*3 + 3*

construction, impro+ement and repair o# Clar 9irport pro›ect! MBJC@" began to operate in the same year it was #ormed!

%( *MTRGC*

M-CBC was incorporated and registered under the laws o# the Cepublic o# the Philippines with the ( )C on March 2', 20'8 to de+elop, set7up, operate, maintain and manage the duty paid outlets at the locations in the Mactan Cebu "nternational 9irport! "t started operations in the same year o# incorporation!

"( *SSPPC*

((PPC was incorporated and registered under the laws o# the Cepublic o# the Philippines with the ( )C on March '2, 20'8 to de+elop, set7up, operate, maintain and manage #ood and be+erage outlets at speci#ied locations in -erminal ' and -erminal 2 o# Mactan Cebu "nternational 9irport and the pro+ision o# related ser+ices thereto! "t started operations in the same year o# incorporation!

o( MC SG

Megawide Construction ((ingapore) Pte! Dtd was registered on March ', 20'. as a

(a)

*+'- Se#%e"t Assets a"d )iabi!ities*

(egment assets are allocated based on their physical location and use or direct association with a speci#ic segment and they include all operating assets used by a segment and consist principally o# operating cash, recei+ables, in+entories and property, plant and e%uipment, net o# allowances and pro+isions! (imilar to segment assets, segment liabilities are also allocated based on their use or direct association with a speci#ic segment! (egment liabilities include all operating liabilities and consist principally o# accounts, wages, ta*es currently payable and accrued liabilities! (egment assets and liabilities do not include de#erred ta*es!

## +'9 Reco"ci!iatio"

Presented below is a reconciliation o# the Broup,s segment in#ormation to the ey #inancial in#ormation presented in its interim condensed consolidated #inancial statements (amounts in thousands)!

| | -,-, (U"audited( | 20'. (Inaudited) | 20'8 (Inaudited) |
|---|---|---|---|
| Profit or !oss | | | |
| (egment net pro#it (loss) | (P /,9&+?+( | P 82.,:02 | P ',/06,::2 |
| &ther unallocated income (e*pense) | (.+&9<-( | (4,42:) | '4,''4 |
| ?et pro#it (loss) as reported in the interim condensed consolidated statements o# income | (P /.@&0.<( | P 826,':: | P ',/'.,//: |

| | Se2te%ber +,& -,-, (U"audited( | 1ecember 2', 20'. (9udited) | 1ecember 2', 20'8 (9udited) |
|---|---|---|---|
| Assets | | | |
| -otal segment assets | P 0+&000&<,< | P 8/,2:2,'8. | P /2,::2,24. |
| )limination o# intercompany accounts | ( /&?@.&0.<(( | .,02',.'.) | ( 8,2.','26) |
| &ther unallocated assets | +&<9?&,-< | 2,622,06: | ',:24,48: |
| -otal assets as reported in the interim condensed consolidated statements o# #inancial position | P @@&@?-&@..07( )-1000.75( )-1424.92( | | |

**9'** CAS AND CAS EAUI6A)ENTS

## ?' EAUIT> AD6ANCES AND IN6ESTMENTS IN ASSOCIATES AND 4OINT 6ENTURES AND ACAUISITION O* ASSETS

-he carrying +alues o# "n+estments in 9ssociates and Joint @enture account are shown below3

| | ?ote | Se2te%ber +,& -,-, (U"audited( | 1ecember 2', 20'. (9udited) |
|---|---|---|---|
| "n+estments in3 | | | |
| 9ssociates | /!' | P 0-9&9-?&,++ | P 8'2,//',6:2 |
| Joint +entures | /!2 | ..+&.9@&-?< | '46,/24,..2 |
| | | P /+@&<@+&-/0 | P .6.,60:,666 |

-hese associates and ›oint +entures are not listed in the local stoc e*change4 hence, the #air +alue o# the shares cannot be determined reliably! ; owe+er, management belie+es that the carrying amounts o# the in+estments are #ully reco+erable based on either the prospect o# the business or the reco+erable amount #rom the net assets o# these associates and ›oint +entures!

### *?'. E=uity Ad$a"ces a"d I"$est%e"ts i" Associates*

-he components o# the carrying +alues o# this account are as #ollows3

| | Se2te%ber +,& -,-, (U"audited( | 1ecember 2', 20'. (9udited) |
|---|---|---|
| 9c%uisition cost3 | | |
| MECC" | P <0,&0/,&,,, | P 680,8.0,000 |
| CMC" | -,,&,,,&,,, | 200,000,000 |
| | @0,&0/,&,,, | /80,8.0,000 |
| )%uity ad+ances in MECC" | -+&<@-&0?9 | 22,6/2,8:4 |
| )%uity share in net pro#it3 | | |
| 8alance at beginning o# period | /&+,0&?/0 | 2,882,282 |
| )%uity in net pro#it #or the period | .,&?<9&9@. | :,42:,4': |

(a) MW I

M E CC" was incorporated in the Philippines on Januar

(ubse%uent to the date o# ac%uisition, any changes in the carrying +alue o# the net assets ac%uired in the boo s o# 9ltria, including the e*penses incurred in administering the property (i!e, property ta*es), shall be updated in the boo s o# the Parent Company on a line7by7line basis, as i# they are consolidated into a single entity!

