

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

With Independent Auditors' Report



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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Philippines

Opinion

We have audited the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of profit or loss and other 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, 2024, and notes, comprising material accounting policies and other explanatory information.

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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audit 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 audit 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.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements



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.

Revenue Recognition

(P1.95 billion, see consolidated statements of profit or loss and other comprehensive income and Notes 23 and 24 to the consolidated financial statements).

The Risk

The Group's revenue transactions are not complex and no significant judgment is applied over the amounts recorded. However, market expectations and profit-based targets may place pressure on management to distort revenue recognition. There is potential risk of management override to achieve revenue targets.

Our Response

As part of our audit procedures, we evaluated and tested the relevant key management controls over the completeness, existence and accuracy of revenue recognized in the consolidated financial statements. We performed substantive analytical procedures, test of details, and cutoff testing procedures to ensure whether transactions occurring near yearend were recorded in the proper period and journal entries testing procedures around revenue to identify any unusual or irregular items posted in the accounting records. We also assessed whether the Group's revenue recognition policies and disclosures are in accordance with PFRS Accounting Standards.

Valuation of Property and Equipment

(P11.68 billion, see consolidated statements of financial position and Note 9 to the consolidated financial statements).

The Risk

The Group's land, land improvements, hotel buildings and improvements, furniture, fixtures and equipment, and transportation equipment are measured using the revaluation model which is based on fair values. The models applied to determine the fair value of property and equipment are complex and sensitive to assumptions. Accordingly, we placed significant focus during the audit on the fair value measurement because the amounts involved are material and significant judgments were applied in the assessment.

Our Response

As part of our audit procedures, we evaluated the objectivity, knowledge, skills and ability of the independent external appraisers and determined whether they are accredited by Securities and Exchange Commission. We evaluated the appraisal reports issued by the independent external appraisers by testing the completeness and accuracy of underlying data used, assessing the appropriateness of the valuation methods applied and the assumptions in determining the fair values and considered whether these were in accordance with PFRS Accounting Standard.

We also assessed the adequacy of the Group's disclosures whether they met the requirements under the PFRS Accounting Standard.



Capitalization of Costs on Construction

(P1.03 billion, see Note 9 to the consolidated financial statements)

The Risk

The subsidiary has incurred significant costs in relation to the reconstruction and restoration project of its hotel property. Costs amounting to P1.03 billion have been capitalized as construction-in-progress under property and equipment as at December 31, 2023. We focused on this area because there is a risk that costs are not appropriately capitalized in accordance with PFRS Accounting Standard, including the requirement to only capitalize overheads and other charges which are directly attributable to the construction activities.

Our Response

As part of our audit procedures, we obtained the certified progress report from the subsidiary's engineering department and vouched on a sampling basis capitalized costs to supporting documents such as progress billings from contractors. We also evaluated the design and implementation of management controls to address the risk of inappropriate capitalization of costs. We also considered the adequacy of the subsidiary's disclosures and determined whether they met the disclosure requirements under the PFRS Accounting Standard.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 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 audit 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 audit, 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 Accounting Standard, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

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 those 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 audit resulting in this independent auditors' report is Oliver C. Bucao.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'O. Bucao', written over a horizontal line.

OLIVER C. BUCAO

Partner

CPA License No. 0086699

Tax Identification No. 129-433-612

BIR Accreditation No. 08-001987-053-2023

Issued March 10, 2023; valid until March 10, 2026

PTR No. MKT 10467168

Issued January 2, 2025 at Makati City

May 16, 2025

Makati City, Metro Manila



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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group) as at and for the years ended December 31, 2024 and 2023, included in this Form 17-A, on which we have rendered our report thereon dated May 16, 2025.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group 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 and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements



The above schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Group's consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2024 and 2023 and no material exceptions were noted.

R.G. MANABAT & CO.

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OLIVER C. BUCAO

Partner

CPA License No. 0086699

Tax Identification No. 129-433-612

BIR Accreditation No. 08-001987-053-2023

Issued March 10, 2023; valid until March 10, 2026

PTR No. MKT 10467168

Issued January 2, 2025 at Makati City

May 16, 2025

Makati City, Metro Manila



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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Waterfront Philippines, Incorporated
No. 1 Waterfront Drive
Off Salinas Drive, Lahug
Cebu City, Cebu

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Waterfront Philippines, Incorporated and Subsidiaries (the Group) as at and for the years ended December 31, 2024 and 2023, included in this Form 17-A, on which we have rendered our report thereon dated May 16, 2025.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

1. Reconciliation of Retained Earnings Available for Dividend Declaration (*Annex A*)
2. Map of Conglomerate (*Annex B*)
3. Supplementary Schedules of Annex 68-J (*Annex C*)

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements



The above supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Group's consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Oliver C. Bucao', written in a cursive style.

OLIVER C. BUCAO

Partner

CPA License No. 0086699

Tax Identification No. 129-433-612

BIR Accreditation No. 08-001987-053-2023

Issued March 10, 2023; valid until March 10, 2026

PTR No. MKT 10467168

Issued January 2, 2025 at Makati City

May 16, 2025

Makati City, Metro Manila

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31				
			2023 (As restated) Note 27	January 1, 2023 (As restated) Note 27
	Note	2024		
ASSETS				
Current Assets				
Cash and cash equivalents	4, 21	P393,356,310	P475,947,998	P583,888,860
Short-term Investments	21	2,856,000	1,277,615	-
Receivables - net	5, 21	1,582,470,998	903,674,116	873,865,491
Notes receivable	8, 21	271,702,728	267,553,447	247,382,185
Due from related parties - current portion	8, 21	2,210,869,398	2,936,358,422	2,239,921,125
Inventories	6	31,251,767	24,950,383	29,102,436
Prepaid expenses and other current assets	7	69,487,919	248,457,059	248,400,444
Total Current Assets		4,561,995,120	4,858,219,040	4,222,560,541
Noncurrent Assets				
Equity securities - at fair value through other comprehensive income	8, 21	68,382,520	70,255,800	69,943,300
Due from related parties - noncurrent portion	8, 21	4,823,173,674	3,591,306,466	3,921,476,815
Property and equipment - net	9	11,675,078,943	11,705,835,715	11,001,110,315
Right-of-use assets - net	24	121,087,451	133,800,348	118,357,933
Deferred tax assets	19	187,416,235	248,599,526	270,406,996
Retirement benefits asset	18	72,868,817	69,794,281	72,916,925
Other noncurrent assets - net	10, 21	901,695,131	728,655,722	731,755,873
Total Noncurrent Assets		17,849,702,771	16,548,247,858	16,185,968,157
		P22,411,697,891	P21,406,466,898	P20,408,528,698
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	11, 21	P1,713,190,913	P1,800,621,785	P1,692,671,289
Loans payable - current portion	13, 21, 26	671,000,000	715,000,000	595,000,000
Lease liabilities - current portion	21, 24	3,944,388	2,795,134	116,255
Due to related parties - current portion	8	5,013,613	30,000	-
Income tax payable		65,805,063	76,473,704	54,330,458
Other current liabilities	12, 21	72,525,682	63,488,720	32,951,372
Total Current Liabilities		2,531,479,659	2,658,409,343	2,375,069,374
Noncurrent Liabilities				
Loans payable - noncurrent portion	21, 26	2,140,000,000	2,435,000,000	2,775,000,000
Retirement benefits liability	18	8,738,089	341,300	-
Lease liabilities - net of current portion	21, 24	148,117,668	146,114,456	128,015,290
Deferred tax liabilities	19	2,373,719,754	2,571,564,257	2,400,127,450
Other noncurrent liabilities	14, 21	482,580,221	474,314,210	463,088,384
Total Noncurrent Liabilities		5,153,155,732	5,627,334,223	5,766,231,124
		7,684,635,391	8,285,743,566	8,141,300,498

Forward

December 31				
			2023	January 1,
			(As restated)	2023
	Note	2024	Note 27	(As restated)
			Note 27	Note 27
Equity Attributable to Equity Holders of the Parent Company				
Capital stock	16	P2,498,991,753	P2,498,991,753	2,498,991,753
Additional paid-in capital		706,364,357	706,364,357	706,364,357
Revaluation surplus on property and equipment	9	5,571,304,631	5,778,561,874	5,528,893,756
Retirement benefits reserve		148,325,721	151,384,105	154,436,033
Foreign currency translation adjustment		75,088,486	68,945,429	70,558,260
Fair value reserve		3,415,552	4,284,906	4,284,906
Retained earnings		3,380,840,212	2,312,850,611	2,051,797,945
Total Equity Attributable to Equity Holders of the Parent Company		12,384,330,712	11,521,383,035	11,015,327,010
Noncontrolling Interests	16	2,342,731,788	1,599,340,297	1,251,901,190
Total Equity		14,727,062,500	13,120,723,332	12,267,228,200
		P22,411,697,891	P21,406,466,898	P20,408,528,698

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

Years Ended December 31				
			2023 (As restated) Note 27	2022
	Note	2024		
REVENUES				
Rent and related income	23, 24	P625,689,821	P618,256,151	P606,752,740
Food and beverage		736,170,148	673,544,166	516,359,149
Rooms		545,899,121	472,469,953	338,806,344
Others		43,781,042	39,316,103	24,522,816
		1,951,540,132	1,803,586,373	1,486,441,049
COSTS AND EXPENSES OTHER THAN DEPRECIATION, INTEREST, GAINS AND INCOME TAX EXPENSE				
Energy costs		250,587,510	222,505,747	264,122,679
Food and beverage	6	243,094,371	244,142,783	206,876,970
Personnel costs	18	236,301,823	160,124,546	153,542,582
Repairs and maintenance	6	63,851,040	60,472,333	24,848,080
Rooms		23,659,630	25,162,207	20,815,645
Rent	24	19,368,301	17,527,739	12,903,991
Others	17	594,349,684	413,697,247	310,267,138
		1,431,212,359	1,143,632,602	993,377,085
INCOME BEFORE DEPRECIATION, INTEREST, GAINS AND INCOME TAX EXPENSE				
		520,327,773	659,953,771	493,063,964
DEPRECIATION, INTEREST AND (LOSSES) GAIN				
Gain on sale of property and equipment	8	1,761,454,396	-	-
Interest income	4, 8	123,229,442	141,173,479	91,418,445
Gain from insurance claims	1	30,401,133	-	-
Impairment losses	5, 8, 10	-	(9,572,112)	(308,514)
Foreign exchange losses - net		(8,540,083)	(12,144,791)	(5,617,636)
Interest expense	13, 23, 24, 26	(310,001,802)	(299,821,604)	(166,383,473)
Depreciation	9, 24	(362,303,023)	(333,404,053)	(295,364,489)
Others		4,484,769	-	-
		1,238,724,832	(513,769,081)	(376,255,667)
INCOME BEFORE INCOME TAX EXPENSE				
		1,759,052,605	146,184,690	116,808,297
INCOME TAX EXPENSE	19	154,365,872	107,627,968	65,925,125
NET INCOME		1,604,686,733	38,556,722	50,883,172

Forward

Years Ended December 31				
			2023 (As restated) Note 27	2022
	Note	2024		
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Appraisal increase on property and equipment	9	P -	P911,673,363	P864,622,641
Remeasurement gains on defined benefit plan	18	(3,861,823)	4,089,691	10,007,878
Unrealized gains on equity securities at fair value through other comprehensive income	8	(1,560,780)	-	-
Deferred tax effect	19	931,976	(227,918,340)	(218,657,631)
		(4,490,627)	687,844,714	655,972,888
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations		6,143,057	935,085	15,429,483
		1,652,433	688,779,799	671,402,371
TOTAL COMPREHENSIVE INCOME		P1,606,339,163	P727,336,521	P722,285,543
Net income attributable to:				
Equity holders of the Parent Company		P860,732,358	P68,843,761	P82,789,942
Noncontrolling interests	16	743,954,376	(30,287,039)	(31,906,770)
		1,604,686,734	P38,556,722	P50,883,172
Total comprehensive income attributable to:				
Equity holders of the Parent Company		P862,947,674	P349,610,375	P585,400,417
Noncontrolling interests	16	743,391,490	377,726,146	136,885,126
		P1,606,339,164	P727,336,521	P722,285,543
EARNINGS PER SHARE - Basic and Diluted				
	20	0.34	P0.028	P0.033

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Equity Attributable to Equity Holders of the Parent Company								Non-controlling Interests	Total Equity
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Retained Earnings	Total	(Note 16)	
As at January 1, 2024, as restated	P2,498,991,753	P706,364,357	P5,778,561,874	P151,384,105	P68,945,429	P4,284,906	P2,312,850,611	P11,521,383,035	P1,599,340,297	P13,120,723,332
Total Comprehensive Income for the Year										
Net income for the year	-	-	-	-	-	-	860,732,358	860,732,358	743,954,376	1,604,686,734
Other comprehensive income - net of tax effect	-	-	-	(3,058,384)	6,143,057	(869,354)	-	2,215,319	(562,885)	1,652,434
	-	-	-	(3,058,384)	6,143,057	(869,354)	860,732,358	862,947,677	743,391,491	1,606,339,168
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(207,257,243)	-	-	-	207,257,243	-	-	-
As at December 31, 2024	P2,498,991,753	P706,364,357	P5,571,304,631	P148,325,721	P75,088,486	P3,415,552	P3,380,840,212	P12,384,330,712	P2,342,731,788	P14,727,062,500

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Equity Attributable to Equity Holders of the Parent Company							Total	Non-controlling Interests (Note 16)	Total Equity
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Retained Earnings			
As at January 1, 2023, as restated	P2,498,991,753	P706,364,357	P5,528,893,756	P154,436,033	P70,558,260	P4,284,906	P2,051,797,945	P11,015,327,010	P1,251,901,190	P12,267,228,200
Total Comprehensive Income for the Year										
Net income for the year	-	-	-	-	-	-	68,843,761	68,843,761	(30,287,039)	38,556,722
Other comprehensive income - net of tax effect	-	-	441,877,023	(3,051,928)	(1,612,831)	-	-	437,212,264	377,726,146	814,938,410
	-	-	441,877,023	(3,051,928)	(1,612,831)	-	68,843,761	506,056,025	347,439,107	853,495,132
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(192,208,905)	-	-	-	192,208,905	-	-	-
As at December 31, 2023	P2,498,991,753	P706,364,357	P5,778,561,874	P151,384,105	P68,945,429	P4,284,906	P2,312,850,611	P11,521,383,035	P1,599,340,297	P13,120,723,332

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Equity Attributable to Equity Holders of the Parent Company							Total	Non-controlling Interests (Note 16)	Total Equity
	Capital Stock (Note 16)	Additional Paid-in Capital	Revaluation Surplus on Property and Equipment	Retirement Benefits Reserve	Foreign Currency Translation Adjustment	Fair Value Reserve	Retained Earnings			
As at January 1, 2022	P2,498,991,753	P706,364,357	P5,376,130,748	P147,014,110	P55,128,777	P4,284,906	P1,642,011,942	P10,429,926,593	P1,115,016,064	P11,544,942,657
Total Comprehensive Income for the Year										
Net income for the year	-	-	-	-	-	-	82,789,942	82,789,942	(31,906,770)	50,883,172
Other comprehensive income - net of tax effect	-	-	479,759,069	7,421,923	15,429,483	-	-	502,610,475	168,791,896	671,402,371
	-	-	479,759,069	7,421,923	15,429,483	-	82,789,942	585,400,417	136,885,126	722,285,543
Transfer of revaluation surplus absorbed through depreciation for the year - net of tax effect	-	-	(326,996,061)	-	-	-	326,996,061	-	-	-
As at December 31, 2022	P2,498,991,753	P706,364,357	P5,528,893,756	P154,436,033	P70,558,260	P4,284,906	P2,051,797,945	P11,015,327,010	P1,251,901,190	P12,267,228,200

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax expense		P1,759,052,605	P146,184,690	P116,808,297
Adjustments for:				
Depreciation	9, 24	352,717,002	327,077,010	291,733,073
Interest expense	13, 23, 26	310,001,802	285,745,321	166,383,473
Retirement benefits expense (income)	18	1,153,664	(198,032)	4,094,139
Gain on sale of property and equipment	8	(1,761,454,396)	-	-
Interest income	4, 8	(123,229,442)	(141,173,479)	(91,418,446)
Gain from insurance claims	1	(30,401,133)	-	-
Unrealized foreign exchange losses (gains) - net		(850,958)	(2,349,483)	21,058,768
Impairment losses	5, 8, 10	17,050,056	18,585,407	-
Income due to rent concession	24	-	(1,814,550)	(485,346)
Income before working capital change		524,039,200	632,056,884	508,173,958
Decrease (increase) in:				
Receivables	5	(661,746,826)	29,808,625	(183,348,904)
Inventories	6	(6,301,384)	(4,939,298)	(5,232,581)
Short-term investment	21	(1,578,385)	1,277,615	-
Prepaid expenses and other current assets		178,969,140	208,347	(29,857,156)
Increase (decrease) in:				
Accounts payable and accrued expenses		(624,103,901)	107,950,497	(11,018,597)
Other noncurrent liabilities	14	8,266,011	11,225,826	30,122,164
Other current liabilities	12	9,036,962	30,537,348	(10,419,338)
Cash received from operations		88,327,643	808,125,844	298,419,546
Interest received		4,397,747	6,785,285	5,484,594
Retirement benefits paid	18	-	-	(1,500,000)
Interest paid		(2,577,407)	(14,076,283)	(36,400,906)
Income taxes paid		(172,739,671)	(85,484,722)	(88,882,125)
Net cash provided by operating activities		(82,591,688)	715,350,124	177,121,109
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Other noncurrent assets		(173,039,409)	(3,100,151)	53,182,749
Notes receivable		(4,149,281)	20,171,262	(3,531,198)
Due from related parties		(506,378,184)	(712,157,886)	(297,338,011)
Proceeds from sale of property and equipment	8	1,761,454,396	-	-
Proceeds from insurance claims on property damages	1	18,394,446	-	-
Additions to property and equipment	9	(500,180,230)	120,129,047	(260,211,904)
Purchase of option contract	8	-	-	(2,074,704,732)
Deposit for acquisition of land	8	-	-	(204,252,800)
Net cash provided by (used in) investing activities		596,101,738	(574,957,728)	(2,786,855,896)

Forward

Years Ended December 31				
	Note	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan proceeds	26	P -	P -	P3,050,000,000
Loan payments	26	(339,000,000)	(220,000,000)	(690,106,382)
Payment of lease liabilities	24	(15,793,351)	(28,363,258)	(10,065,081)
Increase in due to a related party		-	30,000	-
Net cash provided by (used in) financing activities		(354,793,351)	(248,333,258)	2,349,828,537
NET DECREASE IN CASH AND CASH EQUIVALENTS		(82,591,688)	(107,940,862)	(259,906,250)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		475,947,998	583,888,860	843,795,110
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	P393,356,310	P475,947,998	P583,888,860

See Notes to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Waterfront Philippines, Incorporated (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 1994 as an investment holding company. The Parent Company is listed on the Philippine Stock Exchange (PSE) and is 45%-owned by The Wellex Group, Inc. (TWGI), an entity registered and domiciled in the Philippines.

The details of the equity interest of the Parent Company in its subsidiaries as at December 31, 2024 and 2023 are as follows:

	Percentage of Ownership	
	Direct	Indirect
Hotels and Resorts		
Waterfront Cebu City Casino Hotel, Incorporated (WCCCHI)	100	-
Waterfront Mactan Casino Hotel, Incorporated (WMCHI)	100	-
Waterfront Iloilo Hotel Inc. (WIHI)	100	-
Waterfront Puerto Princesa Hotel, Inc. (WPPHI)	100	-
Davao Insular Hotel Company, Inc. (DIHCI)	98	-
Acesite (Phils.) Hotel Corporation (Doing business under the name and style of Waterfront Manila Hotel and Casino) (APHC)	56	-
Grand Ilocandia Resort and Development, Inc. (GIRDI)	54	-
Real Estate		
Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.) (through direct ownership in APHC)	-	56
Fitness Gym		
Waterfront Wellness Group, Inc. (WWGI)	100	-
International Marketing and Promotion of Casinos		
Waterfront Promotion Limited (WPL)	100	-
Mayo Bonanza, Inc. (MBI)	100	-
Club Waterfront International Limited (CWIL) (through direct ownership in WPL)	-	100
Pastries Manufacturing		
Waterfront Food Concepts, Inc. (WFC)	100	-
Hotel Management and Operation		
Waterfront Hotel Management Corp. (WHMC)	100	-
Waterfront Horizon Corporation (formerly Waterfront Entertainment Corporation) (WHC)	100	-
Pavillion Enterprises Corp. (through direct ownership in APHC)	-	56
Pavillion Leisure and Entertainment Corp. (through direct ownership in APHC)	-	56
Investment Holding Company		
Waterfront Cebu Ventures, Inc. (WCVI)	100	-

All of the above subsidiaries were incorporated and registered in the Philippines except for WPL and its subsidiary, CWIL, which were registered in the Cayman Islands.

