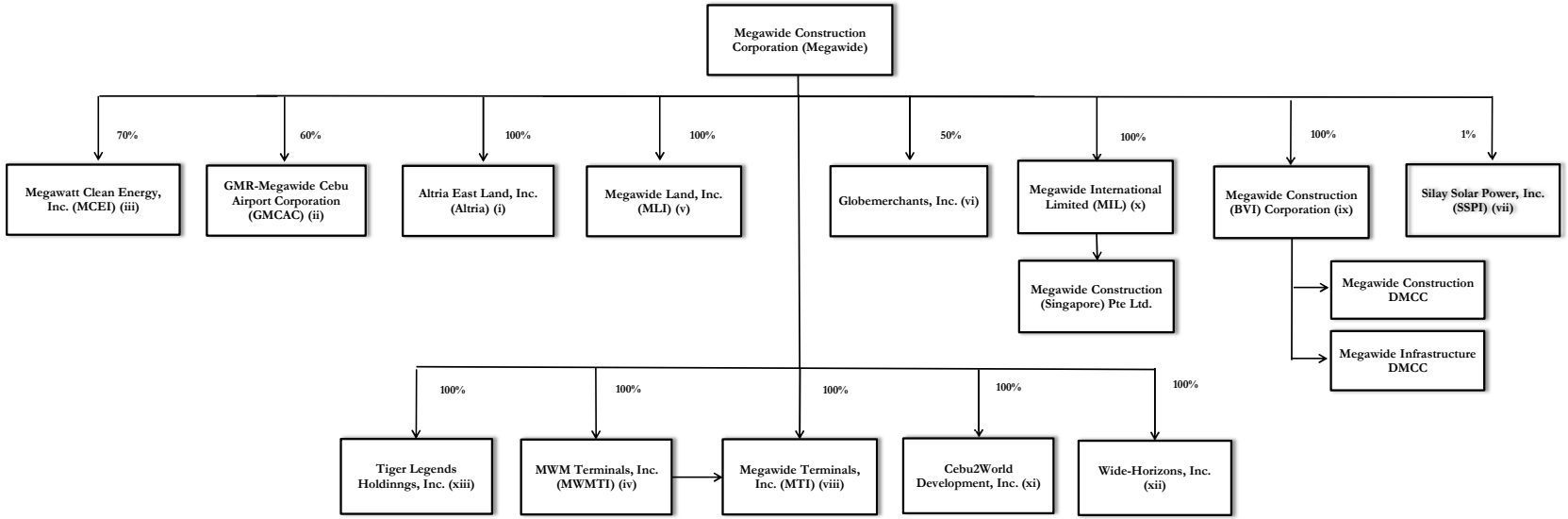
(ii) *Megawide acquired 51% ownership interest in MWCCI, but accounted for the investment as an associate since it does not have control over MWCCI's relevant activities. Citicore acquired 68% effective ownership interest over MWCCI, hence, obtained the control over MWCCI.*

(iii) *In March 2015, CHI acquired 100% ownership to CIHI. CIHI was established primarily to engage in buying and holding shares of other companies, either by subscribing to unissued shares of capital stock in public or private offering or by purchasing the shares of other stockholders by way of assignment in private sale.*

(iv) *In January 2012, upon execution of Deed of assignment between CHI and Ph1's stokholders, the 100% ownership of Ph1 was transferred to CHI.*

(v) *Globalcore is a foreign registered and domiciled in Hong Kong, which is primarilty engaged in buying, selling, importing, and exporting of general equipment.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIP BETWEEN THE COMPANY AND ITS RELATED ENTITIES
Schedule 1: Megawide Construction Corporation and Subsidiaries
December 31, 2021



Supplementary information:

(i) Megawide's acquisition of Altria is treated as an acquisition of asset and not a business acquisition. Hence, Altria is not considered a subsidiary of the Megawide.

(ii) Megawide acquired 15.0 million shares of stock of GMCAC which represent 60% of GMCAC's issued and outstanding capital stock, giving Megawide control over the financial and operations of GMCAC.

(iii) On September 4, 2014, the Company acquired 70% of the issued and outstanding capital stock of MCEI. The investment in MCEI is accounted for as an investment in subsidiary.

(iv) MWMTI was accounted for as a subsidiary due to the acquisition of 100% ownership in MTI, resulting to the increase in effective ownership of Megawide in MWMTI from 51% to 100%.

(v) On October 28, 2016, the Parent Company acquired a 100% ownership interest in MLI, an entity incorporated in the Philippines. MLI is incorporated primarily to engage in real estate and related business.

(vi) On May 5, 2016, the Parent Company acquired a 60% ownership interest in Globemerchants, a company incorporated in the Philippines, primarily engaged in exporting, buying, selling, distributing, marketing at a wholesale in so far as may be permitted by law all kinds of goods, wares and merchandise of every kind and description. As of December 31, 2020, the Parent Company's ownership interest in Globemerchants, Inc. is 50%.