### *?'+ I"terest i" 4oi"t 6e"tures*

-his account includes the carrying +alues o# the #ollowing components3

| | Se2te%ber +,& -,-, (U"audited( | 1ecember 2', 20'. (9udited) |
|---|---|---|
| 9c%uisition costs3 | | |
| M-CBC | P <0&+-9&,,, | P 68,224,000 |
| ((PPC | <0&+-9&,,, | 68,224,000 |
| | ..?&?90&,,, | '':,:48,000 |
| )%uity share in net pro#it3 | | |
| 8alance at beginning o# period | -/&,0?&//+ | 2,828,.:: |
| )%uity in net pro#it #or the period | (+-&<0@&@-0( | 2:,248,02/ |
| 8alance at end o# period | (+&<,,&@+<( | 2.,08:,..2 |
| | P ..+&.9@&-?< | P '46,/24,..2 |

BMC9C has 4'!::< interest in M-CBC and ((PPC, which are primarily engaged in the set7up, operation and management o# duty paid retail, #ood and be+erage outlets and pro+ision o# related ser+ices thereto in the airport terminals (-' and -2)! )%uity in net pro#it o# these ›oint +entures as recorded as part o# &thers G net account under &ther "ncome (Charges) section in the consolidated statements o# income!

### *?'9 I"terest i" 4oi"t O2eratio"s*

9s discussed in ?otes '!2(›) and '!2( ), MBCJ@ shall underta e the construction wor s #or the reno+ation and e*pansion o# the MC"9 Pro›ect in Cebu, while, MBCJ@" shall underta e the construction wor s o# the Clar 9irport! -he Parent Company,s interests in MBCJ@ and MBCJ@" are accounted #or as ›oint arrangement G ›oint operation and, as such, the Parent Company accounts #or its interest in the rele+ant assets, liabilities, re+enues and e*penses o# MBCJ@ and MBCJ@"!

9s o# (eptember 20, 2020 and 1ecember 2', 20'. and #or the nine7month period ended (eptember 20, 2020 and 20'., the rele+ant #inancial in#ormation o# the Broup,s interest in MBCJ@ and MBCJ@" which are included in the appropriate accounts in the Broup,s consolidated statements o# #inancial position and consolidated statements o# income is are #ollows3

| | Before E!i%i"atio" | E!i%i"atio" | After E!i%i"atio" |
|---|---|---|---|
| *Se2te%ber +,k -,-, (U"audited(* | | | |
| Assets: | | | |
| Cash and cash e%ui+alents | P ','':,.68,'2. | P 7 | P ','':,.68,'2. |
| -rade and other recei+ables | :42,020,4:' | ( 22:,024,262) | 4':,.8:,20. |
| &ther current assets | 24,844,04' | 7 | 24,844,04' |
| Property, plant, and e%uipment G net | :,8/',:26 | 7 | :,8/',:26 |
| | P .k0,.k?/9k-<? | ( --?k,+9k-<-( | P .k<@<k??,k,,9 |
| 0ia%ilities: | | | |
| -rade and other payables | P /0/,/24,0'8 | P 7 | P /0/,/24,0'8 |
| 1ue to related parties | 2,0..,82/ | 7 | 2,0..,82/ |
| Doans payable | 648,/02,'2' | 7 | 648,/02,'2' |
| | P .k-</k<+<k/0? | P 3 | P .k-</k<+<k/0? |
| $e'enues and &1penses: | | | |
| Construction operation re+enues | P .44,22.,2'0 | (P '/4,22:,48.) | P //0,002,82' |
| Cost o# construction operations | ( 802,46.,26/) | '26,260,6/: | ( ::8,'08,/8') |
| &ther operating e*penses | ( 2/,:.8,8.4) | 7 | ( 2/,:.8,8.4) |
| 0inance cost | 8,8/4,8/0 | 7 | 8,8/4,8/0 |
| | P ...k/<<k/-/ | (P +0k00<k/.+( | P @+k,@,k,.? |
| | 8e#ore ) limination | ) limination | 9#ter ) limination |