Management decided to temporarily cease the operations of MBI, WHMC, WPL, CWIL and GIRDI in 2016, 2014, 2003, 2001 and 2000, respectively, due to unfavorable economic conditions.

The registered office of the Parent Company is at No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City, Philippines.

GIRDI

GIRDI was incorporated and registered with the SEC on December 18, 1990 to engage in the hotel and resort business.

The registered office of GIRDI is located at located at No. 37 Calayab, Laoag City, Ilocos Norte.

In September 2000, the Company entered into a Memorandum of Understanding (the "MOA") with the Fort Ilocandia Property Holdings & Development Corporation (the "Buyer") for the purchase of and the right to operate the Fort Ilocandia Resort in Laoag, Ilocos Norte (the "Subject Property").

In December 2016, the Company learned from news reports and further determined that the Buyer is a foreign national unqualified to own and operate real properties in the Philippines. In the same period, the Company filed a complaint with the Regional Trial Court in Laoag for the nullity of the MOA entered into with the Buyer.

In February 2021, the Supreme Court ruled with finality that the MOA and the subsequent and resulting Asset Purchase Agreement entered into by the parties was void ab initio, ordering the Company to return and pay to the Buyer the purchase price of the Subject Property and for the Buyer to vacate and deliver possession of the Subject Property to the Company.

In April 2024, in accordance with the Compromise Agreement, Fort Ilocandia Property Holdings & Development Corporation undertakes to revert the property to Grand Ilocandia Resort and Development, Inc. with the latter to refund the purchase price to the former. In May 2024, after the execution of a Compromise Agreement with the Buyer, the Company regained possession of the Subject Property and resumed the hotel's operations. Grand Ilocandia Resort Development, Inc. shall take possession of Fort Ilocandia Resort and take over the entire operations of the hotel with its own set of books of accounts.

Status of APHC Operation

On March 18, 2018, a fire broke out in the Parent Company's hotel property damaging the podium and hotel building and suspending its hotel operations. Based on the Fire Certification issued by the Bureau of Fire Protection - National Headquarters on April 23, 2018, the cause of the subject fire was declared and classified as "accidental in nature". The Group incurred casualty losses due to damage of inventories and hotel property. The Group filed for property damage and business insurance claims which were finalized in 2020 amounting to P1.72 billion. As at December 31, 2024 and 2023, insurance claims receivable amounted to nil and P18.4 million, respectively (see note 5).

The Company has started in 2018 the reconstruction and restoration of the podium and the hotel buildings. Although, the project completion has been extended due to some delays, the construction activities have not been totally stopped and are still ongoing as of December 31, 2024. The management expects to complete the Phase 1 of a reconstruction project by the 1st quarter of 2026. The Phase 1 of the project includes the public areas including the lobby, some food and beverage outlets, and the casino area at the ground floor level up to the third floor.

A related party, who has a long-term sublease contract with Philippine Amusement and Gaming Corporation (PAGCOR), entered into a long-term lease contract with the Company for the operation of a casino until 2025. The entire proceeds from insurance coverage claims have been allotted to complete the Phase 1 of the reconstruction work with additional funding expected to be coming from bank borrowings to be guaranteed by an affiliate.

The amenities, guest facilities, and the remaining rooms of the hotel building are expected to be completed in Phases 2 and 3 of the reconstruction projects. Phases 2 and 3 are expected to be completed by the 3rd quarter of 2026 and 1st quarter of 2027, respectively. These two latter phases will be funded by the cash flows generated by the operations of Phase 1 and, when necessary, bank borrowings.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in compliance with PFRS Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards which are issued by the Financial and Sustainability Reporting Standards Council (FSRSC) consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations.

Authorization for Issuance of the Financial Statements

These consolidated financial statements were approved and authorized for issue by the Parent Company's board of directors (BOD) on April 28, 2025.

Details of the Group's material accounting policies are included in Note 27.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Basis
Land, land improvements, hotel buildings and improvements, furniture, fixtures and equipment, and transportation equipment	Revalued amount less accumulated depreciation and impairment losses
Financial assets at fair value through other comprehensive income (FVOCI) - equity securities	Fair value
Retirement benefits asset	Fair value of plan assets (FVPA) less the present value of the defined benefits obligation (DBO)

Functional and Presentation Currency

These consolidated financial statements are presented in Philippine peso (PHP), which is the Group's functional currency except for WPL and CWIL, the functional currency of which is the United States dollar (USD). All amounts presented in PHP have been rounded to the nearest peso, unless otherwise indicated.

3. Use of Judgments and Estimates

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments

Information about judgments in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Classifying Financial Instruments

The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreement and the definition of a financial asset, financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

Distinguishing Investment Properties and Owner-occupied Properties

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property 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 properties but also to the other assets used in the delivery of services.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the delivery of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the delivery of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group has classified its properties as owner-occupied (see Notes 9, 23 and 24).

Transactions with PAGCOR

The Group has significant transactions with PAGCOR. Under Presidential Decree (PD) No. 1869, otherwise known as the PAGCOR Charter, PAGCOR is exempted from payment of any form of taxes other than the 5.00% franchise tax imposed on the gross revenue or earnings derived by PAGCOR from its operations under the franchise. The amended Revenue Regulations (RR) No. 16-2005 which became effective in 2006, however, provides that gross receipts of PAGCOR shall be subject to the 12.00% value-added tax (VAT). In February 2007, the Philippine Congress amended PD No. 1869 to extend the franchise term of PAGCOR for another twenty-five (25) years but did not include any revocation of PAGCOR's tax exemption privileges as previously provided for in PD No. 1869. In accounting for the Group's transactions with PAGCOR, the Group's management and its legal counsel have made a judgment that the amended PD No. 1869 prevails over the amended RR No. 16-2005 (see Note 23).

Operating Lease Commitments - Group as Lessor

The Group has leased out its commercial spaces to third parties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these commercial spaces and thus, accounts for the contracts as operating leases (see Note 24).

Determining the Lease Term of Contracts with Renewal and Termination Options - Group as Lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

The Group included the renewal period as part of the lease term for lease of its land. There is a reasonable certainty that the Group would exercise its option to renew for the lease because there will be a significant negative effect on its operation if a replacement asset is not readily available (see Note 24).

Provisions and Contingencies

The Group has received assessments from the Bureau of Internal Revenue (BIR) for deficiency taxes and is also a defendant in various legal cases which are still pending resolutions. The Group's management and legal counsels have made a judgment that the positions of the Group are sustainable and, accordingly, believe that the Group does not have a present obligation (legal or constructive) with respect to such assessments and claims (see Note 25).

Classifying Receivables from Related Parties

The Group exercises judgment in classifying the receivables from related parties as under current assets or noncurrent assets based on the expected realization of the receivables. The Group takes into account the credit rating and other financial information about the related parties to assess their ability to settle the Group's outstanding receivables. Related party receivables that are expected to be realized within twelve (12) months after the reporting period or within the Group's normal operating cycle are considered current assets (see Notes 8 and 21).

Recognizing Insurance Claims

APHC recognizes gain on insurance from its damaged property and business interruption claims when it is determined that the amount to be received from the insurance recovery is virtually certain and recognition in the period is appropriate considering the following:

- There is a valid insurance policy for the incident;
The status of APHC's discussion with the adjuster and the insurance company regarding the claim; and
- The subsequent information that confirms the status of the claim as of the reporting date.

Consolidation of Entities in which the Group Holds 60.00%, 60.00% and 50.00% Voting Rights

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group owns 60.00%, 60.00% and 50.00% of the voting rights of WCCCHI, WMCHI and DIHCI, respectively. The remaining 40.00%, 40.00% and 50.00% of the voting rights of WCCCHI, WMCHI and DIHCI, respectively, is held by Philippine Bank of Communications (PBCOM) in accordance with the Omnibus Loan and Security Agreement (the Agreement) (see Note 26). The Group assessed that control still exists despite the voting rights percentage by sufficiently dominating the voting power to control the operational and financial decisions of WCCCHI, WMCHI and DIHCI subject to the Agreement because the Group is the single largest shareholder of WCCCHI, WMCHI and DIHCI with 100.00%, 100.00% and 98.00% equity interest, respectively.

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows:

Allowance for Impairment Losses on Financial Instruments

The Group uses the expected credit loss (ECL) model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate (EIR). PFRS 9, *Financial Instruments*, requires the Group to record ECL on all of its financial instruments, either on a 12-month or lifetime basis. The Group applied the simplified approach to receivables from third parties and its related parties and recorded the lifetime ECL. The model represents a probability-weighted estimate of the difference over the remaining life of the receivables. Lifetime ECL is calculated by multiplying the lifetime Probability of Default by Loss Given Default (LGD) and Exposure at Default (EAD). LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty. The EAD of a financial asset is its gross carrying amount at the time of default. In addition, management assessed the credit risk of the receivables as at the reporting date as low, therefore the Group did not have to assess whether a significant increase in credit risk has occurred.

Further details on the allowance for impairment losses are disclosed in Notes 5 and 8.

Fair Value Estimation

If the financial instruments are not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them.

All models are certified before they are used and are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

The specific methods and assumptions used by the Group in estimating the fair values of its financial instruments are disclosed in Note 21.

Net Realizable Value (NRV) of Inventories

The Group carries its inventories at NRV whenever such becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Estimates of NRV are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuation of prices or costs directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date. The NRV is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying value of the inventories are disclosed in Note 6.

Revaluation of Property and Equipment

The Group carries certain classes of property and equipment at fair value, with changes in fair value being recognized in other comprehensive income (OCI). The Group engaged independent valuation specialists to assess fair value. Fair value is determined with references to transactions involving properties of a similar nature, location and condition.

The key assumptions used to determine the fair value of properties are provided in Note 9.

Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at each reporting date 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 of property and equipment is based on the 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 estimates brought about by changes in the factors mentioned above.

The carrying amounts of property and equipment are disclosed in Note 9.

Impairment of Nonfinancial Assets

The Group's policy on estimating the impairment of nonfinancial assets is discussed in Note 27. The Group assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets may be impaired or that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

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

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group believes that the carrying amounts of its nonfinancial assets approximate their recoverable amounts, except for advances to contractors. Further details on the carrying amount of nonfinancial assets are disclosed in Notes 6, 7, 9 and 10.

Retirement Benefits

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The discount rate assumption is based on the Bankers Association of the Philippines PHP Bloomberg Valuation Reference Rates benchmark reference curve for the government securities market considering average years of remaining working life of the employees as the estimated term of the DBO.

Further details about pension obligations are provided in Note 18.

Deferred Tax Assets

Deferred tax assets are recognized for consolidated financial statement and tax differences to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Further details on deferred taxes are disclosed in Note 19.

Leases - Estimating the Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates such as a subsidiary's stand-alone credit rating.

Further details on leases are disclosed in Note 24.

4. Cash and Cash Equivalents

This account consists of:

	Note	2024	2023
Cash on hand		P4,718,153	P2,706,369
Cash in banks		361,152,779	347,766,526
Short-term placements		27,485,378	125,475,103
	21	P393,356,310	P475,947,998

Cash in banks earn interest at the respective bank deposit rates and are unrestricted and immediately available for use.

Short-term placements earn interest at annual average rate of 0% to 4.5% and 0% to 4.50% in 2024 and 2023 with average maturities ranging from 30 to 90 days.

Related interest income recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P5.77 million, P6.78 million, and P5.48 million, in 2024, 2023 and 2022, respectively.

5. Receivables

This account consists of:

	Note	2024	2023
		P1,107,750,53	
Trade receivables		3	P448,121,134
Advances to employees		2,326,949	1,168,506
Insurance receivable	1	-	18,394,445
Others		546,815,856	497,511,629
		1,656,893,338	965,195,714
Less allowance for impairment losses		74,422,340	61,521,598
		P1,582,470,99	
	21	8	P903,674,116

Trade receivables are noninterest-bearing and are generally on a 30-day term.

Insurance receivable pertains to insurance claims for the property damage and business interruption of APHC.

Others include accrued rent income from the lease agreements of WCCCHI and WMCHI with PAGCOR, Social Security System (SSS) benefits paid in advance by the Group to its officers and employees as well as advances to its suppliers.

In assessing the lifetime ECL of the Group's receivables, the Group excluded in its assessment of all receivables that are related to long outstanding third party accounts as these were already specifically identified as uncollectible, hence, impaired. Receivables from related parties are also deemed to have low credit risk.

Movements in the allowance for impairment losses on receivables are as follows:

	2024	2023	2022
Beginning balance	P59,336,676	P43,248,691	P42,942,313
Impairment losses during the year	17,050,056	18,272,907	-
Write-offs during the year	(1,964,392)	-	-
Ending balance	P74,422,340	P61,521,598	P42,942,313

6. Inventories

This account consists of:

	2024	2023
Food and beverage	P17,275,177	P12,835,838
Operating supplies	11,126,686	11,291,994
Engineering and maintenance supplies	2,849,904	822,551
	P31,251,767	P24,950,383

The Group's inventories are carried at cost, which is lower than the NRV, as at December 31, 2024 and 2023.

The cost of food and beverage charged to profit or loss amounted to P243.10 million, P244.14 million, and P206.88 million in 2024, 2023 and 2022, respectively, and is presented as “Food and beverage” account in the consolidated statements of profit or loss and other comprehensive income.

The Group recognized expenses for operating supplies amounting to P17.65 million, P16.32 million, and P15.24 million in 2024, 2023 and 2022, respectively, and are presented as “Supplies” under “Other costs and expenses” account in the consolidated statements of profit or loss and other comprehensive income (see Note 17), while the expenses for engineering and maintenance supplies amounting to P63.85 million, P60.47 million, and P24.85 million in 2024, 2023 and 2022, respectively, are included under “Repairs and maintenance” account in the consolidated statements of profit or loss and other comprehensive income.

7. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
Creditable withholding tax	P24,350,901	P3,557,829
Advances to suppliers	20,192,908	12,939,624
Prepaid taxes	12,095,525	47,362,492
Input VAT	5,849,168	178,572,420
Prepaid expenses	3,171,994	482,138
Others	3,827,423	5,542,556
	P69,487,919	P248,457,059

Creditable withholding tax pertains to taxes withheld at source by the Company's customers on income payments subject to creditable withholding tax, in accordance with Philippine tax regulations.

Advances to suppliers pertain to advance payments for the purchase of goods and supplies.

Prepaid taxes pertain to unused creditable withholding taxes for the year.

Prepaid expenses pertain to prepaid insurance for transportation and general insurance.

Others include prepayments for maintenance services, subscriptions and association dues.

8. Related Party Transactions

The Group's related party transactions include transactions with its key management personnel (KMP) and related parties in the table below.

Related Party	Relationship with the Group
TWGI	Ultimate Parent
Pacific Rehouse Corporation (PRC)	Stockholder
Crisanta Realty Development Corporation (CRDC)	Under common control
Westland Pacific Properties Corporation (WPPC)	Under common control
Rexlon Realty Group, Inc. (RRGI)	Under common control
Pacific Wide Realty Development Corp. (PWRDC)	Stockholder
Philippine Estates Corporation (PHES)	Under common control
Forum Holdings Corporation (FHC)	Stockholder
Plastic City Industrial Corporation (PCIC)	Under common control
East Asia Oil & Mining Company, Inc. (East Asia)	Stockholder
Waterfront Manila Premier Development, Inc.(WMPD)	Under common control
Wellex Industries Incorporated (WII)	Under common control
Acesite Leisure and Entertainment Corporation (ALEC)	Under common control
Pacific Wide Holdings, Inc. (PWHI)	Under common control

Significant Transactions with Related Parties

The Group's transactions with related parties consist of (in thousands):

Category/ Transaction	Year	Note	Amount of the Transaction	Due from Related Parties		Notes Receivable	Due to Related Parties	Equity securities at FVOCI	Terms and Conditions
				Current	Noncurrent				
Stockholders									
\$ TWGI									
Advances, interest and settlement	2024	8a	P243,075	P719,518	P1,053,846	P -	P -	P -	Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal; net of allowance for impairment
	2023	8a	483,010	1,530,289	-	-	-	-	
	2022	8a	76,149	1,047,279	-	-	-	-	
\$ PRC									
Advances, interest and settlement	2024	8a	10,652	616,526	-	-	-	-	Secured; interest-bearing; subject to re-pricing; due in one year subject to renewal
	2023	8a	10,653	605,874	-	-	-	-	
	2022	8a	10,653	595,223	-	-	-	-	
\$ CRDC									
Advances and interest	2024	8a	P162,398	130,757	558,941	-	-	-	Unsecured; interest-bearing; subject to re-pricing; due in five years
	2023	8a	(111,522)	200,652	326,648	-	-	-	
	2022	8a	215,792	-	638,822	-	-	-	
\$ PHES									
Advances and interest	2024	8b	(92,054)	-	-	-	-	-	Unsecured; noninterest-bearing; subject to re- pricing; due on demand
	2023	8b	-	92,054	-	-	-	-	
	2022	8b	-	92,054	-	-	-	-	
\$ WPPC									
- Advances	2024	8b	20,305	-	675,875	-	-	-	
	2023	8b	22,400	-	655,570	-	-	-	
	2022	8b	22,400	-	631,075	-	-	-	
\$ REXLON									
- Advances	2024	8b	276,500	776,500	-	-	-	-	
	2023	8b	(192,500)	500,000	-	-	-	-	
	2022	8b	42,000	500,000	192,500	-	-	-	
\$ Others									
Advances and interest	2024	8b	(69,234)	1,543	-	-	5,014	-	Unsecured; noninterest-bearing; subject to re- pricing; due on demand
	2023	8b	2,124	65,763	-	-	-	-	
	2022	8b	1,762	63,639	-	-	-	-	
\$ WMPD									
Equity security at FVOCI	2024		-	-	-	-	-	50,000	
	2023		-	-	-	-	-	50,000	
	2022		-	-	-	-	-	50,000	
Purchase of option contract	2024		-	-	-	-	-	-	
	2023		-	-	-	-	-	-	
	2022		2,100,000	-	2,100,000	-	-	-	

Forward

Category/ Transaction	Year	Note	Amount of the Transaction	Due from Related Parties		Notes Receivable	Due to Related Parties	Equity securities at FVOCI	Terms and Conditions
				Current	Noncurrent				
§ WII									
Equity security at FVOCI	2024		(P1,873)	P -	P -	P -	P -	P18,383	
	2023		-	-	-	-	-	20,256	
	2022		520	-	-	-	-	19,943	
Subsidiaries									
§ WIHI									
Advances and settlement	2024	8c	-	-	150,000	-	-	-	
	2023	8c	150,000	-	150,000	-	-	-	
	2022	8c	-	-	-	-	-	-	
§ ALEC									
Notes receivable	2024	8d	28,449	25,644	-	271,703	-	-	
	2023	8d	20,171	1,345	-	267,553	-	-	
	2022	8d	12,109	1,345	-	247,382	-	-	
§ GIRD									
Advances and settlements	2024	8e	88,549	-	88,549	-	-	-	Unsecured; noninterest-bearing; due on demand
	2023	8e	-	-	-	-	-	-	
	2022	8e	-	-	-	-	-	-	
Subsidiaries									
§ WHMC									
Advances and settlement	2024	8c	-	-	204,253	-	-	-	Unsecured; noninterest-bearing; due on demand
	2023	8c	204,253	-	204,253	-	-	-	
	2022	8c	-	-	-	-	-	-	
§ WHC									
Advances and settlement	2024	8c	(5,827)	-	2,100,000	-	-	-	Unsecured; noninterest-bearing; due on demand
	2023	8c	2,101,000	-	2,105,827	-	-	-	
	2022	8c	2,104,817	-	4,827	-	-	-	
KMP									
§ Short-term employee benefits	2024		-	-	-	-	-	-	
	2023		23,299	-	-	-	-	-	
	2022		35,278	-	-	-	-	-	
§ Post-employment benefits	2024		-	-	-	-	-	-	
	2023		17,802	-	-	-	-	-	
	2022		3,828	-	-	-	-	-	
Allowance for impairment losses	2024		(262,856)	(59,619)	-	-	-	-	
	2023		-	(59,619)	-	-	-	-	
	2022		(12)	(59,619)	-	-	-	-	
	2024			P2,210,869	P4,823,174	P271,703	P5,014	P68,383	
TOTAL	2023			P2,936,358	P3,921,477	P267,553	P -	P69,943	