(vii) In February 2016, SSPI's unissued shares of stock were acquired by CPI resulting in a 75% equity interest over SSPI and diluting Megawide's equity interest over SSPI from 100% to 25%. Hence, SSPI ultimatley became a subsidiary of CPI. In 2016, the Megawide's equity interest was reduced from 100% to 1% upon acquisition of a related party under common ownership.

(viii) In August 2018, Megawide acquired the outstanding shares of MTI representing 100% ownership, making it a wholly owned subsidiary of Megawide.

(ix) On June 20, 2017, the Parent Company acquired a 100% ownership interest in MCBVI, an entity incorporated in the territory of British Virgin Islands, a primarily engage in buying and holding shares of other companies.

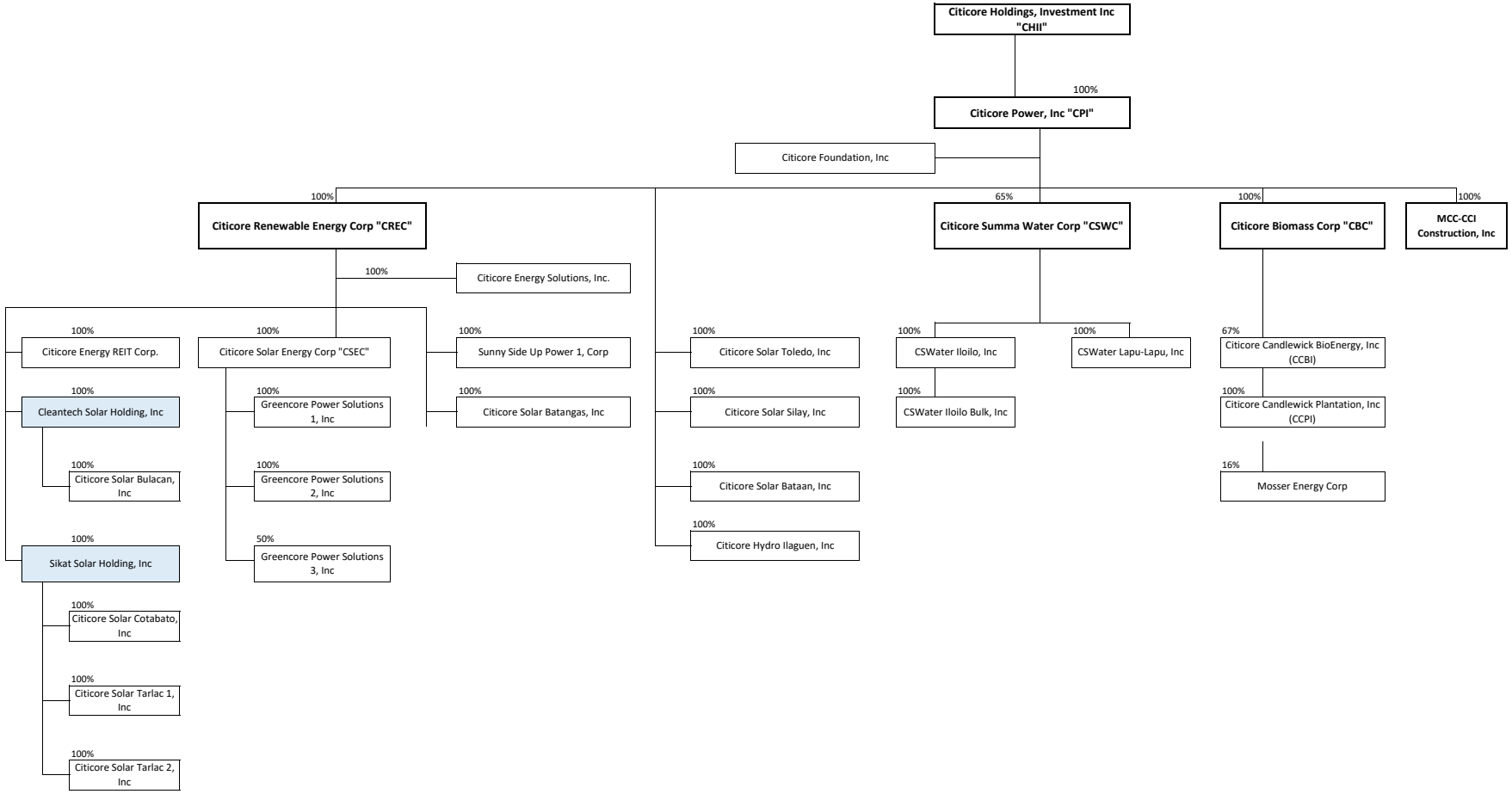
(x) MIL, whose registered office is at Marcy Building, 2nd Floor, Purcell Estate, P.O. Box 2416, Road Town Tortola, British Virgin Islands, was incorporated on July 26, 2019.

(xi) Cebu2World, 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.