## @' OT ER ASSETS

-his account is composed o# the #ollowing3

| | ?ote | Se2te%ber +,& -,-, (U"audited( | 1ecember 2', 20'. (9udited) |
|---|---|---|---|
| Current3 | | | |
| 9d+ances to contractors and suppliers | /!' | P <&++.&0@@&0+, | P 2,:2:,4'4,208 |
| Prepaid ta*es | /!4 | @+-&@90&@@+ | /22,4'6,':2 |
| "nput +alue7added ta* (@9 -) | /!2 | ?0.&-,,&@?- | 6.',260,448 |
| 1e#erred #ul#ilment costs | | <@/&,0/&+-. | 6/.,08.,22' |
| 1e#erred input @9 - | | -,?&-,0&+0+ | 4//,0.2,20. |
| Ce#undable security and bond deposits | | .+?&?,<&0<@ | ':4,'2:,02. |
| Prepaid subscription | | <@&9,,&+0< | .,402,'/2 |
| Prepaid rent | | -/&@+,&.-- | '/,606,228 |
| Prepaid insurance | | .+&.9@&/-+ | '2,'22,:80 |
| 1e#erred transaction cost | | .&-9,&.0. | /,262,'6 |
| Miscellaneous | | +9&<@?&+/9 | .',.42,/.6 |
| | | P @&0,+&0-<&/+. | P :,2'0,/24,0// |
| ?on7current3 | | | |
| "nput @9 - | /!2 | .&099&?@.&/+- | ',.0.,/'6,''2 |
| "n+estment in trust #und | /!6 | 9,-&<09&@90 | 8:2,/04,46/ |
| 1eposits #or condominium units | /!2 | .9.&<0,&,.9 | '2:,20',26. |
| Computer so#tware license G net | | <,&,//&@<@ | 4/,2'6,840 |
| Ce#undable security deposits | | ?-&9-.&/?@ | 22,:42,:.4 |
| 9d+ances to contractors and suppliers | /!' | /&,9+&0+@ | '2,2':./0. |
| | | -&<.,&9,-&-<< | 2,00',../,'/' |
| | | P.,&+.9&--0&.0? | P.,2'2,/2',248 |

### @'. *Ad$a"ces to Co"tractors a"d Su22!iers*

9d+ances to contractors and suppliers pertain to down payments made by the Broup #or the construction o# airport terminal #acilities and purchase o# property and e%uipment based on a certain percentage o# the contract price! -he initial payment will e+entually be recouped or deducted #rom the amount payable o# the Broup either in a pro7rated basis or in #ull once billed by the contractors and supplier! -hese ad+ances are classi#ied as current i# it would be applied as payments #or construction o# assets to be classi#ied as in+entories, while payments #or construction o# assets to be classi#ied as property, plant and e%uipment and in+estment properties are classi#ied as non7current!

Concession 9greement, commercial assets, among others, (collecti+ely re#erred as Pro›ect 9ssets) 0see ?ote '!2(a)P! -he Concession 9greement is #or a period o# 26 years commencing on &NM start date unless #urther e*tended pursuant to the Concession 9greement!

-he MC"9 Pro›ect comprises the #ollowing underta ing3

- Construction o# -erminal 2 (-2), along with all 9ssociated 0acilities4
- Ceno+ation and e*pansion, but not the demolition o# -erminal ' (-') and 9ssociated 0acilities4
- Complete reconstruction o# -erminal 2 9pron (-2 9pron)4
- Capacity 9ugmentation4
- 1e+elopment o# Commercial 9ssets4 and,
- &peration and Maintenance o# the Concessionaire &NM 0acilities and Commercial 9ssets!

## /' PROPERT>& P)ANT AND EAUIPMENT

9s o# (eptember 20, 2020 and 1ecember 2', 20'., the Property, Plant and )%uipment is composed o# building, construction e%uipment, impro+ements, and right7o#7use assets totalling P/,/:8!8 million and P/,.:8!' million, respecti+ely!

-here are no restrictions on title, and property, plant and e%uipment pledged as security liabilities e*cept #or certain right7o#7use assets!

-here are also no contractual commitment to ac%uire property and e%uipment!

-here were no items o# property, plant and e%uipment that were impaired, lost or gi+en up as o# (eptember 20, 2020!

## .,' IN6ESTMENT PROPERTIES

MEM-" was granted an e*clusi+e right and obligation under the Concession 9greement! Celati+e to the arrangement, MEM-" incurred costs necessary to construct the #acility! -he separately identi#iable accumulated costs incurred in the de+elopment o# the P"-F Pro›ect are allocated based on de+elopment and implementation plan #or the terminal and commercial areas!

"n+estment properties also include parcels o# land that are not used by the Broup in the ordinary course o# the business amounting to P':0!2 million in both periods presented! 8ased on management,s assessment, the carrying amounts o# these assets are #ully reco+erable, hence, no impairment loss is re%uired in both years!