For purposes of consolidation, the following transaction was eliminated as at December 31, 2024 and 2023:

Category / Transaction	Year	Note	Amount of the Transaction	Due from Related Parties	Advances to Subsidiaries	Due to Subsidiaries	Terms and Conditions
Subsidiaries							
§ WCCCHI							
Advances and settlement	2024		(P386,669)	P -	P -	P1,353,509	Unsecured; noninterest-bearing; due on demand
	2023	8c	(156,746)	-	-	966,840	
	2022	8c	400,233	330,532	-	793,053	
§ WIHI							
Advances and settlement	2024	8c	67	-	595	-	
	2023	8c	85	-	528	-	
	2022	8c	58	-	444	-	
Deposits for future stock subscription	2024		-	-	125,000	-	Unsecured; noninterest-bearing
	2023	8d	-	-	125,000	-	
	2022	8d	-	-	125,000	-	
§ WCVI							
Advances and settlement	2024	8c	-	-	-	-	
	2023	8c	-	-	-	-	
	2022	8c	-	-	-	-	
Deposits for future stock subscription	2024		-	-	100	-	Unsecured; noninterest-bearing
	2023	8d	-	-	100	-	
	2022	8d	-	-	100	-	
§ WPPHI							
Advances and settlement	2024	8c	65	-	516	-	
	2023		64	-	451	-	
	2022	8c	58	-	387	-	
Deposits for future stock subscription	2024	8d	-	-	90,620	-	Unsecured; noninterest-bearing
	2023	8d	-	-	90,620	-	
	2022	8d	-	-	90,620	-	
§ DIHCI							
Advances and settlements	2024	8e	-	-	-	14,068	Unsecured; noninterest-bearing; due on demand
	2023	8e	-	-	-	14,068	
	2022	8e	(15)	-	-	14,068	
§ APHC							
Advances and settlements	2024	8e	753	-	188,703	-	Unsecured; noninterest-bearing; due on demand
	2023	8e	731	-	187,950	-	
	2022	8e	873	-	187,219	-	
§ GIRDI							
Advances and settlements	2024	8e	60,773	-	-	132,293	Unsecured; noninterest-bearing; due on demand
	2023	8e	3,120	-	-	193,066	
	2022	8e	58	-	-	196,186	

Forward

Category / Transaction	Year	Note	Amount of the Transaction	Due from Related Parties	Advances to Subsidiaries	Due to Subsidiaries	Terms and Conditions
Subsidiaries							
§ WHMC							
Advances and settlement	2024	8c	P136	P -	P99,166	P -	Unsecured; noninterest-bearing; due on demand
	2023	8c	90	-	99,030	-	
	2022	8c	-	-	98,940	-	
§ MBI							
Advances and settlement	2024	8c	67	-	4,881	-	Unsecured; noninterest-bearing; due on demand
	2023	8c	68	-	4,814	-	
	2022	8c	-	-	4,746	-	
Deposits for future stock subscription	2024	8d	-	-	35,000	-	Unsecured; noninterest-bearing
	2023	8d	-	-	35,000	-	
	2022	8d	-	-	35,000	-	
§ WWGI							
Advances and settlement	2024	8c	-	-	2,061	-	Unsecured; noninterest-bearing; due on demand
	2023	8c	-	-	2,061	-	
	2022	8c	-	-	2,061	-	
Deposits for future stock subscription	2024	8d	-	-	13,000	-	Unsecured; noninterest-bearing
	2023	8d	-	-	13,000	-	
	2022	8d	-	-	13,000	-	
§ WMCHI							
Advances and settlement	2024	8e	(165,049)	-	-	470,931	Unsecured; noninterest-bearing; due on demand
	2023	8e	(6,154)	-	-	305,882	
	2022	8e	(1,702)	-	-	299,728	
§ WEC							
Advances and settlement	2024	8c	-	-	-	4,835	Unsecured; noninterest-bearing; due on demand
	2023	8c	(8)	-	-	4,835	
	2022	8c	(10)	-	-	4,827	
Deposits for future stock subscription	2024	8c	-	-	-	2,100,000	Unsecured; noninterest-bearing; due on demand
	2023	8c	-	-	-	2,100,000	
	2022	8c	2,100,000	-	-	2,100,000	
§ WFC							
Advances and settlement	2024	8c	(1)	-	1,937	6	Unsecured; noninterest-bearing; due on demand
	2023	8c	(5)	-	1,937	5	
	2022	8c	(4)	-	1,937	-	
Deposits for future stock subscription	2024	8d	-	-	6,000	-	Unsecured; noninterest-bearing
	2023	8d	-	-	6,000	-	
	2022	8d	-	-	6,000	-	

Forward

Category / Transaction	Year	Note	Amount of the Transaction	Due from Related Parties	Advances to Subsidiaries	Due to Subsidiaries	Terms and Conditions
§ WPL	2024	8e	P136	P -	P -	P194,247	Unsecured; noninterest-bearing; due on demand
	2023	8e	129	-	-	194,383	
	2022	8e	115	-	-	194,512	
	2024			P -	P567,579	P4,269,889	
	2023			P -	P586,491	P3,779,079	
	2022			P330,532	P585,454	P3,602,374	

a. Interest-bearing Advances to Related Parties

The Group granted interest-bearing advances to TWGI, PRC, CRDC, WPPC and RRGi.

TWGI and PRC

The advances granted to TWGI and PRC were substantially used to finance the acquisition or development of real properties for the Parent Company. These advances are due in one (1) year, subject to renewal. The advances to TWGI charge interest at 4.00% per annum in 2024 and 2023, while the advances to PRC charge interest at 2.00% per annum in 2024 and 2023. TWGI and PRC made no payments in 2024 and 2023.

In a Resolution dated February 5, 2015, the Parent Company, TWGI and PRC entered into a Memorandum of Understanding (MOU) whereby the parties agreed that the outstanding balance of the advances from TWGI and PRC will be settled using parcels of land owned by PRC.

On April 3, 2019, the Parent Company, TWGI and PRC made amendments to the previously issued MOU for the inclusion of the new outstanding liabilities of PWRDC to the Parent Company. The amended MOU stated that PWRDC shall be a party to the said MOU, and all references to any obligation or rights that PWRDC shall have under the said MOU shall be in force. All other terms and conditions shall remain unchanged.

On January 6, 2021, the Parent Company, TWGI, PRC and PWRDC made amendments to the previously issued amended MOU to exclude PWRDC since its outstanding liability was already paid in full in 2020. All other terms and conditions shall remain unchanged.

As at December 31, 2023, the fair value of PRC's land based on valuation performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the land being valued, amounted to P7.76 billion.

On April 11, 2018, TWGI initiated the transfer of certain parcels of land totaling to P96.87 million located in Puerto Princesa, Palawan as partial settlement of the advances. On April 11, 2019, the deed of absolute sale for the transfer of certain parcels of land was signed.

On December 9, 2019, the Group and PRC entered into a Memorandum of Agreement whereby PRC agreed to sell the Group certain parcels of land to settle the advances as indicated in the MOU. In 2020, the Group made partial payments amounting to P150.00 million for the purchase of certain parcels of land.

Interest receivable from TWGI amounted to P320.78 million and P300.44 million and as at December 31, 2024 and 2023, respectively, while interest receivable from PRC amounted to P141.01 million and P130.36 million as at December 31, 2024 and 2023, respectively. Interest income recognized in the consolidated statements of profit or loss and other comprehensive income amounted P23.53 million, P37.35 million, P20.71 million in 2024, 2023, and 2022, respectively. Allowance for impairment losses on receivables from TWGI amounted to P59.62 million as at December 31, 2024 and 2023.

CRDC

On December 21, 2015, the Parent Company granted advances to CRDC with an interest of 2.00% and maturity on December 21, 2020. At the end of 2020, the Parent Company extended the maturity of the advances for a period of five (5) years up to December 21, 2025 at an increased rate of 2.55% per annum. On June 9, 2022, the Company granted additional advances to CRDC with an interest of 9% per annum and maturity on June 9, 2027. Interest receivable from CRDC amounted to P130.76 million and P101.76 million as at December 31, 2024 and 2023, respectively. It was agreed that CRDC has the option to pay the balance before maturity date without payment of penalty fees and in case the latter refuses or fails to pay the principal and interest within the time agreed upon, the same shall be due and demandable. Interest income recognized in the separate statements of comprehensive (loss) income amounted to P11.07 million, P29.54 million, P19.73 million in 2024, 2023 and 2022, respectively while accretion income amounted to nil in 2024, 2023 and 2022.

WPPC

On June 1, 2018, the Parent Company granted advances to WPPC amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.50% per annum and repayable in lump-sum at maturity on June 1, 2021.

On December 31, 2018, the Parent Company granted additional advances to WPPC amounting to P33.83 million for general corporate purposes. The advances bear interest at 7.50% per annum and repayable in lump-sum at maturity. WPPC made no payment in 2024 and 2023.

In 2020, the Parent Company extended the maturity of the advances for a period of 5 years up to December 21, 2025 at a decreased rate of 4.00% per annum.

Interest receivable from WPPC amounted to P175.88 million and P153.48 million as at December 31, 2024 and 2023, respectively. Interest income recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P20.00 million in 2024, 2023, and 2022.

RRGI

On June 1, 2018, WCCCHI extended advances to RRGi amounting to P500.00 million for general corporate purposes. The advances bear interest at 7.5% per annum and repayable in lump-sum at maturity date on June 1, 2021. In 2021, WCCCHI extended the maturity of the advances for a period of 2.50 years up to December 31, 2023. In 2023, WCCCHI extended the maturity of the advances for a period of 3 years up to 2026. Interest receivable from RRGi amounted to P276.50 million and P234.50 million as at December 31, 2024 and 2023, respectively. Interest income recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P37.50 million, P47.50 million, P25.50 million in 2024, 2023 and 2022, respectively. No settlement for the advances and interest has been made as at December 31, 2024.

b. Noninterest-bearing Advances to Related Parties

The Group has noninterest-bearing, collateral-free advances to PWRDC, PHES, FHC, PCIC and East Asia with no fixed term of repayment. The said advances are due and demandable at anytime.

PWRDC

On July 5, 2018, the Parent Company granted a noninterest-bearing, collateral-free advances to PWRDC which is due on demand (Note 8a). PWRDC paid the full amount in 2020.

PHES, FHC, PCIC and East Asia

The Parent Company has noninterest-bearing, collateral-free advances to PHES, FHC, PCIC and East Asia with no fixed term of repayment. The said advances are due on demand.

The collectability of the aforementioned advances is unconditionally recognized and guaranteed by TWGI, representing the majority stockholder.

c. Advances to Subsidiaries

These mainly represent funds provided to support subsidiaries' daily operations and to finance the construction and completion of certain hotel projects.

d. Deposits to Subsidiaries

These represent amounts set aside that will be used as subscription payments by the Parent Company once the planned increase in the authorized capital stock of the subsidiaries materialize (see Note 21).

e. Due to Subsidiaries/to a Related Party

In the ordinary course of business, the Parent Company obtains noninterest-bearing, collateral-free cash and non-cash advances from related parties for working capital purposes. The above advances are due and demandable at anytime.

On June 1, 2018, the Parent Company received advances from WCCCHI with an interest of 7.50% per annum and maturity on June 1, 2021. In 2021, WCCCHI extended the maturity of the advances for a period of 2.50 years up to December 31, 2023. In 2023, WCCCHI further extended maturity of advances for a period of 3 years up to 2026. Accrued interest payable to WCCCHI amounted to P248.64 and P227.03 million as at December 31, 2024 and 2023, respectively. Interest expense related to the advances recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P19.30 million, P19.30 million and P42.00 million in 2024, 2023 and 2022, respectively.

f. Financial Assets at FVOCI - Equity Securities

The Group has investment in shares of stocks in WMPD amounting to P12.50 million consisting of 12.50 million shares with par value of P1.00 per share as at December 31, 2019. Additional investment was made in 2020 amounting to P37.50 million consisting of 37.50 million shares. This investment is measured at cost due to the lack of reliable estimates of unobserved inputs, less impairment, if any.

In July and August 2005, the BOD of APHC approved the conversion of its net receivables from related parties amounting to P43.30 million into 86.71 million shares of stock of WII which are listed on the PSE. The conversion resulted to a loss on exchange of assets of P31.10 million for APHC. The fair market value of the shares based on closing market price as at December 31, 2024 and 2023 amounted to P18.38 million and P19.94 million (see Note 21), resulting in a valuation loss of P1.56 million, nil, and nil in 2024, 2023 and 2022, respectively.

g. Notes Receivable

In 2017, the Group extended a loan to ALEC payable on December 31, 2018, and bear interest at 4.00% per annum. In 2018, the Group extended another interest-bearing loan at 4.00% per annum to ALEC payable at the end of 2019. At the end of 2019, the Group extended the loan, with the same terms as the original loan, to mature at the end of 2020. At the end of 2020, the Group extended another interest-bearing loan at 4.00% per annum to ALEC payable at the end of 2021. At the end of 2021, the Group extended the loan, with the same terms as the original loan, to mature at the end of 2022. At the end of 2022, the Group extended another interest-bearing loan at 4% per annum to ALEC payable at the end of 2024. The related interest income recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P8.2 million, P8.10 million and P8.58 million in 2024, 2023 and 2022, respectively.

h. Omnibus Loan and Security Agreement

On December 21, 2017, the Parent Company, WCCCHI, WMCHI, DIHCI, CRDC and PRC (collectively, the Borrowers) entered into the Agreement with PBCOM for the latter to provide the Borrowers multiple term loan facilities (the Loan Facilities) for general corporate purposes in the maximum aggregate amount of up to P1.50 billion. Certain real estate properties of PRC and CRDC are used as collateral of the Agreement.

On March 22, 2022, the Borrowers entered into a Supplemental Loan Agreement to the Agreement with PBCOM granting the Borrowers additional multiple loan facilities (the New Loan Facilities) for the following purposes: (1) refinancing the outstanding loan obligation; (2) payment of any and all fees, stamps, and other taxes to the execution and delivery of the loan documents in order to implement the refinancing; and, (3) general corporate requirements, in the maximum aggregate amount of P3.05 billion (see Note 26).

i. Lease Agreement with ALEC

APHC and ALEC entered into a seven-year operating lease contract for use of hotel premises. The lease has not commenced yet as APHC's hotel reconstruction is still ongoing as at December 31, 2024 (see Note 1).

j. Purchase of Option Contract

On February 17, 2022 the BOD authorized the Group to acquire an Option to Purchase (the Option Contract) four (4) hectares of reclaimed land in the Manila Waterfront City at an Option price of P50,000 per square meter and a strike price of P300,000 per square meter. In June 2022, the Group advanced P2.10 billion to WMPD for the Option Contract. No purchase was made on the period ended December 31, 2024.

k. Deposit for Acquisition of Land

On February 17, 2022, the BOD authorized the acquisition of certain parcels of land located in Ternate, Cavite to be used as the future site of a hotel and residential condominiums. On February 23, 2022, the Group entered into memorandum of agreement with PWHI to purchase the said parcels of land for a total consideration of P204,252,800. In June 2022, the Group paid the amount in full. The legal title and the risks and rewards of ownership over the parcels of land have not yet been transferred to Group as at December 31, 2024.

The outstanding balances of related party transactions are generally settled in cash.

9. Property and Equipment

Movements in this account are as follows:

For the Year Ended December 31, 2024									
<i>Measurement Basis:</i>	Land <i>Revalued</i>	Land Improvements <i>Revalued</i>	Leasehold Improvements <i>At Cost</i>	Hotel Buildings and Improvements <i>Revalued</i>	Furniture, Fixtures and Equipment <i>Revalued</i>	Operating Equipment <i>At Cost</i>	Transportation Equipment <i>Revalued</i>	Construction- in-Progress <i>At Cost</i>	Total
Beginning balance as restated	P5,539,342,000	P27,009,300	P26,298,360	P7,523,081,229	P1,840,341,094	P89,342,457	P46,992,240	P994,182,092	P16,086,588,772
Additions	267,329,977	-	46,070	188,013,833	6,158,056	341,698	1,710,672	36,579,924	500,180,230
Disposals	-	-	-	(178,220,000)	-	-	-	-	(178,220,000)
Reclassification	-	-	-	4,056,963	-	-	-	(4,056,963)	-
Ending balance	5,806,671,977	27,009,300	26,344,430	7,536,932,025	1,846,499,150	89,684,155	48,702,912	1,026,705,053	16,408,549,002
Accumulated Depreciation									
Beginning balance	-	24,350,735	21,817,378	2,744,275,590	1,469,580,047	87,150,871	33,578,436	-	4,380,753,057
Depreciation	-	2,867,080	134,876	214,470,457	130,395,187	200,163	4,649,239	-	352,717,002
Reclassification	-	(3,252,435)	3,252,435	-	-	-	-	-	-
Ending balance	-	23,965,380	25,204,689	2,958,746,047	1,599,975,234	87,351,034	38,227,675	-	4,733,470,059
Carrying Amount	P5,806,671,977	P3,043,920	P1,139,741	P4,578,185,978	P246,523,916	P2,333,121	P10,475,237	P1,026,705,053	P11,675,078,943

For the Year Ended December 31, 2023									
<i>Measurement Basis:</i>	Land <i>Revalued</i>	Land Improvements <i>Revalued</i>	Leasehold Improvements <i>At Cost</i>	Hotel Buildings and Improvements <i>Revalued</i>	Furniture, Fixtures and Equipment <i>Revalued</i>	Operating Equipment <i>At Cost</i>	Transportation Equipment <i>Revalued</i>	Construction- in-Progress <i>At Cost</i>	Total
Beginning balance	P4,726,086,000	P30,410,186	P25,063,249	P7,400,911,864	P1,849,442,563	P88,397,989	P38,172,482	P896,302,029	P15,054,786,362
Additions	-	-	1,235,111	2,809,429	17,259,842	944,468	134	97,880,063	120,129,047
Appraisal increase	813,256,000	(3,400,886)	-	119,359,936	(26,361,311)	-	8,819,624	-	911,673,363
Ending balance	5,539,342,000	27,009,300	26,298,360	7,523,081,229	1,840,341,094	89,342,457	46,992,240	994,182,092	16,086,588,772
Accumulated Depreciation									
Beginning balance	-	20,803,477	21,708,006	2,526,704,350	1,366,823,688	86,953,990	30,682,536	-	4,053,676,047
Depreciation	-	3,547,258	109,372	217,571,240	102,756,359	196,881	2,895,900	-	327,077,010
Ending balance	-	24,350,735	21,817,378	2,744,275,590	1,469,580,047	87,150,871	33,578,436	-	4,380,753,057
Carrying Amount	P5,539,342,000	P2,658,565	P4,480,982	P4,778,805,639	P370,761,047	P2,191,586	P13,413,804	P994,182,092	P11,705,835,715

For the Year Ended December 31, 2022									
	Land	Land Improvements	Leasehold Improvements	Hotel Buildings and Improvements	Furniture, Fixtures and Equipment	Operating Equipment	Transportation Equipment	Construction-in-Progress	
<i>Measurement Basis:</i>	<i>Revalued</i>	<i>Revalued</i>	<i>At Cost</i>	<i>Revalued</i>	<i>Revalued</i>	<i>At Cost</i>	<i>Revalued</i>	<i>At Cost</i>	Total
Beginning balance	P4,225,586,000	P25,048,186	P25,063,249	P7,434,417,244	P1,453,589,073	P88,391,949	P33,508,152	P644,347,964	P13,929,951,817
Additions	-	-	-	4,660,835	3,590,964	6,040	-	251,954,065	260,211,904
Appraisal increase	500,500,000	5,362,000	-	(38,166,215)	392,262,526	-	4,664,330	-	864,622,641
Ending balance	4,726,086,000	30,410,186	25,063,249	7,400,911,864	1,849,442,563	88,397,989	38,172,482	896,302,029	15,054,786,362
Accumulated Depreciation									
Beginning balance	-	18,328,619	21,643,472	2,315,149,012	1,292,865,380	86,754,040	27,202,451	-	3,761,942,974
Depreciation	-	2,474,858	64,534	211,555,338	73,958,308	199,950	3,480,085	-	291,733,073
Ending balance	-	20,803,477	21,708,006	2,526,704,350	1,366,823,688	86,953,990	30,682,536	-	4,053,676,047
Carrying Amount	P4,726,086,000	P9,606,709	P3,355,243	P4,874,207,514	P482,618,875	P1,443,999	P7,489,946	P896,302,029	P11,001,110,315

The Group engaged an independent firm of appraisers to determine the fair value of certain classes of its property and equipment, specifically land, hotel buildings and improvements, land improvements, furniture, fixtures and equipment, and transportation equipment which are carried at revalued amounts. Fair value was determined by reference to market-based evidence, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In determining fair value, an estimate was made in accordance with the prevailing prices for materials, equipment, labor, and contractor's overhead and all other costs associated with acquisition while taking into account the depreciation resulting from physical deterioration, functional and economic obsolescence. The Group's revaluation of its property and equipment is done with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

As of December 31, 2023, "land", "hotel buildings and improvements", "land improvements", "furniture, fixtures and equipment" and "transportation equipment" were revalued by an independent professional appraiser, accredited by the Professional Regulation Commission and the Securities and Exchange Commission

The revaluation resulted in an appraisal increase of P183.67 million, after accounting for deferred tax, which was reflected in other comprehensive income and recognized as part of the revaluation surplus in equity.