(xii) Wide-Horizons, whose registered office is at at 20 N. Domingo Street, Brgy. Valencia, Quezon City., was incorporated on November 16, 2020

(xiii) Tiger Legends was incorporated on October 16, 2020 to primarily engage in buying and holding shares of other companies. Tiger Legend's registered address is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIP BETWEEN THE COMPANY AND ITS RELATED ENTITIES
Schedule 2: Citicore Power Inc. and Subsidiaries
'December 31, 2021



Supplementary information:

(i) *In February 2016, SSPI's unissued shares of stock were acquired by CPI resulting in a 75% equity interest over SSPI and diluting Megawide's equity interest over SSPI from 100% to 25%. Hence, SSPI ultimatley became a subsidiary of CPI. In 2016, the Megawide's equity interest was reduced from 100% to 1% upon acquisition of a related party under common ownership.*

(ii) *In 2016, the following newly incorporated entities: HBPI, CESI, BGESSI, NGESSI, LGESSI and CGESSI, become wholly owned subsidiaries of the CPI upon subscription on their common shares.*

In 2015, CPI acquired NGPTC. CPI acquired additional shares of NGPTC through conversion of advances to equity investments.

In November 2015, CPI entered into a share purchase agreement (SPA) for the acquisition of FTSEC for $12.0 million. CPI paid the former stockholder of FTSEC amounting to P40.1 million. The agreement was subsequently amended and reduced the purchased price to $9.6 million. CPI gained control on FTSEC in May 2016 upon significant compliance of the parties to the SPA. CPI then recognized FTSEC as its subsidiary.

P&A
Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

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The Board of Directors and Stockholders
Megawide Construction Corporation and Subsidiaries
(A Subsidiary of Citicore Holdings Investment, Inc.)
20 N. Domingo Street
Brgy, Valencia
Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Megawide Construction Corporation and Subsidiaries (the Group) for the year ended December 31, 2021 and 2020, on which we have rendered our report dated April 8, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 8532327, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until Dec. 31, 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 8, 2022

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020

Ratio	Formula	2021	Formula	2020
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 39,772,467,299 Divide by: Total Current Liabilities 27,365,849,718 Current ratio 1.45	1.45	Total Current Assets divided by Total Current Liabilities Total Current Assets 36,432,587,464 Divide by: Total Current Liabilities 23,755,843,080 Current ratio 1.53	1.53
Acid test ratio	Quick assets (Total Current Assets less Inventories, Contract Assets and Other Current Assets) divided by Total Current Liabilities Total Current Assets 39,772,467,299 Less: Inventories (2,045,159,384) Contract Assets (4,777,704,858) Other Current Assets (10,132,960,472) Quick Assets 22,816,642,585 Divide by: Total Current Liabilities 27,365,849,718 Acid test ratio 0.83	0.83	Quick assets (Total Current Assets less Inventories Contract Assets and Other Current Assets) divided by Total Current Liabilities Total Current Assets 36,432,587,464 Less: Inventories (1,719,042,863) Contract Assets (4,231,600,246) Other Current Assets (7,956,744,328) Quick Assets 22,525,200,027 Divide by: Total Current Liabilities 23,755,843,080 Acid test ratio 0.95	0.95
Solvency ratio	Total Assets divided by Total Liabilities Total Assets 85,176,628,860 Divide by: Total Liabilities 65,975,721,181 Solvency ratio 1.29	1.29	Total Assets divided by Total Liabilities Total Assets 81,343,769,067 Divide by: Total Liabilities 60,821,301,203 Solvency ratio 1.34	1.34
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 65,975,721,181 Divide by: Total Equity 19,200,907,679 Debt-to-equity ratio 3.44	3.44	Total Liabilities divided by Total Equity Total Liabilities 60,821,301,203 Divide by: Total Equity 20,522,467,864 Debt-to-equity ratio 2.96	2.96
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 85,176,628,860 Divide by: Total Equity 19,200,907,679 Assets-to-equity ratio 4.44	4.44	Total Assets divided by Total Equity Total Assets 81,343,769,067 Divide by: Total Equity 20,522,467,864 Assets-to-equity ratio 3.96	3.96
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 1,109,061,595 Divide by: Interest expense 1,832,843,352 Interest rate coverage ratio 0.61	0.61	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 1,238,676,064 Divide by: Interest expense 1,848,485,140 Interest rate coverage ratio 0.67	0.67
Return on equity	Net Loss divided by Average Equity Net Profit (893,154,419) Divide by: Average Equity 19,861,687,772 Return on equity (0.04)	(0.04)	Net Loss divided by Average Equity Net Profit (874,595,891) Divide by: Average Equity 19,260,490,280 Return on equity (0.05)	(0.05)

Ratio	Formula	2021	Formula	2020
Return on assets	Net Profit divided by Average Assets Net Profit (893,154,419) Divide by: Average Assets 83,260,198,964 Return on assets (0.01)	(0.01)	Net Profit divided by Average Assets Net Profit (874,595,891) Divide by: Average Assets 81,054,047,649 Return on assets (0.01)	(0.01)
Net profit margin	Net Profit divided by Total Revenue Net Profit (893,154,419) Divide by: Total Revenue 15,643,971,114 Net profit margin (0.06)	(0.06)	Net Profit divided by Total Revenue Net Profit (874,595,891) Divide by: Total Revenue 12,923,226,465 Net profit margin (0.07)	(0.07)