-here are no restrictions on the reali5ability o# in+estment property or the remittance o# income and proceeds o# disposal!

?o contractual obligations to purchase, construct, or de+elop in+estment property, or #or repairs and maintenance or enhancements has been agreed with!

9s o# (eptember 20, 2020 and 1ecember 2', 20'., the "n+estment Properties has a #air +alue amounting to P2,8:4!' million and P2,884!6 million, respecti+ely, which was recogni5ed under the De+el 2 #air +alue hierarchy (see ?ote 2:!:)!

## .. ' ) EASES

-he Broup has leases #or construction e%uipment and transportation e%uipment! Eith the e*ception o# short7term leases and leases o# low7+alue underlying assets, each right7o#7use asset and lease liability #rom leases

## .-' TRADE AND OT ER PA>AB)ES

-his account consists o# the #ollowing3

| | Se2te%ber +,& -,-, (U"audited( | 1ecember 2', 20'. (9udited) |
|---|---|---|
| -rade payables | P 9&+99&/00&0+- | P2,.64,.28,'.8 |
| Cetention payable | .&0</&<?0&/+/ | 2,'::,200,00: |
| 9ccrued e*penses | @@-&9.-&<<@ | ',226,22',.': |
| "nterest payable | </0&?0-&/-, | ''.,:28,20/ |
| 1eri+ati+e liability | .?.&/@/&@@0 | /8,662,264 |
| (ecurity deposits | .-?&,9.&90@ | '4.,.2',:62 |
| 9ccrued salaries | | |

## .+'. Notes Payable

(a) ; otes Paya%le – urrent

-he current portion o# ?otes Payables pertains to 60< share in loans a+ailed to MBCJ@"! &n March 22, 20'8, MBCJ@" entered into a P/!60 billion &D(9 with Metropolitan 8an N -rust Company (M8-C) and Philippine ?ational 8an (P?8) as Denders, P?8 -rust 8an ing Broup as 0acility 9gent and (ecurity -rustee, and P?8 Capital and "n+estment Corp! and 0irst Metro "n+estment Corp! as Dead 9rrangers!

-he proceeds #rom the loan shall be used to partially #inance the capital e*penditures and costs in relation to the Pro›ect!

1etails o# the loan #ollow3

i) "nterest3 "nterest is the sum o# the benchmar rate plus '00 basis points! 8enchmar rate is the P1(-7C2 benchmar tenor #or three (2) months as published on the P1)* page (or such successor page) o# 8loomberg (or such successor electronic ser+ice pro+ider) under the heading QP1(-7C2Q at appro*imately 43'6 pm on the "nterest Cate (etting 1ate4 pro+ided, that, in the e+ent that a new benchmar rate will be adopted by the 8an ers, 9ssociation o# the Philippines or the e*isting benchmar rate is no longer re#lecti+e o# the pre+ailing mar et rates, as may be reasonably determined by the Denders together with the MBCJ@", all parties shall adopt a new benchmar rate appropriate #or the Doan! (uch interest shall accrue #rom and including the #irst day o# each interest period and e*cluding the last day o# such interest period!

ii) Cepayment3 -he principal amount shall be paid in the #ollowing instalments, within three (2) ban ing days #rom the MBCJ@",s receipt o# the rele+ant milestone payments #rom 8ases Con+ersion and 1e+elopment 9uthority (8C19) #or the

i+) Co+enants} - he &D( 9 pro+ide certain restrictions and re%uirements which include among others, maintaining and preser+ing its corporate e*istence, complying with all

-he nominal rates re#er to the Philippine 1ealing (ystem -reasury 0i*ing rates with respect to the term o# each tranche plus an interest spread o# '!/6< #or -ranche 9 and 8 and '!60< #or -ranche C!

-he notes, among other things, restrict the Parent Company,s ability to3

(a) incur any indebtedness to be secured by or to bene#it #rom any lien, in #a+or o# any creditor on, or in respect o# any present or #uture assets or re+enues or the right to recei+e income4
(%) ma e any material change in the nature o# its business #rom that being carried on as o# the signing date4
(c) enter into any merger or consolidation e*cept i# the issuer retains control o# the sur+i+ing corporation, such merger or consolidation is re%uired by law, and such merger does not result in material ad+erse e##ect4
(d) amend its articles o# incorporation and$or by7laws e*cept as re%uired by law4
(e) declare or pay any cash di+idend to its stoc holders (other than di+idends payable solely in shares o# its capital stoc and cash di+idends due on its outstanding pre#erred shares) or retain, retire, purchase or otherwise ac%uire any class o# its capital stoc , or ma e any other capital or other asset distribution to its stoc holders, unless all payments due under the notes are current and updated and pro+ided

(d) ()3= - arious ; otes #acility

"n 20' :, the Parent Company entered into +arious notes #acility arrangement with a local

all substantially all the properties and assets or business o# any other corporation or entity or in+est in a controlling entity therein4 and,

(l) "t will not +oluntarily suspend or discontinue its entire or a substantial portion o# its business operation!