No revaluation was performed in 2024. Management believes that the carrying amounts of "land", "hotel buildings and improvements", "land improvements", "furniture, fixtures and equipment" and "transportation equipment" as of reporting date do not differ materially from their fair values, and thus, no revaluation was necessary.

Had the following classes of property and equipment been carried at cost less accumulated depreciation, their carrying amounts as at December 31, 2024 and 2023 would have been as follows:

	2024	2023
Hotel buildings and improvements	P3,205,751,947	P3,192,307,587
Land	917,845,886	650,515,909
Furniture, fixtures and equipment	794,909,644	787,391,485
Transportation equipment	14,813,569	14,696,528
Land improvements	1,328,990	1,328,990
	4,934,650,036	4,646,240,499
Accumulated depreciation	(3,545,761,441)	(2,555,613,748)
	P1,388,888,595	P2,090,626,751

Depreciation on cost charged to profit or loss amounted to P364.89 million, P121.92 million, and P75.27 million in 2024, 2023 and 2022, respectively. Depreciation on appraisal increase charged to profit or loss amounted to P258.58 million, P236.30 million and P216.46 million in 2024, 2023 and 2022, respectively.

The revaluation increment directly absorbed through casualty losses and depreciation and consequently transferred directly to retained earnings, net of deferred tax effect, amounted to P199.52 million, P177.23 million, and P327.00 million in 2024, 2023 and 2022, respectively. The carrying amount of the revaluation surplus amounting to P4.86 billion and P5.29 billion as at December 31, 2024 and 2023, respectively, is not available for distribution to shareholders.

In 2024, the Company recognized gain on sale arising from the disposal of the property and equipment amounted to P1.76 billion.

10. Other Noncurrent Assets

This account consists of:

	Note	2024	2023
Special project deposits		P725,233,822	P724,221,131
Refundable deposits		16,846,774	21,026,256
Others		204,927,544	29,033,842
		947,008,140	774,281,229
Less allowance for impairment losses on advances to contractors		45,313,007	45,625,507
	21	P901,695,133	P728,655,722

Special project deposits pertain to deposits in connection with the reconstruction and restoration of APHC's hotel property and equipment and the renovation work of WCCCHI.

Refundable deposits refer to security deposits on utilities, electricity, rental, returnable containers and others.

Others represent deposits to service providers such as security and janitorial services.

Movements in the allowance for impairment losses on deposits are as follows:

	2024	2023	2022
Beginning balance	P45,625,507	P46,100,252	P46,100,252
Impairment losses during the year	-	312,500	-
Write-offs during the year	(312,500)	(787,245)	-
Ending balance	P45,313,007	P45,625,507	P46,100,252

11. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2024	2023
Trade payables		P246,669,361	P718,318,614
Accrued:			
Interest and penalties	13	779,061,538	775,314,430
Utilities		77,463,741	6,287,977
Salaries, wages and employee benefits		11,547,923	68,841,403
Other accruals		340,474,678	13,088,515
Local taxes and output VAT		159,677,090	129,951,799
Statutory payables		20,003,152	13,821,869
Service charges		1,881,877	1,729,673
Withholding taxes payable		1,495,700	1,973,232
Guest deposits		25	100,025
Foreshore lease		-	13,244,695
Unclaimed wages		-	318,154
Other payables		74,915,828	57,631,400
	21	P1,713,190,913	P1,800,621,785

Trade payables are noninterest-bearing and are normally on 30 to 60 day terms and are settled in cash.

Foreshore lease pertains to the rent charged by the Department of Environment and Natural Resources (DENR) for the use of the shore near the Hotel premises. As at December 31, 2024, the Hotel has a pending application with DENR in relation to the use of the shore as the DENR claims that the Hotel's right to use the shore for

50 years had already lapsed and as such, the right shall be transferred to another person. In March 2017, DENR stopped billing the Hotel for the annual rental fee hence, no amount of provision is recognized in profit or loss for the year ended December 31, 2024.

Other payables include commissions, sponsorships, gift certificates issued, SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund and sundry payables.

12. Other Current Liabilities

This account consists of:

	Note	2024	2023
Concessionaires' and other deposits	24	P67,623,112	P61,613,155
Others		4,902,570	1,875,565
	21	P72,525,682	P63,488,720

Others include a P1.00 million unsecured short-term loan obtained from a local bank in 1996 with interest at prevailing market rate. The proceeds of the loan were used for the working capital requirements of GIRDI. GIRDI is a defendant in a collection case filed by a local bank involving an unsecured short-term loan obtained. While the case is currently inactive and the latest assessment made by the legal counsel is favorable to GIRDI, the payable is still retained until the case is completely dismissed. Management believes that the carrying value of the liability retained in the books as at December 31, 2024 and 2023 sufficiently represents the amount of possible liability that GIRDI may settle in the event that this case will ultimately be activated and decided against GIRDI.

13. Loan Payable

SSS Loan

On October 28, 1999, the Parent Company obtained a five-year term loan from SSS amounting to P375.00 million originally due on October 29, 2004. The SSS loan bears interest at the prevailing market rate plus 3.00% or 14.50% per annum, whichever is higher. Interest is repriced annually and is payable semi-annually. Initial interest payments are due 180 days from the date of the release of the proceeds of the loan. The repayment of the principal shall be based on eight semi-annual payments, after a 1-year grace period.

The SSS loan was availed to finance the completion of the facilities of WCCCHI. It was secured by a first mortgage over parcels of land owned by WII, a related party and by the assignment of 200.00 million common shares of the Parent Company owned by TWGI. The common shares assigned were placed in escrow in the possession of an independent custodian mutually agreed upon by both parties.

On August 7, 2003, when the total loan obligation to SSS, including penalties and interest, amounted to P605.00 million, the Parent Company was considered in default with the payments of the loan obligations, thus, on the same date, SSS executed a foreclosure proceeding on the mortgaged parcels of land. The SSS's winning bid on the foreclosure sale amounting to P198.00 million was applied to penalties and interest amounting to P74.00 million and P124.00 million, respectively. In addition, the Parent Company accrued penalties charged by SSS amounting to P30.50 million covering the month of August until December 2003, and unpaid interest expense of P32.00 million.

The Parent Company, WII and TWGI were given the right to redeem the foreclosed property within 1 year from October 17, 2003, the date of registration of the certificate of sale. The Parent Company recognized the proceeds of the foreclosure sale as its liability to WII and TWGI. The Parent Company, however, agreed with TWGI to offset this directly against its receivable from the latter. In August 2004, the redemption period for the Parent Company, WII and TWGI expired.

The remaining balance of the SSS loan is secured by the shares of stock of the Parent Company owned by TWGI and shares of stock of WII totaling 235.00 million and 80.00 million shares, respectively.

On May 13, 2004, SSS filed a civil suit against the Parent Company for the collection of the total outstanding loan obligation before the Regional Trial Court (RTC) of Quezon City. SSS likewise asked the RTC of Quezon City for the issuance of a writ of preliminary attachment on the collateral property.

On June 18, 2004, the RTC of Quezon City issued its first order granting SSS's request and the issuance of a writ of preliminary attachment based on the condition that SSS shall post an attachment bond in the amount of P452.80 million. After the lapse of 3 months from the issuance of RTC order, no attachment bond was posted. Thus, on September 16, 2004 and September 17, 2004, the Parent Company filed a Motion to Set Aside Order of Attachment and Amended Motion to Set Aside Order of Attachment, respectively.

On January 10, 2005, the RTC of Quezon City issued its second order denying the Parent Company's petition after finding no compelling grounds to reverse or reconsider its initial findings dated June 18, 2004. In addition, since no writ of preliminary attachment was actually issued for failure of SSS to file a bond on the specified date, the RTC granted SSS an extension of 15 days from receipt of its second order to post the required attachment bond.

On February 10, 2005, SSS filed a Motion for Partial Reconsideration of the Order dated January 10, 2005 requesting that it be allowed to post a real property bond in lieu of a cash/surety bond and asking for another extension of 30 days within which to post the said property bond. On March 7, 2005, the Parent Company filed its opposition to the said Motion.

On July 18, 2005, the RTC of Quezon City issued its third order denying the Parent Company's petition and granted SSS the 30 day extension to post the said attachment bond. Accordingly, on August 25, 2005, the Parent Company filed a Motion for Reconsideration (MR).

On September 12, 2005, the RTC of Quezon City issued its fourth order approving SSS's property bond in the total amount of P452.80 million. Accordingly, the RTC ordered the corresponding issuance of the writ of preliminary attachment. On November 3, 2005, the Parent Company submitted a Petition for Certiorari before the Court of Appeals (CA) seeking the nullification of the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005.

On February 22, 2006, the CA granted the Parent Company's petition for the issuance of the Temporary Restraining Order to enjoin the implementation of the orders of the RTC of Quezon City specifically on the issuance of the writ of preliminary attachment.

On March 28, 2006, the CA granted the Parent Company's petition for the issuance of a writ of preliminary injunction prohibiting the RTC of Quezon City from implementing the questioned orders.

On August 24, 2006, the CA issued a decision granting the Petition for Certiorari filed by the Parent Company on November 3, 2005 and nullifying the orders of the RTC of Quezon City dated June 18, 2004, January 10, 2005, July 18, 2005 and September 12, 2005 and consequently making the writ of preliminary injunction permanent.

Accordingly, SSS filed a Petition for Review on Certiorari on the CA's decision before the Supreme Court (SC).

On November 15, 2006, the First Division of the SC issued a Resolution denying SSS's petition for failure of SSS to sufficiently show that the CA committed any reversible error in its decision which would warrant the exercise of the SC's discretionary appellate jurisdiction.

The Parent Company, at various instances, initiated negotiations with the SSS for restructuring of the loan but was not able to conclude a formal restructuring agreement.

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into by the Parent Company with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Parent Company to return to SSS the principal amount of loan amounting to P375.00 million and directed the SSS to return to the Parent Company and to its related parties titles and documents held by SSS as collaterals.

On January 22, 2016, SSS appealed with the CA assailing the RTC of Quezon City decision in favor of the Parent Company, et al. SSS filed its Appellant's Brief and the Parent Company filed a Motion for Extension of Time to file Appellee's Brief until May 16, 2016.

On May 16, 2016, the Parent Company filed its Appellee's Brief with the CA, furnishing the RTC of Quezon City and the Office of the Solicitor General with copies. SSS was given a period to reply but it did not file any.

On September 6, 2016, a resolution for possible settlement was received by the Parent Company from the CA. However, on February 7, 2017 a Notice to Appear dated December 7, 2016 was received by the Parent Company from the Philippine Mediation Center Unit - Court of Appeals (PMCU-CA) directing the Parent Company and SSS to appear in person and without counsel at the PMCU-CA on January 23, 2017 to choose their mediator and the date of initial mediation conference and to consider the possibility of settlement. Since the Notice to Appear was belatedly received, the parties were not able to appear before the PMCU-CA.

On February 27, 2017, a Second Notice to Appear issued by the PMCU-CA directing all parties to appear on February 27, 2017 at a specified time was received by the Parent Company only on February 27, 2017 after the specified time of the meeting. The Parent Company failed to appear.

On June 30, 2017, a resolution issued by the CA, resolved to submit the appeal for decision.

On August 30, 2019, the CA rendered its Decision reversing and setting aside the Decision dated January 13, 2015 and Order dated May 11, 2015 rendered by the RTC of Quezon City.

On November 4, 2019, the counsel for the Parent Company, WII and TWGI filed a Petition for Review with the SC.

On February 5, 2020, the SC issued its Resolution requiring SSS to file its Comment. SSS appealed for an extension to file its Comment until March 23, 2020. On August 14, 2020, the counsel for the Parent Company received a copy of the Comment dated June 24, 2020.

On July 26, 2021, the SC rendered a decision in favor of the Parent Company which includes the declaration of the contract of loan and the foreclosure sale as null and void and ordered the following:

- The Parent Company to pay SSS P375.00 million subject to 12.00% legal interest from October 28, 1999 to June 30, 2013, and 6.00% legal interest from July 1, 2013 until full payment; and
- SSS to return to the Parent Company the amount of P35.83 million, subject to a legal interest of 12.00% from the dates that the individual payments were remitted until June 30, 2013, and 6.00% legal interest from July 1, 2013 until full payment.

On January 28, 2022, the SSS filed a Motion for Reconsideration with the SC. On February 2, 2022, the Office of the Solicitor General filed a Manifestation with the SC that it filed/served by electronic means its Motion for Reconsideration due to the physical closure of its offices as a result of the COVID-19 pandemic. As at the date of authorization for issue of the consolidated financial statements, there were no updates on the progress of the foregoing motions filed by the SSS and the Office of the Solicitor General with the SC.

As a result of the SC decision, the Parent Company recognized a reversal of previously accrued interest and penalties on the SSS Loan amounting to P415.67 million as at December 31, 2021. The reversal was recognized and presented as "Reversal of accrual" in the consolidated statements of profit or loss and other comprehensive income.

On September 21, 2022, the SC issued a resolution denying SSS' Motion for Reconsideration with Finality. On December 20, 2022, the SC issued an Entry of Judgment certifying the SC decision made on July 6, 2021 and that the same has, on September 21, 2022, become final and executory and is hereby recorded in the Book of Entries of Judgement.

The Company is hereby ordered to:

- a. submit to the trial court a list of all fruits, income, or dividends received by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock;

- b. provided a computation of all amounts to be paid and a list of all properties to be returned by each party, together with a proposed schedule of payments and reconveyance, over a period which shall not exceed six (6) months from the finality of the SC decision, to be approved by the trial court; and
- c. submit a report to the trial court on each party's compliance with the execution of the SC decision.

Subsequently, the last day for complying with the foregoing directives of the SC was on March 21, 2023. The Company prayed to the SC to grant the Company an extension of 30 days from March 21, 2023, or until April 21, 2023, within which to submit the list of the income received by Company by virtue of the Contract of Loan with Real Estate Mortgage and Option to Convert to Shares of Stock, the computation of amounts to be paid and the list of all properties to be returned, together with a proposed schedule of payments and reconveyance, for approval of the SC.

On April 17, 2023, the Company filed a Manifestation with Motion to Approve Proposed Set-off and Schedule Reconveyance with the RTC of Quezon City to comply with the orders set out in the SC decision.

On August 17, 2023, Branch 76 of the RTC of Quezon City issued an Order approving the legal compensation between SSS and the WPI, ordering WPI to pay P258,117,749.89 to SSS, which is the balance of the amount due to SSS after set-off of the amounts due to WPI, and further ordering the return of real estate properties and shares of stock by SSS to defendants WPI and WIN.

On September 20, 2023, SSS filed a Motion for Reconsideration with RTC of Quezon City asking that August 17, 2023 Order to be set aside. The Motion for Reconsideration was denied by the RTC on January 12, 2024.

On May 27 2024, WPI, WIN, and TWGI tendered Manager's Checks totaling P258.12 million to SSS. On July 16, 2024, SSS filed its Manifestation of Conditional Acceptance, stating that SSS duly acknowledges the receipt of the tendered amount as partial and initial payment only. On December 03, 2024, SSS filed a Petition for Certiorari.

Outstanding principal balance of the loan amounted to P375.00 million as at December 31, 2024 and 2023, respectively. Interest expense related to the SSS loan recognized in the consolidated statements of profit or loss and other comprehensive income amounted to nil in 2024 and 2023 and P20.63 million in 2022. Accrued interest and penalties, presented as part of "Accrued interest and penalties" under "Accounts payable and accrued expenses" account in the consolidated statements of financial position, amounted to P779.61 million and P775.32 million as at December 31, 2024 and 2023, respectively (see Note 11).

14. Other Noncurrent Liabilities

The account consists of:

	Note	2024	2023
Advance rentals	23	P232,439,873	P232,439,873
Concessionaires' deposits	23, 24	161,652,833	153,492,973
Retention payables		88,487,516	88,381,364
	21	P482,580,222	P474,314,210

Retention payables pertain to amounts withheld from contractors which are payable one year from the date of final turnover and acceptance.

15. Segment Information

The Group's operating businesses are organized and managed separately according to hotel property location, with each segment representing a strategic business unit. Segment accounting policies are the same as the policies described primarily in Note 27 to the consolidated financial statements.

The following table presents the revenue and profit information regarding industry segments for the years ended December 31, 2024, 2023 and 2022 and certain asset and liability information regarding industry segments as at December 31, 2024, 2023 and 2022 (in thousands):

	For the Year Ended December 31, 2024							
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiaries	Total	Eliminations	
REVENUES								
External sales	P1,202,334	P386,044	P258,592	P104,570	P -	1,951,540	P -	1,951,540
RESULTS								
Food and beverage cost	145,712	28,039	50,356	18,987	-	243,094	-	243,094
Personnel cost	126,943	38,937	38,112	9,746	22,564	236,302	-	236,302
Energy cost	141,379	56,451	27,062	23,293	2,402	250,588	-	250,588
Segment operating profit	520,502	185,198	45,798	(148,943)	(97,033)	505,522	(14,806)	520,327
OTHER EXPENSES (INCOME)								
Depreciation	204,365	102,594	33,708	2,066	19,569	362,303	-	362,303
Interest expense	12,011	10,049	-	307,240	-	329,230	19,298	310,002
Foreign exchange losses (gains) - net	-	-	-	8,550	(10)	(8,540)	-	(8,540)
Impairment losses	-	-	-	-	-	-	-	-
Interest income	(58,586)	(5,075)	(2,557)	(76,310)	-	(1,903,982)	(19,298)	(1,884,684)
Gain on sale of property and equipment	-	-	-	(1,761,454)	-	-	-	-
Reversal of excess accrual	-	-	-	-	-	-	-	-
Casualty Loss	-	-	-	-	(30,401)	30,401	-	30,401
Others - net	-	-	-	(14,806)	4,485	(19,291)	(14,806)	(4,485)
	157,790	107,568	31,151	(1,534,714)	(15,327)	(1,253,531)	(14,806)	(1,238,725)
INCOME TAX EXPENSE (BENEFIT)	121,783	32,867	3,022	1,154	(4,461)	154,366	-	154,366
NET INCOME (LOSS)	240,929	44,763	11,625	1,384,617	(77,244)	1,604,687	-	1,604,687
OTHER INFORMATION								
Segment assets	7,012,531	2,592,084	3,643,733	16,879,331	4,515,482	34,643,161	(10,319,559)	24,323,603
Deferred tax assets	-	-	-	187,416	-	187,416	-	187,416
Consolidated Total Assets	7,012,531	2,592,084	3,643,733	17,066,747	4,515,482	34,830,577	(10,319,559)	24,511,019
Segment liabilities	1,222,944	389,518	112,877	13,076,145	966,834	15,768,317	(8,357,432)	7,410,885
Deferred tax liabilities	732,807	210,936	823,363	1	773,329	2,540,436	-	2,540,436
Consolidated Total Liabilities	1,955,751	600,454	936,240	13,076,146	1,740,163	18,308,753	(8,357,432)	9,951,321
Other Segment Information								
Capital expenditures	3,675,606	910,246	3,324,875	378,634	3,385,718	11,675,079	-	11,675,079
Depreciation	(204,365)	(102,594)	(33,708)	(2,066)	(19,569)	(362,303)	-	(362,303)

For the Year Ended December 31, 2023								
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiaries	Total	Eliminations	Consolidated
REVENUES								
External sales	P1,176,659	P362,503	P250,094	P12,114	P2,217	P1,803,587	P -	P1,803,587
RESULTS								
Food and beverage cost	154,895	32,198	56,550	500	-	244,143	-	244,143
Personnel cost	82,746	25,504	23,913	2,934	25,026	160,123	-	160,123
Energy cost	132,950	56,748	26,511	2,385	3,912	222,506	-	222,506
Segment operating profit	P533,332	P200,205	P41,581	(P57,240)	(P57,925)	P659,953	P -	P659,953
OTHER EXPENSES (INCOME)								
Depreciation	201,205	74,805	34,491	3,084	19,819	333,404	-	333,404
Interest expense	11,889	9,921	-	297,310	-	319,120	(19,298)	299,822
Foreign exchange losses (gains) - net	-	-	-	12,160	(15)	12,145	-	12,145
Impairment losses	9,572	-	-	-	-	9,572	-	9,572
Interest income	(60,441)	(5,115)	(1,369)	(71,188)	(3,060)	(141,173)	-	(141,173)
Reversal of excess accrual	-	-	-	-	-	-	-	-
Others - net	-	-	-	(14,666)	-	(14,666)	14,666	-
	162,225	79,611	33,122	226,700	16,744	518,402	(4,632)	513,770
INCOME TAX EXPENSE (BENEFIT)	92,689	13,187	3,553	831	(2,632)	107,628	-	107,628
NET INCOME (LOSS)	P278,418	P107,407	P4,906	(P284,771)	(P72,037)	P33,923	P4,632	P38,555
OTHER INFORMATION								
Segment assets	P6,696,090	P2,506,707	P3,621,610	P10,978,424	P2,930,540	P26,733,371	(P6,306,433)	P20,426,938
Deferred tax assets	-	-	-	186,396	-	186,396	-	186,396
Consolidated Total Assets	P6,696,090	P2,506,707	P3,621,610	P11,164,820	P2,930,540	P26,919,767	(P6,306,433)	P20,613,334
Segment liabilities	P1,159,469	P345,578	P93,887	P8,565,354	P932,333	P11,096,621	(P5,382,442)	P5,714,179
Deferred tax liabilities	721,686	213,616	831,540	-	430,001	2,196,843	-	2,196,843
Consolidated Total Liabilities	P1,881,155	P559,194	P925,427	P8,565,354	P1,362,334	P13,293,464	(P5,382,442)	P7,911,022
Other Segment Information								
Capital expenditures	P3,846,445	P1,005,329	P3,351,557	P99,098	P1,761,383	P10,063,812	P914,023	P10,977,835
Depreciation	201,205	74,805	34,491	3,084	19,819	333,404	-	333,404

For the Year Ended December 31, 2022								
	WCCCHI	WMCHI	DIHCI	Parent Company and Others	APHC and Subsidiaries	Total	Eliminations	Consolidated
REVENUES								
External sales	P964,670	P295,326	P217,925	P11,389	P -	P1,489,310	(P2,869)	P1,486,441
RESULTS								
Food and beverage cost	130,103	24,799	49,454	2,521	-	206,877	-	206,877
Personnel cost	77,090	26,365	21,040	7,237	21,811	153,543	-	153,543
Energy cost	169,583	57,903	31,149	1,802	3,686	264,123	-	264,123
Segment operating profit	P396,569	P139,144	P34,576	(P23,985)	(P63,047)	P483,257	P9,807	P493,064
OTHER EXPENSES (INCOME)								
Depreciation	200,299	46,978	25,978	545	21,564	295,364	-	295,364
Interest expense	47,788	9,799	-	165,594	-	223,181	(56,798)	166,383
Foreign exchange losses (gains) – net	-	-	-	5,618	-	5,618	-	5,618
Impairment losses	-	-	-	309	-	309	-	309
Interest income	(58,794)	(5,123)	(289)	(77,386)	(6,624)	(148,216)	56,798	(91,418)
Reversal of excess accrual	-	-	-	-	-	-	-	-
Others – net	-	-	-	(9,807)	-	(9,807)	9,807	-
	189,293	51,654	25,689	84,873	14,940	366,449	9,807	376,256
INCOME TAX EXPENSE (BENEFIT)	51,445	22,817	3,671	(5,548)	(6,460)	65,925	-	65,925
NET INCOME (LOSS)	P155,831	P64,673	P5,216	(P103,310)	(P71,527)	P50,883	P -	P50,883
OTHER INFORMATION								
Segment assets	P6,162,171	P2,331,050	P3,613,098	P10,746,891	P3,974,153	P26,827,363	(P6,689,241)	P20,138,122
Deferred tax assets	52,367	23,684	8,403	186,073	-	270,527	-	270,527
Consolidated Total Assets	P6,214,538	P2,354,734	P3,621,501	P10,932,964	P3,974,153	P27,097,890	(P6,689,241)	P20,408,649
Segment liabilities	P976,816	P362,072	P80,189	P8,060,546	P990,004	P10,469,627	(P4,728,334)	P5,741,293
Deferred tax liabilities	769,465	223,738	847,603	-	434,301	2,275,107	-	2,275,107
Consolidated Total Liabilities	P1,746,281	P585,810	P927,792	P8,060,546	P1,424,305	P12,744,734	(P4,728,334)	P8,016,400
Other Segment Information								
Capital expenditures	P3,906,140	P962,836	P3,382,177	P97,826	P2,652,131	P11,001,110	P -	P11,001,110
Depreciation	200,299	46,978	25,978	545	21,564	295,364	-	295,364

16. Capital Stock and Noncontrolling Interests

Capital Stock

Details of capital stock of the Parent Company as at December 31, 2024 and 2023 are as follows:

	Number of Common Shares	Amount
Authorized capital stock: at P1.00 par value per share	5,000,000,000	P5,000,000,000
Issued and outstanding	P2,498,991,753	P2,498,991,753

A summary of the Parent Company's securities registration is as follows:

<u>Date of Registration/Listing</u>	<u>Securities</u>
March 17, 1995 (Initial Public Offering)	112.50 million shares On October 7, 1994, the SEC approved the increase in the authorized capital stock of the Parent Company to P450.00 million divided into 450.00 million shares with a par value of P1.00 per share, out of which, 337.50 million shares were already subscribed.
April 18, 1996	944.97 million shares On September 18, 1995, the BOD resolved to increase the authorized capital stock of the Parent Company to P2.00 billion divided into 2.00 billion shares with a par value of P1.00 per share. The purpose of the increase was to finance the construction of WCCCHI's hotel project.
December 15, 1999	888.47 million shares On August 7, 1999, the BOD resolved to increase the authorized capital stock of the Parent Company to P5.00 billion divided into 5.00 billion shares with a par value of P1.00 per share. The purpose of the increase was to accommodate the acquisition of DIHCl's outstanding common shares for 888.47 million shares of the Parent Company with an offer price of P2.03 per share.

On July 20, 2007, the BOD resolved to increase the authorized capital stock of the Parent Company to P10.00 billion with 10.00 billion shares at par value of P1.00 per share. This resolution was ratified by the Parent Company's stockholders owning at least two-thirds of the outstanding capital stock during the annual stockholders' meeting held on August 25, 2007.

In 2009, the BOD passed a resolution temporarily suspending the implementation of the above proposed increase in the authorized capital stock of the Parent Company.

As at December 31, 2024, the Parent Company has no updated plans to increase its authorized capital stock, or to modify any issued shares or to exchange them to another class.

The Parent Company has not sold any unregistered securities for the past 3 years. As at December 31, 2024 and 2023, the Parent Company has 2.50 billion shares listed on the PSE and has a total of 426 and 429 shareholders, respectively.

Noncontrolling Interests (NCIs)

The details of the Group's material NCIs are as follows (in thousands):

	December 31, 2024			December 31, 2023		
	DIHCI	APHC	GIRDI	DIHCI	APHC	GIRDI
Percentage of NCI	2%	44%	46%	2%	44%	46%
Carrying amount of NCI	P54,150	P1,229,467	P985,260	P134,950	P646,541	P675,929
Net loss attributable to NCI	232	(34,219)	777,941	98	(30,078)	(308)
Other comprehensive income attributable to NCIs	(P6)	(P557)	P -	(P64,954)	(P72,035)	P1,141

The following are the audited condensed financial information of investments in subsidiaries with material NCIs (in thousands):

	December 31, 2024			December 31, 2023		
	DIHCI	APHC	GIRDI	DIHCI	APHC	GIRDI
Total assets	P3,643,733	P2,877,482	P2,238,098	P3,621,609	P2,925,078	P451,722
Total liabilities	936,239	1,163,946	96,288	925,427	1,133,042	1,028
Net assets	P2,707,494	P1,713,536	P2,141,869	P2,696,182	P1,792,036	P450,694
Revenue	P258,591	P -	P90,693	P250,093	P -	P -
Net Income/(Loss)	P11,624	(P77,244)	P1,691,176	P4,905	(P74,924)	(P1,141)
Other comprehensive income	(313)	304	-	(2,432)	368	-
	P11,311	(P76,940)	P1,691,176	P2,473	(P74,556)	(P1,141)
Cash flows generated from (used in) operating activities	P42,105	P146,643	(P648,773)	P55,688	(P130,174)	P451,722
Cash flows provided by (used in) investing activities	(54,025)	(170,358)	1,481,537	(6,746)	(46,430)	-
Cash flows provided by (used in) financing activities	-	24,119	(808,454)	-	54,584	-
Net decrease in cash	(P11,920)	P404	P24,310	P48,942	(P122,020)	P451,722

17. Other Costs and Expenses

This account consists of:

	<i>Note</i>	2024	2023	2022
Laundry, valet and other hotel services		P139,504,270	P138,411,394	P101,039,440
Taxes and licenses		120,399,504	55,836,906	56,596,799
Representation and entertainment		73,257,626	24,533,967	4,994,044
Security and other related services		40,042,464	37,786,070	32,543,742
Corporate expenses		38,676,937	22,380,056	15,814,848
Professional fees		28,416,014	18,639,629	17,680,193
Insurance		22,650,771	21,130,576	17,119,040
Commissions		18,289,479	13,100,465	8,940,695
Supplies	6	17,651,684	16,320,865	15,239,992
Impairment loss		17,050,056	8,700,797	-
Advertising		16,072,780	11,463,868	5,081,211
Guest and laundry valet		15,701,572	8,104,211	1,311,694
Fuel and oil		12,185,612	8,496,444	7,516,944
Data processing		10,965,025	12,356,665	11,285,567
Guest amenities		6,765,407	3,995,822	4,437,902
Communications		4,210,717	3,190,643	3,931,116
Transportation and travel		1,959,590	259,160	1,612,102
Meeting expenses		437,024	905,750	844,655
Trainings and Seminars		6,000	2,500	-
Donations		-	275,367	-
Miscellaneous		10,107,152	7,806,092	4,277,154
		P594,349,684	P413,697,247	P310,267,138

Miscellaneous include recruitment expense and employee association dues.

18. Retirement Benefits Cost

Certain subsidiaries have noncontributory, defined benefit plans (the Plans) covering substantially all of their regular employees with at least 5 years of continuous service. The benefits are based on percentage of the employee's final monthly salary for every year of continuous service depending on the length of stay. Contributions and costs are determined in accordance with the actuarial studies made for the Plans.

The latest independent actuarial valuation of the Plans was as at December 31, 2024, which was prepared using the projected unit credit method. The Plans are administered by independent trustees (the Retirement Plan Trustees) with assets held consolidated for the Group.

The Plans are registered with the BIR as a tax-qualified plan under Republic Act (R.A.) No. 4917, As Amended, otherwise known as "An Act Providing that Retirement Benefits of Employees of Private Firms shall not be Subject to Attachment, Levy, Execution, or any Tax whatsoever."

The reconciliation of the present value of the DBO and the FVPA to the recognized retirement benefits asset as presented in the consolidated statements of financial position is as follows:

2024	DBO	FVPA	Retirement Benefits Asset
Balance, January 1, 2024	P68,959,467	(P137,984,733)	(P69,146,215)
Included in Profit or Loss			
Current service cost	5,302,415	-	5,302,415
Net interest cost (income)	4,196,606	(8,345,357)	(4,148,751)
	9,499,021	(8,345,357)	1,153,664
Included in OCI			
Remeasurement gains on plan assets:			
1. Actuarial gains arising from:			
▪ Changes in demographic assumptions	(901,028)	-	(901,028)
▪ Experience adjustments	148,878	-	148,878
▪ Changes in financial assumptions	3,319,864	-	3,319,864
2. Return on plan assets excluding interest income	-	1,294,109	1,294,109
	2,567,714	1,294,109	3,861,823
Others			
Benefits paid from plan assets	1,755,690	(1,755,690)	-
Balance, December 31, 2024	P82,660,943	(P146,791,671)	(P64,130,728)

2023	DBO	FVPA	Retirement Benefits Asset
Balance, January 1, 2023	P65,230,408	(P138,147,333)	(P72,916,925)
Included in Profit or Loss			
Current service cost	4,601,090	-	4,601,090
Net interest cost (income)	4,888,581	(9,687,703)	(4,799,122)
	9,489,671	(9,687,703)	(198,032)
Included in OCI			
Remeasurement gains on plan assets:			
3. Actuarial gains arising from:			
▪ Experience adjustments	(1,846,681)	-	(1,846,681)
▪ Changes in financial assumptions	3,445,999	-	3,445,999
4. Return on plan assets excluding interest income	-	2,490,373	2,490,373
	1,599,318	2,490,373	4,089,691
Others			
Contributions paid by the employer	-	(120,949)	(120,949)
Benefits paid from book reserves	-	-	-
Benefits paid from plan assets	(7,480,879)	7,480,879	-
Balance, December 31, 2023	P68,838,518	(P137,984,733)	(P69,146,215)

2022	DBO	FVPA	Retirement Benefits Asset
Balance, January 1, 2022	P95,616,272	(P161,119,458)	(P65,503,186)
Included in Profit or Loss			
Current service cost	7,303,309	-	7,303,309
Net interest cost (income)	4,657,070	(7,866,240)	(3,209,170)
	11,960,379	(7,866,240)	4,094,139
Included in OCI			
Remeasurement gains on plan assets:			
5. Actuarial gains arising from:			
▪ Changes in demographic assumptions	(12,698,853)	-	(12,698,853)
▪ Experience adjustments	(2,798,560)	-	(2,798,560)
▪ Changes in financial assumptions	(4,703,374)	-	(4,703,374)
6. Return on plan assets excluding interest income	-	10,192,909	10,192,909
	(20,200,787)	10,192,909	(10,007,878)
Others			
Benefits paid from book reserves	(1,500,000)	-	(1,500,000)
Benefits paid from plan assets	(20,645,456)	20,645,456	-
Balance, December 31, 2022	P65,230,408	(P138,147,333)	(P72,916,925)

The retirement benefits cost recognized in profit or loss in 2024, 2023 and 2022 amounted to P3.04 million, P2.68 million, and P4.09 million, respectively, and is presented as part of "Personnel costs" account in the consolidated statements of profit or loss and other comprehensive income.

Personnel costs comprise the following:

	2024	2023	2022
Salaries and wages	P219,165,013	P145,409,784	P137,245,451
Retirement benefits expense	1,143,058	2,679,052	4,094,139
Other employee benefits	15,993,752	12,035,710	12,202,992
	P236,301,823	P160,124,546	P153,542,582

The Group's plan assets consist of the following:

	2024	2023
Cash and cash equivalents	P1,026,326	P23,086,037
Investments		
Unit investment trust fund	25,187,319	21,269,254
Government securities	112,272,562	88,284,643
Other securities and debt instruments	6,544,512	3,338,068
Other receivables	2,009,239	2,006,731
	147,039,958	137,984,733
Accrued trust fees payable	248,287	-
	P146,791,671	P137,984,733

The principal actuarial assumptions at reporting date are as follows:

	2024	2023
Discount rate	6.09% - 6.13%	6.03% - 7.16%
Salary increase rate	3.00%	3.00%

Assumptions regarding the mortality and disability rates are based on the 1994 Group Annuity Table and the 1952 Disability Table, respectively.

The weighted-average duration of the DBO is 20.66 years and 19.43 years as at December 31, 2024 and 2023, respectively.

Maturity analysis of the benefit payments as at December 31 follows:

	2024	2023
Carrying amount	P83,309,009	P95,616,272
Within one year	P9,548,954	P8,308,411
Within one to five years	36,814,835	41,015,004
Within five to ten years	201,011,464	316,696,299
Contractual cash flows	P247,375,253	P366,019,714

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below:

	2024		2023	
	+1%	-1%	+1%	-1%
Discount rate	(P5,475,279)	P5,801,226	(P4,936,194)	P5,554,786
Salary increase rate	6,064,775	(5,921,090)	5,749,542	(5,269,011)

Although the analysis does not take account of the full distribution of cash flows expected under the Plans, it does provide an approximation of the sensitivity of the assumptions shown.

These respective Plans expose the Group to actuarial risks such as longevity risk, interest rate risk, and market (investment) risk.

Asset-liability Matching

The Retirement Plan Trustees have no specific matching strategy between the plan assets and the plan liabilities.

Funding Policy

The Group is not required to pre-fund the future defined benefits payable under the retirement plans before they become due. However, in the event a benefit claim arises and the respective Plans' fund is insufficient to pay the claim, the shortfall will be paid by the Group directly to the employee-retiree. Hence, the amount and timing of contributions to the respective Plans are at the Group's discretion.

19. Income Taxes

The components of the Group's income tax expense are as follows:

	2024	2023	2022
Current	P161,159,413	P145,518,773	P102,936,238
Deferred	(6,793,541)	(37,890,805)	(37,011,113)
	P154,365,872	P107,627,968	P65,925,125

The reconciliation of the income tax expense computed at the statutory tax rate to the actual income tax expense shown in the consolidated statements of profit or loss and other comprehensive income is as follows:

	2024	2023	2022
Income before income tax expense	P1,759,052,606	P146,184,690	P116,808,297
Statutory tax rate for income tax	20%/25%	20%/25%	20%/25%
Income tax expense at statutory rate	P439,981,017	P36,546,172	P29,440,523
Additions to (reductions in) income tax resulting from the tax effects of:			
Unrecognized deferred tax assets during the year	88,297,195	37,675,286	13,759,813
Nondeductible expenses	32,602,560	34,776,501	4,728,353
Income not subjected to income tax	(1,121,864)	(1,369,991)	(1,369,991)
Gain on sale on disposal of properties	(440,363,599)	-	-
Derecognition of net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT)	-	-	(1,747)
Recognition of previously unrecognized deferred tax asset	-	-	19,368,174
Others	34,970,563	-	-
	P154,365,872	P107,627,968	P65,925,125

The movements of the deferred tax assets and deferred tax liabilities are as follows:

December 31, 2024	Balance January 1, 2024 as restated	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2024
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P2,312,634,642	(P81,367,287)	P -	P2,231,267,355
Accrued rent income	102,089,481	23,586,241	-	125,675,722
Unamortized discount on security deposit	22,043,458	(22,043,458)	-	-
Cost claimed as expense	-	4,470,797	-	4,470,797
Retirement benefits asset	22,576,832	7,008,033	(3,016)	29,581,849
Unrealized foreign exchange gain	7,090,147	(353,309)	(925,221)	5,811,617
	2,466,434,560	(68,698,983)	(928,237)	2,396,807,340
Deferred tax assets:				
Accrued interest expense on loan	182,968,953	-	-	182,968,953
Advanced rental NOLCO	18,886,227	(18,886,227)	-	-
	509,982	199,954	-	709,936
Accrued rent expense	6,868,688	(3,185,015)	-	3,683,673
Allowance for impairment losses on receivables	46,764,784	(36,654,090)	-	10,110,694
Lease liabilities - net	10,121,313	(3,825,514)	-	6,295,799
MCIT	25,074	17,009	-	42,083
Retirement benefit liability	401,553	67,815	3,740	473,108
Unamortized past service cost	1,109,487	(1,109,487)	-	-
Unearned revenues	4,749,463	1,470,113	-	6,219,576
	272,405,524	(61,905,442)	3,740	210,503,822
	P2,194,029,036	(P6,793,541)	(P931,977)	P2,186,303,518
December 31, 2023	Balance January 1, 2023	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2023
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P2,136,548,323	P6,810,411	P45,918,340	P2,189,277,074
Accrued rent income	96,904,872	(65,248,231)	-	31,656,641
Unamortized discount on security deposit	23,039,194	1,308,221	-	24,347,415
Retirement benefits asset	18,613,425	-	-	18,613,425
Unrealized foreign exchange gain	1,165	-	-	1,165
	2,275,106,979	(57,129,599)	45,918,340	2,263,895,720
Deferred tax assets:				
Accrued interest expense on loan	182,968,952	(10,824,918)	-	172,144,034
Advanced rental	58,109,967	(6,898,764)	-	51,211,203
NOLCO	2,678,246	(158,452)	-	2,519,794
Accrued rent expense	12,716,382	(752,334)	-	11,964,048
Allowance for impairment losses on receivables	5,070,323	(299,973)	-	4,770,350
Lease liabilities - net	3,427,838	(202,800)	-	3,225,038
MCIT	1,791,781	106,006	-	1,897,787
Unamortized past service cost	139,294	(241)	-	139,053
Unearned revenues	3,504,213	(207,318)	-	3,296,895
	270,406,996	(19,238,794)	-	251,168,202
	P2,004,699,983	(P37,890,805)	P45,918,340	P2,012,727,518

December 31, 2022	Balance January 1, 2022	Recognized in Profit or Loss	Recognized in OCI	Balance December 31, 2022
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P1,976,579,918	(P56,187,255)	P216,155,660	P2,136,548,323
Accrued rent income	73,562,088	23,342,784	-	96,904,872
Unamortized discount on security deposit	24,871,561	(1,832,367)	-	23,039,194
Retirement benefits asset	16,524,343	(412,889)	2,501,971	18,613,425
Unrealized foreign exchange gain	1,165	-	-	1,165
	2,091,539,075	(35,089,727)	218,657,631	2,275,106,979
Deferred tax assets:				
Accrued interest expense on loan	177,810,707	5,158,245	-	182,968,952
Advanced rental	58,109,967	-	-	58,109,967
NOLCO	14,885,068	(12,206,822)	-	2,678,246
Accrued rent expense	9,389,056	3,327,326	-	12,716,382
Allowance for impairment losses on receivables	5,070,323	-	-	5,070,323
Lease liabilities - net	1,870,612	1,557,226	-	3,427,838
MCIT	767,206	1,024,575	-	1,791,781
Unamortized past service cost	402,157	(262,863)	-	139,294
Unearned revenues	165,585	3,338,628	-	3,504,213
Unrealized foreign exchange loss	14,929	(14,929)	-	-
	268,485,610	1,921,386	-	270,406,996
	P1,823,053,465	(P37,011,113)	P218,657,631	P2,004,699,983

Deferred tax assets have not been recognized by certain subsidiaries in respect of the following items in the table below because it is not probable that future taxable profits will be available against which the subsidiaries can utilize the benefits thereon prior to their expiration or reversal.