&n 9ugust '0, 20'/, the Parent Company sent a letter to the ban re%uesting the wai+er o# one o# the loan negati+e co+enants that prohibits the stoc holdings o# Citicore in the Parent Company to #all below 6'< or enter into pro#it sharing, partnership or ›oint +enture whereby its pro#its are shared with any other person that may ha+e a material ad+erse e##ect! "n (eptember 20'/, the re%uest was granted by the ban ! -he Parent Company is in compliance with all other co+enants re%uired to be obser+ed under the loan #acility agreement in both periods!

***.+'- Ba"; )oa"s***

(a) /mni%us *0*oan and Security Agreement – +ecem%er *3*›, *()3?*

&n 1ecember '/, 20'4, BMC9C entered into a P20,000!p6475359 2(n)-0.3 [(p644-)-0.30047(o)-0

(%) /0SA for PI9@ pro7ect

"n 20'6, the MEM-" entered into an &D(9 with a local uni+ersal ban #or a loan #acility amounting to P2!2 billion to #inance the construction o# the "-( Pro›ect! "n 20'., the MEM-" re%uested the lender to increase the loan by P:00 million ma ing the total principal loan to P2!. billion!

"n 20'/, MEM-" made its #irst drawdown amounting to P826 million while the remaining loan #acility was #ully drawn in 20'. in tranches amounting to P2,0/6 million!

-he loan principal shall be amorti5ed %uarterly o+er '6 years and the #irst principal repayment is due on January ':, 202'! -he interest7bearing loan is secured by the Joint @enturers and bear annual interest o# 4!:2<7:!8.< in 20'.!

9 summary o# additional disaggregation #rom the segment re+enues and other unallocated income are shown below!

| | ? otes | Poi"t i" ti%e | O$er ti%e | S1ort3ter% | )o"#3ter% | Tota! |
|---|---|---|---|---|---|---|
| Se2te%ber +,& -,-,& | | | | | | |
| Co"structio" re$e"ues | | | | | | |
| Contract re+enues | | P 7 | P /,206,.2',0.2 | P 7 | P /,206,.2',0.2 | P/,206,.2',0.2 |
| (ale o# precast | | 7 | '44,.':,640 | '44,.':,640 | 7 | '44,.':,640 |
| (ale o# ready mi* concrete | | ''./.2,24: | 7 | ''./.2,24: | 7 | ''./.2,24: |
| )%uipment rental | | 7 | 4.,:4.,/0: | 4.,:4.,/0: | 7 | 4.,:4.,/0: |
| Air2ort o2eratio"s& | '6!' | | | | | |
| 9eronautical re+enues | | 7 | 4:0,662,86' | 4:0,662,86' | 7 | 4:0,662,86' |
| 9ero related re+enues | | 7 | ''/,6/2,06. | ''/,6/2,06. | 7 | ''/,6/2,06. |
| ? on7aero related re+enues | | 7 | 420,04',664 | 420,04',664 | 7 | 420,04',664 |
| Air2ort %erc1a"disi"# o2eratio"s& | '6!2 | | | | | |
| 0ood re+enues | | 2.,64:,864 | 7 | 2.,64:,864 | 7 | 2.,64:,864 |
| ? on7#ood re+enues | | 2.,.6.,2.' | 7 | 2.,.6.,2.' | 7 | 2.,.6.,2.' |
| Ter%i"a! o2eratio"s | '6!2 | | | | | |

## *.<'. Air2ort O2eratio"s Re$e"ues*

-he details o# this account #or the nine7month period ended (eptember 20 are composed o# the re+enues #rom3

| | -,-, (U"audited( | 20'. (Inaudited) | 20'8 (Inaudited) |
|---|---|---|---|
| 9eronautical Concession | P **9?,&<<-&0<. .<?&.,-&/?<** | P',488,./0,.00 | P',20/,264,804 |

.?' DIRECT COSTS

.?'.

### .?'9 Cost of Ter%i"a! O2eratio"s

-he details o# this account #or the nine7month periods ending (eptember 20 (nil in 20'8) are composed o# the re+enues #rom3

| | -,-, (U"audited( | 20'. (Inaudited) |
|---|---|---|
| Cost o# terminal operations | P /,&?+<&.09 | P '4.,62.,66/ |
| 1epreciation | .<0&,+-&0+? | 7 |
| Property maintenance G net | ( .9/&/,.&+.+( | 7 |
| | P /0&@??&@,@ | P '4.,62.,66/ |

## .@' TADES

-he components o# ta* e*pense as reported in pro#it or loss and other comprehensi+e income in the consolidated statements o# income and consolidated statements o# comprehensi+e income #or the nine7month period ending (eptember 20 are as #ollows3

| | -,-, (U"audited( | 20'. (Inaudited) | 20'8 (Inaudited) |
|---|---|---|---|
| Current ta* e*pense3 | | | |
| Cegular corporate income ta* (CC"-) at 20< | P 0,&,90&,/, | P 8.,/:',8.2 | P :02,8'2,'/4 |
| 8@" at 42< and '/< | +&/+,&+?@ | /,4:.,8.' | 7 |
| Bross income ta* (B"-) at 6< | +&0?9&,9/ | 22,''4,448 | 2,.20,'.2 |
| 0inal ta* at 20< and /!6< | 9&9.-&-+. | 4,/22,:/0 | '2,4'/,'.2 |

**.0'9** *Retai"ed Ear"i"#s*

| Re!ated Party Cate#ory | ? otes | A%ou"t of Tra"sactio" | Outsta"di"# Recei$ab!e (Payab!e( | Ter%s | Co"ditio"s |
|---|---|---|---|---|---|
| Retire%e"t fu"d | '.!6 | 7 | 4,284,/0' | I pon retirement o# bene#iciaries | Partially #unded4 I nimpaired |
| Ad$a"ces to Officers a"d E%2!oyees | 6, '.!2 | 4',..',222 | .2,4.6,'2' | I pon li%uidation, ? oninterest7bearing | I nsecured4 I nimpaired |

### ./'. Re"deri"# of Ser$ices

"n the normal course o# business, the Broup pro+ides construction ser+ices to its associate, a certain pre+ious shareholder and other related parties! -he related re+enue #rom these transactions amounted to P4'0!4 million in 2020 and P/46!0 million in 20'. and is recorded as part o# Contract operation re+enues account in the consolidated statements o# income! (er+ices rendered to the abo+e related parties are based on normal terms similar to terms that would be a+ailable to non7related parties! -he outstanding contract recei+ables #rom these transactions, which are generally unsecured and settled through cash within three to si* months, and the related retention recei+ables, which can only be collected a#ter a certain period o# time upon acceptance by pro›ect owners o# the certi#icate o# completion, are presented as part o# Contract and Cetention recei+ables under -rade and &ther Cecei+ables account in the consolidated statements o# #inancial position!

### ./'- Re"ta! of )a"d a"d Bui!di"#

-he Broup is a lessee o# certain parcels o# land and building owned by related parties under common ownership!

"n 20'., the Broup recogni5ed rent e*pense amounting P'!/6 million #rom the lease agreement with Megapolitan Cealty and 1e+elopment Corporation (Megapolitan) #or the land where the Broup,s building is located! -he Broup has no outstanding payables #rom the rental transaction with Megapolitan! -here were no such transaction in 2020!

### ./'+ Ad$a"ces to Officers a"d E%2!oyees

9d+ances to o##icers and employees represent unsecured, noninterest7bearing cash ad+ances #or business7related e*penditures that are to be li%uidated :0 days #rom the date the cash ad+ances were recei+ed! -he outstanding r

./'< Retire%e"t be"efit fu"d

- here are no

| -,-, | 20'. | 20'8 |
| --- | --- | --- |
| (U"audited( | (I naudited) | (I naudited) |

deli+ery or ta eout! MC"9, on the other hand, which is placed under BCA beginning May ': are allowed to operate domestic #lights pro+ided incoming or outgoing #lights are #rom BCA area!

-hese circumstances are e*pected to delay acti+ities during the )CA period or #or two months #rom its e*pected original schedule o# '2 months, translating to delayed re+enue recognition #or the year! Meanwhile, re+enues #rom airport operations and merchandising acti+ities will be a##ected by the e*pected drop in international tourist arri+als, estimated by the go+ernment to #all by 20740< this year, and the restricted tra+el within the Philippines due to the nationwide imposition o# the )CA! Ceco+ery in re+enue is contingent upon the li#ting o# tra+el bans imposed by the go+ernment and nearby countries as well as con#idence o# people to tra+el! -erminal or landport operations, being a new segment and went #ull swing in January 2020, is e*pected to contribute signi#icantly and compensate #or the slowdown in the airport segment and delay in construction acti+ities! Cost, on the other hand, are e*pected to #ollow the re+enue tra›ectory!