The BIR issued RR No. 25-2020 to implement Section 4 (bbbb) of R.A. No. 11494, *Bayanihan to Recover as One Act*, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss. The said RR also defined taxable years 2020 and 2021 to include those corporations with fiscal years ending on or before June 30, 2021 and June 30, 2022, respectively.

	2024		2023	
	Tax Base	Tax Effect	Tax Base	Tax Effect
NOLCO	P57,803,920	P14,450,980	P142,790,040	P35,697,510
MCIT	P1,121,067	P1,121,067	P133,641	P133,641
	P58,924,987	P15,572,047	P142,923,681	P35,831,151

The movements of unrecognized net deferred tax assets of the Group are as follows:

	2024	2023
Balance at beginning of year	P74,421,650	P142,790,040
Unrecognized deferred tax assets during the year:		
NOLCO	14,115,714	18,627,924
MCIT	324,881	121,173
Impairment losses	-	-
Expiration of unrecognized deferred tax assets:		
NOLCO	-	(111,584,153)
MCIT	(54,944)	(77,782)
Application of unrecognized deferred tax assets:		
NOLCO	-	-
MCIT	-	-
Balance at end of year	P88,807,301	P49,877,202

The details of the unrecognized NOLCO not covered by R.A. No. 11494 are as follows:

Year Incurred	Expiry Date	NOLCO	Applied	Expired Amount	Remaining Amount
2024	December 31, 2027	P56,462,856	P -	P -	P56,462,856
2023	December 31, 2026	74,511,696	-	-	74,511,696
2022	December 31, 2025	22,853,239	-	-	22,853,239

The details of the unrecognized NOLCO covered by R.A. No. 11494 are as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2021	2026	P66,036,063	P -	P -	P66,036,063
2020	2025	76,753,977	-	-	76,753,977
		P142,790,040	P -	P -	P142,790,040

Certain subsidiaries were required to pay MCIT under existing tax regulations. The MCIT payments and the applicable years that these will be deductible from future regular corporate income tax payable are shown below.

Year Incurred	Expiry Date	MCIT	Applied	Expired Amount	Remaining Amount
2024	December 31, 2027	P324,881	P -	P -	P324,881
2023	December 31, 2026	121,173	-	-	121,173
2022	December 31, 2025	91,075	-	-	91,075
2021	December 31, 2024	54,944	-	54,944	-
		P592,073	P -	P54,944	P537,129

20. Earnings Per Share

Earnings per share (EPS) is computed by dividing the net income for the year by the weighted average number of outstanding shares of common stock during the year.

	2024	2023	2022
Net income attributable to equity holders of the Parent Company	P860,732,359	P68,843,761	P82,789,942
Weighted number of shares outstanding	2,498,991,753	2,498,991,753	2,498,991,753
Earnings per share - basic and diluted	P0.344	P0.028	P0.033

There are no potentially dilutive shares as at December 31, 2024, 2023 and 2022. Accordingly, diluted EPS is the same as basic EPS.

21. Financial Instruments - Risk Management and Fair Values

Risk Management Structure

BOD

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Risk Management Committee

Risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI, other noncurrent assets (excluding advances to contractors), accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables. These financial instruments arise directly from operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to risks or the manner in which it manages and measures the risks in prior financial year. The Group's management reviews and approves policies for managing each of these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. The Group limits its exposure to credit risk by establishing credit limits and maximum payment period for each customer, reviewing outstanding balances to minimize transactions with customers in industries experiencing particular economic volatility.

With respect to credit risk from other financial assets of the Group, which mainly comprise of cash and cash equivalents (excluding cash on hand), receivables, notes receivable, due from related parties, short-term investments, equity securities - at FVOCI and other noncurrent assets (excluding advances to contractors), the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no other significant concentration of credit risk in the Group.

The tables below show the credit quality of the Group's financial assets (in thousands):

	2024			
	At Amortized Cost			
	FVOCI	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired
Grade A	P69,943	P11,961,713	P -	P -
Grade B	-	322,282	-	-
Grade C	-	71,124	-	-
Gross carrying amount	69,943	12,355,119	-	-
Loss allowance	-	71,124	-	-
Carrying amount	P69,943	P12,283,995	P -	P -

	2023			
	At Amortized Cost			
	FVOCI	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired
Grade A	P19,943	P2,473,703	P -	P -
Grade B	-	1,999,938	-	-
Grade C	-	38,554	-	-
Gross carrying amount	19,943	4,512,195	-	-
Loss allowance	-	38,554	-	-
Carrying amount	P19,943	P4,473,641	P -	P -

	2022			
	At Amortized Cost			
	FVOCI	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired
Grade A	P69,943	P7,658,852	P -	P -
Grade B	-	268,637	-	-
Grade C	-	102,562	-	-
Gross carrying amount	69,943	8,030,051	-	-
Loss allowance	-	102,561	-	-
Carrying amount	P69,943	P7,927,490	P -	P -

The credit grades used by the Group in evaluating the credit quality of its receivables to customers and other parties are the following:

Grade A financial assets pertain to financial assets that are neither past due nor impaired which have good collection status. These financial assets are those which have high probability of collection, as evidenced by counterparties having ability to satisfy their obligations.

Grade B financial assets are those past due but not impaired financial assets and with fair collection status. These financial assets include those for which collections are probable due to the reputation and the financial ability to pay of the counterparty but have been outstanding for a length of time.

Grade C financial assets are those which have continuous default collection issues. These financial assets have counterparties that are most likely not capable of honoring their financial obligations.

As at December 31, the Group's maximum exposure to credit risk, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques are as follows (in thousands):

	Note	2024	2023
Cash and cash equivalents*	4	P388,638	P473,242
Receivables	5	1,656,893	965,196
Notes receivable	8	271,703	267,553
Due from related parties	8	7,034,043	6,527,664
Short-term investments		2,856	1,278
Equity securities - at FVOCI	8	68,383	70,256
Other noncurrent assets **	10	221,774	50,060
		9,644,290	8,355,249
Less allowance for impairment losses	5, 8	142,332	121,141
		P9,501,958	P8,234,108

*Excluding cash on hand

**Excluding special project deposits

The aging analyses of the Group's financial assets as at December 31, 2024 and 2023 are as follows (in thousands):

December 31, 2024	Note	Total	Neither Past Due nor Impaired	Past Due but not Impaired					Impaired
				<30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	
Cash and cash equivalents*	4	388,638	388,638	P -	P -	P -	P -	P -	P -
Receivables	5	1,656,893	1,285,471	5,325	5,381	1,044	242,622	-	117,050
Notes receivable	8	271,703	271,703	-	-	-	-	-	-
Due from related parties	8	7,034,043	6,966,133	-	-	-	-	-	67,910
Short-term investments		-	-	-	-	-	-	-	-
Equity securities - at FVOCI	8	68,383	68,383	-	-	-	-	-	-
Other noncurrent assets **	10	221,774	221,774	-	-	-	-	-	-
Total		9,641,434	9,202,102	P5,325	P5,381	P1,044	P242,622	P -	P184,960

*Excluding cash on hand

**Excluding special project deposits

December 31, 2023	Note	Total	Neither Past Due nor Impaired	Past Due but not Impaired					Impaired
				<30 Days	30 - 60 Days	61 - 90 Days	91 - 120 Days	> 120 Days	
Cash and cash equivalents*	4	P473,242	P473,242	P -	P -	P -	P -	P -	P -
Receivables	5	965,196	631,033	41,003	7,016	5,026	242,563	-	38,555
Notes receivable	8	267,553	267,553	-	-	-	-	-	-
Due from related parties	8	6,857,835	4,143,744	-	-	-	2,162,610	-	551,481
Short-term investments		1,277	1,277	-	-	-	-	-	-
Equity securities - at FVOCI	8	70,256	70,256	-	-	-	-	-	-
Other noncurrent assets **	10	50,060	50,060	-	-	-	-	-	-
Total		P8,685,419	P5,637,165	P41,003	P7,016	P5,026	P2,405,173	P -	P590,036

*Excluding cash on hand

**Excluding special project deposits

Impairment on the financial assets has been measured on a 12-month expected loss basis and reflects the short maturities of the exposure.

The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

Information on the Group's receivables and due from related parties that are impaired as of December 31, 2024 and 2023 and the movement of the allowance used to record the impairment losses are disclosed in Notes 5 and 8 to the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained through related party advances and from bank loans, when necessary.

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For the Group's short-term funding, the Group's policy is to ensure that there is sufficient working capital inflows to match repayments of short-term debt.

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted payments (in thousands):

December 31, 2024	Note	Total Carrying Amount	Contractual Undiscounted Payments			
			Total	On Demand	Less than 1 Year	> 1 Year
Accounts payable and accrued expenses*	11	P1,552,018	P1,552,018	P1,546,945	P4,513	P560
Loans payable	13, 26	2,811,000	2,811,000	2,811,000	-	-
Due to related parties		11,818	11,818	-	11,818	-
Lease liabilities	24	152,062	152,062	-	152,062	-
Other current liabilities**	12	72,526	72,526	72,526	-	-
Concessionaires' deposits - net of current portion	14	161,653	161,653	161,653	-	-
Retention payables	14	88,488	88,488	88,488	-	-
		P4,849,565	P3,297,547	P4,680,612	P168,393	P560

*Excluding local taxes and output VAT and withholding taxes payable

**Excluding deferred income

December 31, 2023	Note	Total Carrying Amount	Contractual Undiscounted Payments			
			Total	On Demand	Less than 1 Year	> 1 Year
Accounts payable and accrued expenses*	11	P1,668,697	P1,668,697	P1,668,697	P -	P -
Loans payable	13, 26	3,150,000	3,150,000	3,150,000	-	-
Lease liabilities	24	148,910	148,910	-	3,069	145,841
Other current liabilities**	12	63,489	63,489	63,489	-	-
Concessionaires' deposits - net of current portion	14	153,493	153,493	94,384	5,375	53,734
Retention payables	14	88,381	88,381	88,381	-	-
		P5,272,970	P5,272,970	P5,064,951	P8,444	P199,575

*Excluding local taxes and output VAT and withholding taxes payable

**Excluding deferred income

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument of the Group will fluctuate due to change in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is primarily exposed to the financial risk of changes in equity prices of its equity securities - at FVOCI.

Fair Value of Financial Assets and Liabilities

The table below summarizes the carrying amounts and fair values of the Group's financial assets and liabilities as at December 31, 2024 and 2023 (in thousands):

	2024		2023	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets				
Cash and cash equivalents	P388,639	P388,639	P473,241	P473,241
Receivables	1,667,555	1,667,555	965,195	965,195
Notes receivable	2,734,449	2,734,449	267,553	267,553
Due from related parties	6,857,182	6,857,182	6,525,569	6,525,569
Short-term investments	-	-	1,277	1,277
Equity securities - at FVOCI	-	-	70,256	70,256
Other noncurrent assets *	930,521	930,521	50,059	50,059
	P12,578,346	P12,578,346	P8,353,150	P8,353,150

*Excluding advances to contractors and advances to a supplier

	2024		2023	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Liabilities				
Accounts payable and accrued expenses**	P1,552,018	P1,552,018	P1,668,697	P1,668,697
Loans payable	-	-	3,150,000	3,150,000
Due to a related party	11,818	11,818	30	30
Lease liabilities	1,340	1,340	148,910	148,910
Other current liabilities***	72,526	72,526	1,875	1,875
Concessionaires' deposits	161,653	161,653	153,493	153,493
Retention payables	88,488	88,488	88,381	88,381
	P1,887,842	P1,887,842	P5,211,386	P5,211,386

**Excludes local taxes, output VAT and withholding taxes

***Excluding deferred income

As at December 31, 2024 and 2023, the carrying values of the Group's financial instruments approximate fair values as follows:

- *Cash and Cash Equivalents, Receivables, Notes Receivable, Current Portion of Due from Related Parties, Short-term Investments, Accounts Payable and Accrued Expenses (excluding local taxes and output VAT and withholding taxes payable), Due to a Related Party and Other Current Liabilities (excluding deferred income).* The carrying values of these financial instruments approximate fair values due to their relatively short-term maturities.
- *Interest-bearing Due from Related Parties and Loans Payable.* The fair value of interest-bearing due from related parties and loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of the reporting date, thus, the carrying amount approximates fair value.
- *Equity Securities - at FVOCI.* The fair value of listed investment in shares of stock was determined using the closing market price of the investment listed on the PSE as of December 31, 2022 and 2021 while the cost of unquoted investments in shares of stock approximate their fair value as at reporting date.
- *Lease Liabilities.* The fair value of lease liabilities is based on the discounted value of expected future cash flows using the Group's IBR, thus, the carrying amount approximates fair value.

- *Other Noncurrent Assets (excluding advances to contractors and advances to a supplier) and Concessionaires' Deposits.* The fair value of other noncurrent assets (excluding advances to contractors) and concessionaires' deposits approximates the carrying amount as these are settled in fixed amounts upon maturity based on the contract executed.
- *Retention Payables.* The fair value of retention payables approximate their carrying amount because these are not subject to significant risk of change in value.

The approximation of the fair values of the Group's financial assets and liabilities are based on Level 3, except for equity securities - at FVOCI which is based on Level 1 of the fair value hierarchy.

Capital Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital is defined as the invested money or invested purchasing power, the net assets or equity of the entity. The Group's overall strategy remains unchanged from 2024 and 2023.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. For purposes of the Group's capital management, capital includes all equity items that are presented in the consolidated statements of changes in equity, except for revaluation surplus on property and equipment, retirement benefits reserve, foreign currency translation adjustment and fair value reserve.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the Agreement (see Note 26). Breaches in meeting the financial covenants would permit the bank to immediately call the loans. As at December 31, 2024, the Parent Company did not meet the minimum debt service coverage ratio of 1.25:1 (see Note 26). While these constituted non-compliance with financial covenants, the Agreement provides a process that includes notifications between the Company and the local bank, as well as a rectification period, prior to any breach being considered an event of default. The Parent Company notified the local bank of the breach and obtained waiver from the bank relating to its compliance with the loan covenants. The local bank subsequently agreed not to treat it as an event of default as at December 31, 2024 and 2023. As a result, the breach did not result in the loans being declared immediately due and demandable.

22. Right to Provide Venue for Land-based Casinos

PAGCOR has granted the Group the right to provide venue for land-based casinos. By virtue of this right, the subsidiaries, namely WCCCHI and WMCHI, have existing lease agreements with PAGCOR (see Note 23).

In 2008, the Parent Company filed an application for a license of its planned integrated resort, *Grand Waterfront Casino and Hotel*, in Expo Pilipino Entertainment City, commonly known as Entertainment City.

However, PAGCOR failed to respond to the application, and the Parent Company filed legal action in 2015 which Manila RTC ruled in favor of the Parent Company. In 2018, the CA upheld the decision, and it ordered PAGCOR to issue the Parent Company a license similar to that of the integrated resorts currently existing in Entertainment City.

In February 2020, the SC denied the petition of PAGCOR for review and in October 2020, the Parent Company received the notice that the decision has become final and executory.

23. Lease Agreements with PAGCOR

The Parent Company, in behalf of WCCCHI and WMCHI, entered into lease agreements with PAGCOR. The lease agreement of WCCCHI with PAGCOR covered the Main Area (8,123.60 sq.m.), Slot Machine Expansion Area (883.38 sq.m.), Mezzanine (2,335 sq.m.) and 5th Floor Junket Area (2,336 sq.m.) for a total area of 13,677.98 sq.m. which commenced on March 3, 2011 and March 16, 2011, for the Main Area and Slot Machine Expansion Area, respectively. The lease agreement of WMCHI with PAGCOR covered the Main Area (4,076.24 sq.m.) and Chip Washing Area (1,076 sq.m.) for a total area of 5,152.24 sq.m. which was last renewed on March 21, 2011. Both leases expired on August 2, 2016. Thereafter, PAGCOR paid the WCCCHI and WMCHI rental on a month-to-month basis. The leases were renewed on February 15, 2018, for a period of 1 year. On May 29, 2019 the leases were further renewed until the year 2032.

Relative to the renewal of the contract, the security deposit equivalent to six (6) months rental amounting to P159.02 million and P73.42 million was received by WCCCHI and WMCHI, respectively, and presented as part of "Concessionaires' deposit" account in other noncurrent liabilities in the consolidated statements of financial position and were carried at its present value as at December 31, 2023 computed using an EIR of 5.51% over the term of the contract. The change in the present value and amortization of the discount is recognized as part of "Interest expense" account in the consolidated statements of profit or loss and other comprehensive income. Interest expense recognized in 2023, 2022 and 2021 amounted to P11.03 million, P7.33 million and P6.95 million, respectively. The amortized cost of the refundable security deposits was determined by calculating the present value of the cash flows anticipated until the end of the lease term using the interest rate of 5.51%. as the deposit does not have an active market, the underlying interest rate was determined by reference to market interest rates of comparable financial instruments.

The undiscounted amounts and the related unamortized discount are as follows:

	Note	2024	2023
PAGCOR security deposits	14	P232,439,873	P232,439,873
Unamortized discount		(76,263,394)	(84,423,254)
		P156,176,479	P148,016,619

In addition, in 2019, WCCCHI and WMCHI also received advance rentals equivalent to 6 months amounting to P159.02 million and P73.42 million, respectively. These advance rentals are presented as part of "Advance rentals" account in other noncurrent liabilities and are carried at cost (see Note 14).

Total rental income from the above PAGCOR lease contracts recognized as part of "Rent and related income" in the consolidated statements of profit or loss and other comprehensive income amounted to P615.29 million, P590.39 million and 606.23 million in 2023, 2022 and 2021, respectively.

24. Other Lease Agreements

Group as Lessor

Lease Agreements with Concessionaires

WCCCHI, WMCHI and DIHCI have lease agreements with concessionaires for the commercial spaces available in their respective hotels. These agreements typically run for a period of less than one year, renewable upon the mutual agreement of the parties.

Security deposits received from other concessionaires amounted to P million P10.2 million and P35.70 million as at December 31, in 2024, 2023 and 2022, respectively (see Notes 12 and 14).