-he Broup does not #oresee any impairment o# its assets nor breaches #rom its e*isting loan co+enant gi+en its measures to address ris o# losses and its healthy balance sheet! -he Broup #oresees that the ?ew ?ormal emerging #rom the C&@"17'. pandemic presents se+eral challenges in the businesses yet unloc s e*citing opportunities in construction and in#rastructure de+elopment, which the Broup is in a +ery strong position to line up #or! "n the construction segment, the go+ernment,s in#rastructure acceleration under the modi#ied 8uild, 8uild, 8uild program will be +ery attracti+e, considering our #ully7integrated )PC capabilities, engineering technologies li e precast, and trac record in PPPs! -he precast technology, in particular, is adapti+e to social distancing and sa#ety standards re%uirements #or construction sites post7%uarantine! 9s such, Megawide,s precast business unit is now ramping up its capacity to deli+er e*ternal sales orders!

-he Broup has determined that these e+ents are non7ad›usting subse%uent e+ents! 9ccordingly, their impact was not re#lected in the Broup,s consolidated #inancial statements as o# and #or the period ended (eptember 20, 2020!

## -<' RISF MANAGEMENT OB4ECTI6ES AND PO)ICIES

-he Broup is e*posed to a +ariety o# #inancial ris s in relation to its #inancial instruments!
-he Broup,s #inancial assets and #inancial liabilities by category are summari5ed below!
-he main types o# ris are mar et ris , credit ris and li%uidity ris !

-he Broup,s ris management is coordinated with th

? one o# the Broup,s #inancial assets are secured by

## -?' CATEGORIES& O**SETTING AND *AIR 6A)UES O* *INANCIA) ASSETS AND *INANCIA) )IABI)ITIES

### *-?'. Carryi"# A%ou"ts a"d *air 6a!ues by Cate#ory*

-he carrying amounts and #air +alues o# the categories o# #inancial assets and #inancial liabilities presented in the consolidated statements o# #inancial position are shown below!

| | Se2te%ber +,& -,-, (U"audited( | | Dece%ber +.& -,./ (Audited( | |
|---|---|---|---|---|
| | Carryi"# 6a!ues | *air 6a!ues | Carryi"# 6a!ues | *air 6a!ues |
| *i"a"cia! Assets* | | | | |
| 9t amorti5ed cost3 | | | | |
| Doans and recei+ables3 | | | | |
| Cash and cash e%ui+alents | | | | |

(a) &quity Securities

9s o# (eptember 20, 2020 and 1ecember 2', 20'., instrument included in De+el 2 comprise e%uity securities classi#ied as #inancial assets at 0@&C"! -hese securities were +alued based on their #air mar et +alues by re#erence on published share prices o# gol# club shares and ?et 9sset @alue per unit (?9@pu) #or I"-0 in+estments as o# the end o# the reporting periods! -hese are included in De+el 2 as their prices are not deri+ed #rom mar et considered as acti+e due to lac o# trading acti+ities among mar et participants at the end or close to the end o# the reporting period!

(%) +e%t Securities

-he #air +alue o# the Broup,s debt securities which consist o# go+ernment bonds is estimated by re#erence to prices %uoted in 8@9D #or (eptember 20, 2020 and 1ecember 2', 20'. representing the net clean closing prices #or outstanding go+ernment bonds!

## -?'< *i"a"cia! I"stru%e"ts Measured at A%ortiCed Cost

-he table below summari5es the #air +alue hierarchy o# the Broup,s #inancial assets and #inancial liabilities which are not measured at #air +alue in the consolidated statements o# #inancial position but #or which #air +alue is disclosed! (hort7term commercial papers are included since these #inancial instruments are measured at amorti5ed cost, which appro*imate their #air +alues upon designation as #inancial assets at #air +alue through pro#it or loss!

| Se2te%ber +,& -,-,8 | )e$e! . | )e$e! - | )e$e! + | Tota! |
|---|---|---|---|---|
| ***i"a"cia! assets8*** | | | | |
| Cash and cash e%ui+alents | P4,26','',:08 | P 7 | P 7 | P 4,26','',:08 |
| -rade and other recei+ables 7 net | 7 | 7 | '6,082,':.,.64 | '6,082,':.,.64 |
| Ce#undable security and bond deposits | 7 | 7 | '..,02/,824 | '..,02/,824 |
| "n+estment in trust #und | 402,684,/48 | 7 | 7 | 402,684,/48 |
| Contract assets | 7 | 7 | 4,28/,2/.,82' | 4,28/,2/.,82' |
| | P9&?<+&?/?&+<? | P 3 | P ./&??0&9@@&?,/ | P-9&+--&.@+&/?< |

| | )e$e! . | )e$e! - | )e$e! + | Tota! |
|---|---|---|---|---|
| ***i"a"cia! !iabi!ities8*** | | | | |
| "nterest7bearing loans and borrowings | P 7 | P 7 | P 4:,8'4,260,0.8 | P4:,8'4,260,0.8 |
| -rade and other payables | 7 | 7 | /,844,..',/.2 | /,844,..',/.2 |
| (ecurity deposits | 7 | 7 | ::'.:26,204 | ::'.:26,204 |
| | P 3 | P 3 | P <<&+-,&0@@&./9 | P<<&+-,&0@@&./9 |