Rent revenue recognized as part of "Rent and related income" in the consolidated statements of profit or loss and other comprehensive income and amounted to P625.69 million, P567.46 million and P16.36 million in 2024, 2023 and 2022, respectively.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date (in thousands):

	2024	2023
Less than one year	P493,370	P1,937,430
One to two years	595,275	1,419,743
Two to three years	622,168	1,451,242
Three to four years	653,148	663,704
Four to five years	685,654	593,985
More than five years	1,799,943	2,016,285
Total	P4,849,558	P8,082,389

Group as Lessee

Land under Operating Lease

On September 15, 1994, Waterfront Hotel and Resort Sdn. Bhd. (WHR), a former related party, executed a lease contract (the Lease Agreement) with Mactan Cebu International Airport Authority (MCIAA) for the lease of certain parcels of land where the hotels were constructed. On October 14, 1994, WHR assigned its rights and obligations under the MCIAA contracts to WCCCHI and WMCHI.

WCCCHI and WMCHI shall pay MCIAA fixed rentals per month plus a 2% variable rent based on the annual gross revenues of WCCCHI and WMCHI, as defined in the Lease Agreement. The leases are for a period of 50 years, subject to automatic renewal for another 25 years, depending on the provisions of the applicable Philippine laws at the time of renewal.

WCCCHI also entered into a new lease agreement for the use of access road from the hotel property to the main road for a period of 3 years commencing on January 1, 2023 subject to renewal upon mutual agreement of both parties.

Information about leases for which the Group is a lessee is presented below.

The right-of-use assets movement is as follows:

	2024	2023
Cost		
At January 1	P161,229,712	P174,041,803
Modification	(6,577,960)	(11,720,470)
Additions	-	3,528,705
At December 31	154,651,752	165,850,038
Accumulated Depreciation		
At January 1	28,506,917	25,722,647
Depreciation	5,057,383	6,327,043
At December 31	33,564,300	32,049,690
Carrying Amount	P121,087,452	P133,800,348

Set out below is the carrying amount of the lease liabilities and the movements during the period.

	2024	2023
At January 1	P160,976,766	P168,129,537
Addition	-	3,528,705
Accretion of interest	15,430,190	15,702,918
Payments	(15,793,351)	(28,363,258)
Modification	(8,551,549)	(7,604,431)
Accrued rent	-	(2,483,881)
At December 31	P152,062,056	P148,909,590

The outstanding balance of the lease liabilities is presented in the consolidated statements of financial position as follows:

	2024	2023
Current portion	P3,944,388	P2,795,134
Noncurrent portion	148,117,668	146,114,456
Total	P152,062,056	P148,909,590

Future undiscounted rental payments are as follows:

	2024	2023
Less than one year	P15,322,044	P15,293,052
One to five years	69,701,835	63,995,182
More than five years	539,608,373	559,948,232
	P624,632,252	P639,236,466

Amounts Recognized in Profit or Loss

	2024	2023	2022
Depreciation of right-of-use assets	P3,710,213	P3,710,214	P3,631,416
Interest expense related to lease liabilities	13,900,101	14,076,283	13,856,959
Variable lease payments	17,268,506	21,055,770	11,782,687
Expenses relating to short-term leases including VAT on lease payments	-	-	1,121,304
Income due to rent concession	-	(1,814,550)	(485,346)

Amount Recognized in the Statements of Cash Flows

	2024	2023	2022
Total cash outflow for leases	P15,793,350	P23,300,937	P22,969,072

The interest expense associated with the lease liabilities in 2024, 2023 and 2022 amounted to P 13.90 million, P14.08 million, and P13.86 million, respectively. Interest expense is derived using the Group's IBR of 10.79% as at January 1, 2019 for the agreement with MCIAA and IBR of 9.50% as at January 1, 2023 lease agreement for the use of access road. Total cash outflow for lease liabilities made by the Group in 2024, 2023 and 2022 amounting to P15.79 million, P23.30 million and P22.97 million, respectively, is presented as "Payment of lease liabilities" in the consolidated statements of cash flows.

The Group recognized income from rent concession amounting to nil, P1.81 million and P0.49 million in 2024, 2023 and 2022, respectively, as part of "Other Revenues" in the consolidated statements of profit or loss and other comprehensive income to reflect the discount on lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concession.

Extension Options

Extension options are included in the Group's lease of its land. The contracts of lease state an automatic renewal of lease upon expiration of the initial contract period.

Total rent expense for the aforementioned leases amounted to P million, P17.53 million, and P12.90 million in 2024, 2023 and 2022, respectively, in the consolidated statements of profit or loss and other comprehensive income.

25. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group.

- a. On July 26, 2023, the Parent Company received a Preliminary Assessment Notice dated July 24, 2023, for the 2019 Tax assessment.

On August 9, 2023, a reply dated August 9, 2023 was sent to Bureau of Internal Revenue (BIR) still contesting the said assessment.

On August 31, 2023, a Formal Letter of Demand dated August 16, 2023 was received by the Parent.

On October 2, 2023, the Parent Company sent a protest letter to BIR contesting the portion of the said assessment. Settlement on Documentary Stamp Tax, Registration Fee, Expanded Withholding Taxes and Withholding tax on Compensation amounting to P3.3 million was made on October 12, 2023.

On March 6, 2024, the Parent Company sent a protest letter, which was accepted by the BIR requesting for reinvestigation and verification, which includes deficiencies in income tax amounting to P22.0 million and VAT amounting to P21.3 million. As of the date of report, there was no update on the protest letter.

- b. WMCHI has a tax case involving VAT assessment for the taxable year 2006. The case was elevated to the CTA in 2011. In 2012, WMCHI offered its formal evidence to the court. In its decision promulgated on May 31, 2013, the CTA cancelled the VAT assessment in its entirety. The BIR filed a MR that was denied by the CTA in its resolution promulgated on August 16, 2013. The BIR appealed the case to the CTA sitting En Banc on September 20, 2013. On September 15, 2015, the CTA reaffirmed the decision cancelling the VAT assessment. In March 9, 2016, the BIR filed with the SC its motion for extension of time to file its appeal.

On September 2, 2020, the SC denied the BIR appeal and affirmed the CTA decision and CTA En Banc resolution that cancelled the 2006 VAT assessment. Afterwards, the SC issued its Entry of Judgment dated July 26, 2021. As of the date of report, there was no update on the progress of the case.

- c. In the normal course of business, the Group enters into commitments and encounters certain contingencies, which include a case against a contractor of one of its hotels for specific performance. Management believes that the losses, if any, that may arise from these commitments and contingencies would not be material to warrant additional adjustment or disclosure to the consolidated financial statements.

The Group is defendant in other legal cases which are still pending resolution. Management and legal counsels believe that the outcome of these cases will not have any material effect on the Group's financial position and financial performance.

26. Omnibus Loan and Security Agreement

Original Loan Agreement

On December 21, 2017, the Parent Company, WCCCHI, WMCHI, DIHCI, CRDC and PRC (collectively, the Borrowers) entered into the Agreement with Philippine Bank of Communications (PBCOM) for the latter to provide the Borrowers multiple term loan facilities (the Loan Facilities) for general corporate purposes in the maximum aggregate amount of up to P1.50 billion.

The Loan Facilities consist of the following:

Facility 1 - represents secured term loan facility in the amount of P850.00 million available through a single or multiple drawdowns with term of 54 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Commitment period means the period commencing from the date of the agreement and terminating on the earliest of: (a) 6 months from the signing of the Agreement; (b) the date when the commitment is fully drawn or availed by mutual agreement of the parties; or (c) the date when the commitment is terminated or cancelled in accordance with the terms of the Agreement.

Facility 2 - represents secured term loan facility in the amount of P200.00 million available through a single or multiple drawdowns with term of 54 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

Facility 3 - represents secured term loan facility in the amount of P450.00 million available through a single or multiple drawdowns with term of 42 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated. Facility 3 requires, on or before the initial drawdown date, the borrower to cause the relevant mortgagors to constitute in favor of PBCOM a first ranking real estate mortgage over Davao Agricultural Property located at Matina, Pangi, Tolomo, Davao City consisting of parcels of agricultural real property containing an aggregate area of 70 hectares registered in the names of CRDC and PRC, and Locob property still registered in the name of an individual, and register such security interest with appropriate Registry of Deeds.

The loan principal is repayable on equal monthly installments to commence at the end of sixth (6th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of four (4)-year PDSTR2 rate on the date of availment and spread of 3.25% per annum or 7.75% per annum, and repayable monthly from the drawdown date.

The Loan Facilities are secured by chattel and real mortgages over various operating assets of WCCCHI and DIHCI; real estate mortgages over Davao Agricultural Property; assignment over leasehold rights on the land owned by MCIAA on which WCCCHI stands; and pledge of shares of stocks representing ownership of the Parent Company in WCCCHI and DIHCI.

Each of the Borrowers is required to comply with certain covenants during the term of the Agreement and until the full payment of the amounts due which include, among others:

1. Debt to Equity Ratio of not higher than 2.5:1;
2. Debt Service Coverage Ratio of at least 1.25x; and
3. To appoint PBCOM's nominees as Corporate Secretary in WCCCHI and DIHCI and nominate and elect such number of PBCOM's nominees as will comprise the majority of the Board of Directors in WCCCHI and DIHCI, provided however, that the exercise of the abovementioned proxy and/or voting rights granted to PBCOM shall be exercised solely for the purpose of protecting, preserving, and enforcing its rights and interests under the Agreement and shall not be used by the latter to effect any takeover of the day-to-day operations of said corporations.

4. Negative covenants which prohibit each of the Borrowers to:

- Change the nature or scope of its business as presently conducted, or liquidate or dissolve, or enter into any consolidation, merger, pool, joint venture, syndicate or other combination, or sell, lease or dispose of a substantial portion (as determined by PBCOM) of its business or assets, with market or book value of P500.00 million or more;
- Permit any change in ownership (direct or indirect), management or control of its business, which results in the present majority stockholders ceasing to hold, whether directly or indirectly through any person beneficially, at least sixty-eight percent (68%) of the direct or indirect beneficial or economic interest in each of the Borrowers;
- Declare or pay dividends to stockholders and make any capital or asset distribution to stockholders;
- Purchase, redeem, retire or otherwise acquire for value any of capital stock now or hereafter outstanding (other than as a result of the conversion of any shares of capital stock into shares of any other class of capital stock), return any capital to its stockholders as such, or make any distribution of assets to its stockholders as such (other than distribution payable in shares of its own outstanding capital stock);
- File any legal action to question any corporate act or transaction;
- Extend any loans, advances or subsidies to any corporation, partnership or entity owned by the Borrowers or in which it may have equity, other than advances in the ordinary course of business; and
- Extend any loans or advances to any of its directors, officers, stockholders, affiliates and partners other than advances in the ordinary course of business.

All drawdowns from the Loan Facilities (2017) were fully paid as of December 31, 2024 and 2023.

Supplemental Loan Agreement

On March 22, 2022, the Borrowers entered into a Supplemental Loan Agreement to the Agreement with PBCOM granting the Borrowers the New Loan Facilities for the following purposes: (1) refinancing the outstanding loan obligation; (2) payment of any and all fees, stamps, and other taxes to the execution and delivery of the loan documents in order to implement the refinancing; and, (3) general corporate requirements, in the maximum aggregate amount of P3.05 billion.

The New Loan Facilities are secured by the chattel and real estate mortgages and other security interests under the Agreement as well as the following: additional chattel and real mortgages over various operating assets of WMCHI; pledge of movable assets consisting of machinery and equipment owned by WCCCHI, WMCHI and DIHCI; new chattel and real estate mortgages over various operating assets of CRDC and PRC; assignment over leasehold rights on the land owned by MCIAA on which WMCHI stands; pledge of shares of stocks representing ownership of the Company in WCCCHI, WMCHI and DIHCI; assignment of all rental receivables of WCCCHI and WMCHI from PAGCOR; and assignment of the cash collateral peso-denominated interest-bearing account Debt Service Reserve Account.

Each of the Borrowers are required to comply the same covenants set forth under the Agreement.

The New Loan Facilities consists of the following:

New Facility 1 - represents secured term loan facility in the amount of P550.00 million to re-finance the payment of the Facility 3 of the Original Loan Agreement available through maximum of two (2) drawdowns within September 2022 with term of 30 months from the initial drawdown date. The loan principal for this facility is payable in equal monthly installments to commence one month from the drawdown date. Interest is charged at the higher of three (3)-year BVAL rate on the date of availment and spread of 3.25% per annum or 7.75% per annum; floating rate re-priceable every quarter; and repayable monthly in arrears.

New Facility 2 - represents secured term loan facility in the amount of P1.00 billion available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

New Facility 3 - represents secured term loan facility in the amount of P600.00 million available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

New Facility 4 - represents secured term loan facility in the amount of P900.00 million available through a single or multiple drawdowns with term of 60 months from the initial drawdown date, regardless of the number of drawdowns. Any amount not drawn after the expiration of the commitment period shall be automatically cancelled and may not be reinstated.

The loan principals for New Facilities 2, 3 and 4 are payable on equal monthly installments to commence at the end of twenty-fourth (24th) month from the initial drawdown date subject to balloon payment upon maturity. Interest is charged at the higher of five (5)-year BVAL rate on the date of availment and spread of 3.25% per annum or 7.75% per annum; floating rate re-priceable every quarter; and repayable monthly in arrears.

All drawdowns were made by the Parent Company.

The drawdowns and payments are made by the Parent Company as they fall due and there are no defaults in payments.

As at December 31, 2024 and 2023, the Parent Company did not meet the minimum debt service coverage ratio of 1.25:1 as described in Section 4.4 Debt Service Coverage Ratio of the Agreement. The Agreement provides a process which includes notifications by PBCOM and a period of rectification prior to a breach of such covenants being considered an event of default. The Parent Company has notified PBCOM of the breach and PBCOM signified agreement of not treating the breach as an event of default as at December 31, 2024.

As at December 31, 2024, the Parent Company has not received any notification from PBCOM that would trigger the rectification period prior to being considered an event of default. Thus, as of reporting date the noted breach was not considered an event of default that would have the effect of rendering the loans immediately due and demandable.

The outstanding balances of the loans under the Loan Facilities are presented in the financial position of the Parent Company as follows:

Loan Facility	Current Portion	Noncurrent Portion	Outstanding Balance
New Facility 1	P55,000,000	P -	P55,000,000
New Facility 2	96,000,000	760,000,000	856,000,000
New Facility 3	57,600,000	513,600,000	571,200,000
New Facility 4	86,400,000	770,400,000	856,800,000
	P295,000,000	P2,044,000,000	P2,339,000,000

The drawdowns and payments made by the Parent Company under the New Loan Facilities are presented below:

2024

Loan Facility	Drawdown Date	Maturity Date	Payment Terms	Monthly Amortization	Principal	Principal Payments	Outstanding Balance
New Facility 1	9/13/2022	3/13/2025	30 months	P18,333,333	P275,000,000	P220,000,000	P55,000,000
New Facility 2	6/16/2022	6/4/2027	60 months	8,000,000	1,000,000,000	48,000,000	952,000,000
New Facility 3	6/6/2022	6/4/2027	60 months	4,800,000	600,000,000	28,800,000	571,200,000
New Facility 4	6/8/2022	6/4/2027	60 months	7,200,000	900,000,000	43,200,000	856,800,000
					P2,775,000,000	P340,000,000	P2,435,000,000

2023

Loan Facility	Drawdown Date	Maturity Date	Payment Terms	Monthly Amortization	Principal	Principal Payments	Outstanding Balance
New Facility 1	9/13/2022	3/13/2025	30 months	P18,333,333	P495,000,000	P220,000,000	P275,000,000
New Facility 2	6/16/2022	6/4/2027	60 months	8,000,000	1,000,000,000	-	1,000,000,000
New Facility 3	6/6/2022	6/4/2027	60 months	4,800,000	600,000,000	-	600,000,000
New Facility 4	6/8/2022	6/4/2027	60 months	7,200,000	900,000,000	-	900,000,000
					P2,995,000,000	P220,000,000	P2,775,000,000

Total interest expense arising from the Loan Facilities recognized in the consolidated statements of profit or loss and other comprehensive income amounted to P274.71, P36.40 million and P59.83 in 2023, 2022 and 2021, respectively. Total interest paid by the Parent Company arising for the New Loan Facilities amounted to P276.43 million, P123.98 million, and nil in 2023, 2022, and 2021, respectively.

27. Restatements of Comparative Figures

The Group restated the comparative financial statements as at the year ended December 31, 2023 (earliest period) and presented an Statement of Financial Position as at January 1, 2023 due to the impact of the following:

- 1) The Group inadvertently made some mapping errors during consolidation that resulted in misstatements prior to 2022 and during 2023 in the reserves accounts and other equity accounts that required reclassifications.

The restatements prior to 2022 were made on the balances as of Jan. 1, 2022. However as only the Statements of Financial Position as at December 31, 2024 and 2023 are to be presented, the adjustments were presented on the Statement of Financial Position as January 1, 2023 (Opening Statement of Financial Position). The effect of the restatement of these errors in the Opening Statement of Financial Position is as follows:

January 1, 2023

Revaluation surplus on property and equipment	Increase	P180,044,855
Non-controlling interest	Decrease	99,957,680
Retained Earnings	Decrease	205,107,645
Deferred tax liabilities	Increase	125,020,471

The restatements did not have any impact on the 2022 and 2023 Statements of Comprehensive Income.

The effect of the restatement in the 2023 financial statements is as follows:

December 31, 2023

Deferred tax assets	Decrease	P3,216,742
Retirement benefits liability	Decrease	648,066
Retirement benefits reserve	Decrease	15,450,243
Foreign currency translation adjustment	Increase	12,881,567

The restatements did not have any impact on the profit or loss and the cash flows for the year 2023.

- 2) As at December 31, 2023, certain properties valued at cost in a subsidiary financial statements were not adjusted to revalued amounts upon consolidation in accordance with Group policy. The impact of the restatement on the 2023 financial statements is summarized as follows:

Statement of Financial Position		
Property and equipment	Increase	P728,000,000
Non-controlling interest	Increase	241,878,000
Deferred tax liabilities	Increase	182,000,000
Revaluation surplus on property and equipment	Increase	304,122,000
Statement of Comprehensive Income		
Appraisal increase on property and equipment (net of deferred tax)	Increase	546,000,000

The restatements did not have any impact on the profit or loss and the cash flows for the year 2023.

28. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the adoption of amendment to standards as discussed below.

Adoption of Amendments to Standards

The Group has adopted the following new standards, amendments to standards and interpretations starting January 1, 2024 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2024. However, the Group has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's financial statements.

Effective January 1, 2024

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16, *Leases*). The amendments confirm the following:
 - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
 - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Under PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of PFRS 16.

- Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that a right to defer settlement exists only if an entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with early application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Effective January 1, 2027

▪ *PFRS 17, Insurance Contracts*

PFRS 17 replaces the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:

- (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
- (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- (c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 *Financial Instruments* on or before the date of initial application of PFRS 17.

- *PFRS 18, Presentation and Disclosure in Financial Statements, will replace IAS 1 and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information*
- *A more structured income statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories – operating, investing, and financing – based on a company's main business activities. IFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement – either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
- *Management-defined performance measures.* IFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in IFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under IFRS Accounting Standards.
- *Greater disaggregation of information.* IFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

IFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to IAS 7, *Statement of Cash Flows*, requires the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed.

The Group is still assessing the impact of this standard.

Deferral of the Local Implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures).* The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The consolidated financial statements include the accounts of the Parent Company, as well as those of its subsidiaries enumerated in Note 1 to the consolidated financial statements.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition

Financial instruments are recognized in the consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates these classifications at each reporting date.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Measurement at Initial Recognition

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

Classification of Financial Assets

Financial Assets

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL, based on their contractual cash flow characteristics and the business model for managing the financial assets.

Debt Instruments

Financial Assets Measured at Amortized Cost

A financial asset that is a debt instrument, other than those that are designated at FVTPL, which meet both of the following conditions:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Included in this category are the Group's cash and cash equivalents, receivables, notes receivable, due from related parties, short-term investments and other noncurrent assets.

Receivables

Receivables are nonderivative financial assets with fixed or determinable payments and are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. These are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Short-term Investments

Short-term investments are certificates of deposit which are highly liquid with maturities of more than 3 months but less than 1 year from date of acquisition and are subject to an insignificant risk of change in value.

Refundable Deposits

Refundable deposits are payment made by the Group to its lessors at the inception of the respective lease agreements entered into by the Group.

FVOCI

A financial asset that is a debt instrument measured at FVOCI shall meet both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Included in this category is the Group's equity securities at FVOCI.