1ecember 2', 20'.3

| | | | | |
|---|---|---|---|---|
| ***i"a"cia! assets8*** | | | | |
| Cash and cash e%ui+alents | P:,6'8,6..,8:' | P 7 | P 7 | P :,6'8,6..,8:' |
| -rade and other recei+ables 7 net | 7 | 7 | '/,2/2,4/:,64/ | '/,2/2,4/:,64/ |
| Ce#undable security and bond deposits | 7 | 7 | '.:,//.,/22 | '.:,//.,/22 |
| "n+estment in trust #und | 8:2,/04,46/ | 7 | 7 | 8:2,/04,46/ |
| Contract assets | 7 | 7 | 2,./6,/24,0./ | 2,./6,/24,0./ |
| | P/,28',204,2'8 | P 7 | P 2',646,..0,2// | P28,.2/,2.4,:.6 |

| | )e$e!. | )e$e!- | )e$e!+ | Tota! |
|---|---|---|---|---|
| *i"a"cia! !iabi!ities* | | | | |
| "nterest7bearing loans and borrowings | P 7 | P 7 | P 4/,/62,.'2,:// | P4/,/62,.'2,:// |
| -rade and other payables | 7 | 7 | 8,':/,68.,446 | 8,':/,68.,446 |
| (ecurity deposits | 7 | 7 | 68:.4.8,44' | 68:.4.8,44' |
| | P 7 | P 7 | P 6:,60/,000,6:2 | P6:,60/,000,6:2 |

## -?'? *air 6a!ue Measure%e"t for I"$est%e"t Pro2erty Carried at Cost

-he table below shows the De+els within the hierarchy o# non7#inancial assets measured at #air +alue on a recurring basis!

| | ?ote | )e$e!. | )e$e!- | )e$e!+ | Tota! |
|---|---|---|---|---|---|
| Se2te%ber +,k -,-, | '0 | | | | |
| 8uilding #or lease | | P 7 | P 7 | P2,/02,822,/:. | P 2,/02,822,/:. |
| Dand | | 7 | 7 | ':0,2/0,.26 | ':0,2/0,.26 |
| | | P 3 | P 3 | P+k0?9k,/+k@,9 | P +k0?9k,/+k@,9 |
| 1ecember 2', 20'. | '0 | | | | |
| 8uilding #or lease | | P 7 | P 7 | P2,/24,204,24: | P 2,/24,204,24: |
| Dand | | 7 | 7 | ':0,2/0,.26 | ':0,2/0,.26 |
| | | P 7 | P 7 | P2,884,6/6,28' | P 2,884,6/6,28' |

"n estimating the #air +alue o# in+estment property, management ta es into account the mar et participant,s ability to generate economic bene#its by using the assets in their highest and best use! 8ased on management assessment, the best use o# the Broup,s non7#inancial assets indicated abo+e is their current use!

-here has been no change to the +aluation techni%ues used by the Broup during the period related to its non7#inancial assets! 9lso, there were no trans#ers into or out o# De+el 2 #air +alue hierarchy in 2020 and 20'.!

## -@' CAPITA) MANAGEMENT OB4ECTI6ESk PO)ICIES AND PROC7(SD054492(N) -0.30110

9side #rom the #inancial co+enants that are re%uired to be maintained by the Company as disclosed in ?ote '2, there are no other e*ternally imposed capital re%uirements!

| | ?otes | Se2te%ber +,& -,-, (U"audited( | 1ecember 2', 20'. (9udited) |
|---|---|---|---|
| "nterest7bearing loans and borrowings | '2 | P 9?&0.9&-<,&,/0 | P4/,/62,.'2,://' |
| Cash and cash e%ui+alents | 4 | ( 9&-<.&...&?,0( | ( :,6'8,6..,8:' ) |
| ?et debt | | 9-&<?+&.+0&9/, | 4',224,2'sh |

MEGAWIDE CONSTRUCTION CORPORATION
AGING OF RECEIVABLES
as of September 30, 2020

| Segment | Current | 1-30 days | 31-60 days | 61-90 days | 91-120 days | 121-150 | 151-180 | Over 180 days | Total |
|---|---|---|---|---|---|---|---|---|---|
| TOTAL | 2,666,330,686 | 554,649,136 | 351,253,768 | 122,357,663 | 49,622,185 | 4,783,789 | 170,642,655 | 567,722,569 | 4,487,362,451 |