FVTPL

All other financial assets not measured at FVOCI or at amortized cost are classified as measured at FVTPL, except when the financial asset is part of a hedging relationship. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

There are no financial assets at FVTPL as at the date of initial application and as at December 31, 2024 and 2023.

Equity Instruments

Financial assets that are equity instruments shall be classified under any of the following categories:

- Financial assets measured at FVTPL which shall include financial assets held for trading; or
- Financial assets at FVOCI which shall consist of equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, *Business Combinations*, applies. This election is made on an instrument-by-instrument basis.

As at December 31, 2024 and 2023, the Group has equity securities - at FVOCI as financial assets measured at FVOCI.

Business Model Assessment

Business model pertains to the manner by which a portfolio of financial assets will be managed to generate cash flows such as by collecting contractual cash flows or by both collecting contractual cash flows and selling the financial assets, among others. The Group makes an assessment of the objective of the business model for the financial assets because this best reflects the way the financial assets are managed. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, earning dividend income, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash outflows through the sale of assets;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose financial performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

Prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired for a discount or premium to its contractual face amount, a feature that permit or requires prepayment that an amount that substantially represents the contractual face amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent Measurement of Financial Assets

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Amounts recognized in OCI are not classified to profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Classification and Measurement of Financial Liabilities

Financial Liabilities

Financial liabilities are initially recognized at fair value. Transaction costs are deducted from the initial measurement of the Group's financial liabilities except for debt instruments classified at FVTPL.

Financial liabilities are subsequently measured as follows:

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and

- contingent consideration recognized by an acquirer in a business combination.

As at December 31, 2024 and 2023, other financial liabilities at amortized cost include accounts payable and accrued expenses (excluding local taxes, output VAT and withholding taxes), loans payable, due to a related party, lease liabilities, other current liabilities (excluding deferred income), concessionaires' deposits and retention payables (see Notes 8, 11, 12, 13, 14, 24 and 26). There are no financial liabilities measured at FVTPL.

Other Financial Liabilities at Amortized Cost

Issued financial instruments or their components which are not classified as financial liabilities at FVTPL are classified as other financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of Financial Instruments

Financial Asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in consolidated statements of profit or loss and other comprehensive income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, thus, the related assets and liabilities are presented at gross amounts in the consolidated statements of financial position.

As at December 31, 2024 and 2023, only due to/from related party transactions were offset in the consolidated financial statements. The said accounts were being set-off because the management intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Determination and Measurement of Fair Value

The Group measures financial instruments at fair value at each consolidated statements of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated statements of financial position on a recurring basis, the Group determines whether transfer have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of Financial Assets

Impairment of Financial Instruments

At the date of initial application of PFRS 9, the Group uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compared that to the credit risk at the date of initial application.

Lifetime ECLs result from all possible default events over the expected life of a financial instruments while 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period of the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Movement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the EIR of the financial assets.

Credit-impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. The financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than the normal credit terms of the Group;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Inventories

Inventories are stated at the lower of cost and NRV. Cost incurred in bringing the inventories to their present location and condition is calculated using the weighted average method.

NRV for food and beverage represents the estimated selling price in the ordinary course of business less the estimated costs to sell. NRV of operating supplies and engineering and maintenance supplies is the estimated current replacement cost. Inventories are periodically reviewed and evaluated for obsolescence. Obsolete inventories are scrapped or disposed of and the related costs are charged to operations.

Prepaid Expenses

Prepaid expenses represent expenses not yet incurred but are already paid. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequent to initial recognition, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

Property and Equipment

Measurement at Initial Recognition

Upon initial recognition, items of property and equipment are measured at cost which comprises the purchase price and all directly attributable costs of bringing the asset to the location and condition for its intended use.

Measurement Subsequent to Initial Recognition

Property and equipment, except for leasehold improvements, operating equipment and construction-in-progress which are stated at cost, are carried at revalued amounts, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses, if any. Fair values are determined through appraisal by an independent firm of appraisers. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The net appraisal surplus resulting from the revaluation is credited to "Revaluation surplus on property and equipment" account (net of corresponding deferred income tax effect) shown under the consolidated statements of changes in equity. Any increase in the revaluation amount is credited to the "Revaluation surplus on property and equipment" account unless it offsets a previous decrease in the value of the same asset recognized in profit or loss. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized in the "Revaluation surplus on property and equipment." Upon disposal, any related revaluation surplus is transferred to "Retained earnings" account and is not taken into account in arriving at the gain or loss on disposal. Also, the amount of revaluation surplus absorbed through depreciation is being transferred to "Retained earnings" account, net of deferred tax effect.

All costs, including borrowing costs, which were directly and clearly associated with the construction of the Group, were capitalized.

Construction-in-progress, included in property and equipment, represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Operating equipment consisting of chinaware, glassware, silverware and linen are stated at cost less accumulated depreciation and adjustments based on periodic inventory method. Under this method, the recorded costs of operating equipment are depreciated using various rates and adjusted based on periodic inventory count. Adjustments include the effects of any breakages and damages. The depreciation and adjustments are recognized in profit or loss.

Subsequent Costs

Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Fair Value Measurement

The Group's property and equipment as at December 31, 2024 and 2023 is based on Level 3. Further information about the assumption made in measuring fair value of property and equipment is included in Note 9 to the consolidated financial statements.

Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the estimated useful life of the asset or term of the lease, whichever is shorter.

The estimated useful lives are as follows:

	Number of Years
Land improvements	5 - 10
Leasehold improvements	Shorter of lease term and 10
Hotel buildings and improvements	15 - 50
Furniture, fixtures and equipment	3
Operating equipment	3
Transportation equipment	3

The estimated useful lives, as well as the depreciation methods are reviewed at each reporting date to ensure that the period and methods of depreciation are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use, no further charges for depreciation are made in respect of those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amount of the Group's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in profit or loss, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

The recoverable amount is the greater of the asset's fair value less costs of disposal and value-in-use (VIU). Fair value less cost of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. Reversals of impairment are recognized in profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

A reversal of an impairment loss on a revalued asset is recognized in the consolidated statements of changes in equity and increases the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized in the profit or loss, a reversal of that impairment loss is also recognized in the profit or loss.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefit obligations, such as those for salaries and wages, social security contributions, short-term compensated absences, bonuses and nonmonetary benefits, among others, are measured on an undiscounted basis and are expensed as the related service is provided.

Defined Benefit Plan

The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of DBO is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI and presented under "Retirement Benefits Reserve" under equity. The Group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Related Party Relationship

A related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its KMP, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

The Group as Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's IBR. Generally, the Group uses its IBR as the discount rate.

The Group determines its IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets - net that do not meet the definition of investment property and lease liabilities as a separate line item in the consolidated statements of financial position.

Short-term Leases

The Group has elected not to recognize right-of-use assets - net and lease liabilities for short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies PFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded in PHP based on the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to PHP using the rates of exchange prevailing at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized under "Foreign currency translation differences" account in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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

The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

During the translation of the consolidated financial statement accounts of the foreign subsidiaries wherein accounts are being maintained in USD, the differences between the reporting currency and the functional currency are recorded in OCI.

The results and financial position of the foreign subsidiaries are translated into PHP using the following procedures:

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at exchange rates at the date of the transaction; and
- all resulting exchange differences are recognized as a separate component in equity.

Income Taxes

Income tax comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized in OCI or directly in equity, in which case they are recognized respectively therein.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Current Tax

Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the end of each reporting period.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interest in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to 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 sufficient future taxable profits will allow the deferred tax asset to be recovered. It is probable that sufficient future taxable profits will be available against which a deductible temporary difference can be utilized when there are sufficient taxable temporary difference relating to the same taxation authority and the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible temporary difference. In such circumstances, the deferred tax asset is recognized in the period in which the deductible temporary difference arises.

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

Deferred tax relating to items recognized in OCI or directly in equity is recognized in the consolidated statements of other comprehensive income and consolidated statements of changes in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if there is a legally enforceable right to offset current income tax assets against current income tax liabilities and they relate to income taxes levied by the same tax authority and the Group intends to settle its current income tax assets and liabilities on a net basis.

VAT

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The amount of tax recoverable from, or payable to, the taxation authority is presented as part of "Prepaid expenses and other current assets" or "Accounts payable and accrued expenses" accounts, respectively, in the consolidated statements of financial position.

Equity

Capital stock is classified as equity. Incremental costs directly attributable to the issuance of capital stock, if any, are recognized as a deduction from equity, net of any tax effects, if this can be absorbed by the excess of issue cost over par value. Otherwise, these are recognized in profit or loss.

Retained earnings includes accumulated results of operations as reported in the consolidated statements of profit or loss and other comprehensive income, net of any dividend distribution.

Revenue Recognition

Revenue from Contracts with Customers

The Group's business is primarily engaged in offering hotel rooms and facilities such as restaurants, function halls, coffee shops and all adjuncts and accessories thereto.

The Group recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer.

The following is a description of principal activities from which the Group generates its revenue. Revenue is disaggregated by major products/service lines as reflected in the consolidated statements of profit or loss and other comprehensive income.

Hotel Rooms and Function Halls

Revenue from hotel rooms and function halls is recognized at the point in time when control of the asset is transferred to a customer, generally on actual occupancy. The normal credit terms for lease of hotel rooms and function halls is 30 days, when payment is made on credit.

Food and Beverage

Revenue from food and beverage is recognized at the point in time when the goods have been delivered.

Rent and Related Income

Rental income on leased areas of the Group is accounted for on a straight-line basis over the term of the lease.

Other Operating Departments

Revenue from other operating departments is recognized at the point in time when the service has been rendered. This includes guest, laundry and valet, parking fees, among others.

Revenues outside the scope of PFRS 15, *Revenue from Contracts with Customers*:

Interest Income

Interest income is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

Other Income

Other income is recognized at the point in time when the service has been rendered.

Determination of whether the Group is Acting as a Principal or an Agent

The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the goods and services;
- whether the Group has inventory risk before or after the customer order; and
- whether the Group has discretion in establishing prices.

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Group has determined it is acting as agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Interest expense are reported on an accrual basis.

EPS

Basic EPS is determined by dividing net income or loss for the year by the weighted average number of common shares subscribed and issued during the year, after retroactive adjustment for any stock dividend and stock splits declared during the year. Diluted EPS is computed in the same manner as the aforementioned, except that all outstanding convertible preferred shares were further assumed to have been converted to common stock at the beginning of the period or at the time of issuance during the year.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Group's BOD, the chief operating decision maker of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

The Group's operating businesses are organized and managed separately according to hotel property location, with each segment representing a strategic business unit.

Provisions and Contingencies

A provision is a liability of uncertain timing or amount. It is recognized when the Group has a legal or constructive obligation as a result of a past event; when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when the inflow of economic benefits is probable.

Events After the Reporting Period

The Group identifies post year-end events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any post-year-end events that provide additional information about the Group's financial position or performance at the end of a reporting period (adjusting events) are recognized in the consolidated financial statements. Events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

As of December 31, 2024

Ratio	Formula	2024	2023
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P4,561,995,120 Divided by: Total Current Liabilities 2,531,479,659 Current ratio 1.80	1.80	1.83
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P4,561,995,120 Less: Inventories 31,251,767 Other current assets 69,487,919 Quick assets P4,461,255,434 Divided by: Total Current Liabilities 2,531,479,659 Acid test ratio 1.76	1.76	1.72
Solvency ratio	Net Income After Tax plus Non-cash Expenses divided by Total Liabilities Net Income After Tax P1,604,686,733 Add: Non-Cash Expenses 362,303,023 After-tax Net Operating Income P1,966,989,756 Divided by: Total Liabilities 7,684,635,391 Solvency ratio 0.26	0.26	0.04
Debt-to-equity ratio	Total Liabilities divided by Shareholder's Equity Total Liabilities P7,684,635,391 Divided by Shareholder's Equity 12,384,330,712 Debt-to-equity ratio 0.62	0.62	0.70
Asset-to-equity ratio	Total assets divided by Shareholder's Equity Total assets P22,411,697,891 Divided by: Shareholder's Equity 12,384,330,712 Asset-to-equity ratio 1.81	1.81	1.83
Interest rate coverage ratio	Net Income divided by Interest Expense Net Income P1,604,686,733 Divided by: Interest Expense 310,001,801 Interest rate coverage ratio 5.18	5.18	0.13
Return on equity	Net Income divided by Shareholder's Equity Net Income P1,604,686,733 Divided by: Shareholder's Equity 12,384,330,712 Return on Equity 13%	13%	0.03%
Return on assets	Net Income divided by Average Total Assets Net Income P1,604,686,733 Divided by: Average Total Asset Beginning Balance, asset P20,680,387,508 Add: Ending Balance, asset 22,411,697,891 P43,092,085,399 Divided by: 2 21,456,042,699 Return on asset 7%	7%	0.18%
Net profit margin	Net Income divided by Sales Revenue Net Income P1,604,686,733 Divided by: Sales Revenue 1,951,540,132 Net profit margin 82%	82%	2.14%

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2024**

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

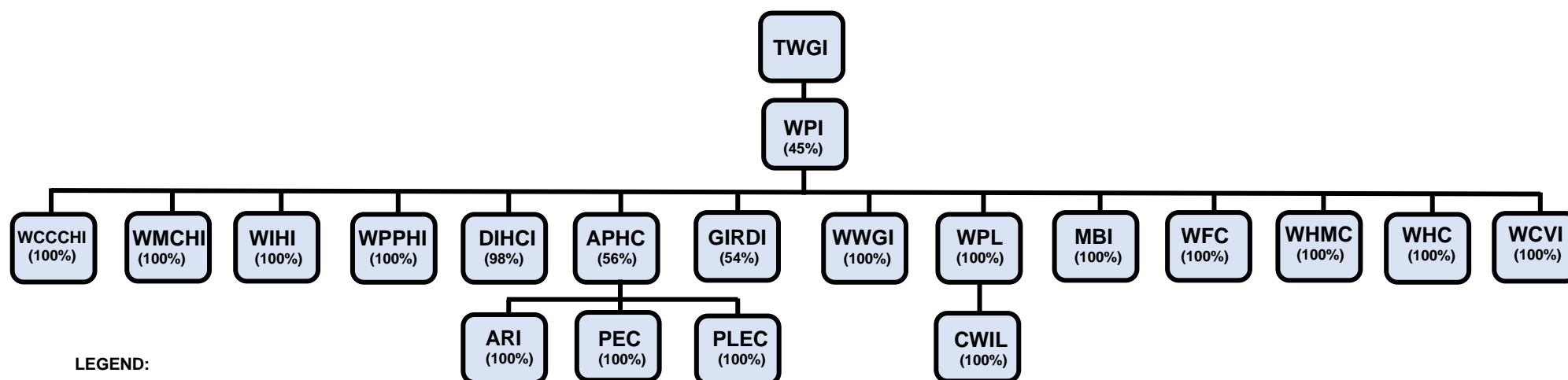
No. 1 Waterfront Drive, Off Salinas Drive, Lahug Cebu City, Philippines

Unappropriated Retained Deficit, beginning of the reporting period	(P1,127,071,553)
Unappropriated Retained Earnings, as adjusted	(1,127,071,553)
Add/Less: Net Loss for the current year	(291,664,776)
Adjusted Net Loss	(291,664,776)
Total Retained Earnings, end of the reporting period available for dividend	(P1,418,736,329)

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED
INFORMATION
December 31, 2024

	2024	2023
Total Audit Fees		
Audit of financial statements	P4,787,500	P3,676,000
Total non-audit services fees:		
Financial statement word processing	Included in the audit fee	Included in the audit fee
Audit and non-audit fees of related parties:		
Audit fees	-	-
	Included in the audit fee	Included in the audit fee
Non-audit services		
Total fees	P4,787,500	P3,676,000

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED UNDER THE REVISED SRC RULE 68
Map of Conglomerate
December 31, 2024

**LEGEND:**

TWGI	- The Wellex Group, Inc.
WPI	- Waterfront Philippines, Incorporated
WCCCCHI	- Waterfront Cebu City Casino Hotel, Incorporated
WMCHI	- Waterfront Mactan Casino Hotel, Incorporated
WIHI	- Waterfront Iloilo Hotel Inc.
WPPHI	- Waterfront Puerto Princesa Hotel, Inc.
DIHCI	- Davao Insular Hotel Company, Inc.
APHC	- Acesite (Phils.) Hotel Corporation (Doing business under the name and style of Waterfront Manila Hotel and Casino)
ARI	- Acesite Realty, Inc. (formerly CIMA Realty Phils., Inc.)
PEC	- Pavillion Enterprises Corp.
PLEC	- Pavillion Leisure and Entertainment Corp.
GIRDI	- Grand Ilocandia Resort and Development, Inc.
WWGI	- Waterfront Wellness Group, Inc.
WPL	- Waterfront Promotion Limited
CWIL	- Club Waterfront International Limited
MBI	- Mayo Bonanza, Inc.
WFC	- Waterfront Food Concepts, Inc.
WHMC	- Waterfront Hotel Management Corp.
WHC	- Waterfront Horizon Corporation (formerly Waterfront Entertainment Corporation)
WCVI	- Waterfront Cebu Ventures, Inc.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES

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Required Under the Revised SRC Rule 68
December 31, 2024**

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WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2024
(Amounts in thousands)

Name of Issuing Entity and Association of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at End of Reporting Period	Income Received and Accrued
Cash and cash equivalents *	P -	P473,242	P473,242	P1,387
Receivables	-	965,196	965,196	-
Notes receivable	-	267,553	267,553	8,578
Short-term investments	-	1,278	1,278	-
Due from related parties	-	6,161,398	6,161,398	134,314
Equity securities - at FVOCI	136,710	70,256	70,256	-
Other noncurrent assets **	-	50,060	50,060	-
	P136,710	P7,988,983	P7,988,983	P144,279

*Excluding cash on hand

**Excluding advances to contractors

See Notes 4, 5, 7, 8 and 10 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)
DECEMBER 31, 2024
(Amounts in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
The Wellex Group, Inc.	P1,047,279	P -	P148,180	P -	P899,099	P -	P899,099
Pacific Rehouse Corporation	595,223	10,651	-	-	605,874	-	605,874
Crisanta Realty Development Corporation	638,822	20,772	-	-	100,653	558,941	659,594
Westland Pacific Properties Corporation	631,075	22,400	-	-	-	653,475	653,475
Rexlon Realty Group, Inc.	692,500	42,000	-	-	542,000	192,500	734,500
Philippine Estates Corporation	92,054	2,124	-	-	94,178	-	94,178
Others	-	-	-	-	-	-	-
Forum Holdings Corporation	62,093	2,124	-	-	64,217	-	64,217
Plastic City Industrial Corporation	1,546	-	-	-	1,546	-	1,546
Acesite Leisure and Entertainment Corporation	248,727	20,171	-	-	268,898	-	268,898

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2024
(Amounts in thousands)

Name and Designation of Debtor	Balance at Beginning of period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
Acesite (Phils.) Hotel Corp.	P187,219	P731	P -	P -	P 187,950	P -	P187,950
Waterfront Hotel Management Corp.	204,253	-	-	-	204,253	-	204,253
Mayo Bonanza, Inc.	4,750	64	-	-	4,814	-	4,814
Waterfront Wellness Group, Inc.	2,061	-	-	-	2,061	-	2,061
Waterfront Food Concepts, Inc.	1,937	-	-	-	1,937	-	1,937
Waterfront Iloilo Hotel Inc.	444	84	-	-	528	-	528
Waterfront Puerto Princesa Hotel, Inc.	387	64	-	-	451	-	451

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2024

<u>Title of Issue and Type of Obligation</u>	<u>Amount Authorized by Indenture</u>	<u>Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position</u>	<u>Amount Shown Under Caption "Long-Term Debt" in Related Statement of Financial Position</u>
Philippine Bank of Communications Loans Payable	P2,775,000,000	P340,000,000	P2,435,000,000
Social Security System Loans Payable	375,000,000	375,000,000	-

See Notes 13 and 26 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2024

<u>Name of Related Party</u>	<u>Balance at Beginning of Period</u>	<u>Balance at End of Period</u>
Acesite Leisure and Entertainment Corporation	P -	P -

See Note 8 to the Consolidated Financial Statements.

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2023

Name of Issuing Entity of Securities of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee

Nothing to report

WATERFRONT PHILIPPINES, INCORPORATED AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2024

Description	Number of Shares authorized	Number of Shares Issued and Outstanding Shown Under Related Statement of Financial Position Caption	Treasury Shares	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common shares	5,000,000,000	2,498,991,753	-	1,128,466,800	40,352,530	1,330,172,423

See Note 16 to the Consolidated Financial Statements.