COVER SHEET

SEC Registration Number

1 5 3 9 3

COMPANY NAME

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

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

9th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
compliance@hoi.com.ph	8815-9636 to 38	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
367	August 9	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Maria Teresa T. Bautista	mtbautista@hoi.com.ph	8815-9636	N/A

CONTACT PERSON's ADDRESS

9th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila

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

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

Outlook

Re: HOUSE OF INVESTMENTS, INC._SEC Form 17-Q3 Report (September 30, 2024)_REVISED

From ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Date Thu 11/14/2024 2:53 PM
To Sharon Fabi <sofabi@hoi.com.ph>

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at https://secexpress.ph/. For further clarifications, please call (02) 8737-8888.

-- NOTICE TO COMPANIES ---

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through https://efast.sec.gov.ph/user/login.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven

(11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://efast.sec.gov.ph/user/login :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – https://apps010.sec.gov.ph/

For your information and guidance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

AND SRC RULE 17(2)-(B) THEREUNDER

1. For the quarterly period ended September 30, 2024

2. SEC Identification Number 15393

3. BIR Tax Identification No. 000-463-069-000

4. Exact name of registrant as specified in its charter: HOUSE OF INVESTMENTS, INC.

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

6. /____/ (SEC Use Only)
Industry Classification Code:

7. 9th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City — 1200
Address of principal office — Postal Code

+63 (2) 8940320; +63 (2) 8134537
Issuer's telephone number, including area code

9. Not Applicable
Former name, or former address, if changed.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P1.50 par value	1,469,302,230 shares of common stock
Preferred Stock, P0.40 par value	0 shares of preferred stock

Amount of debt as of September 30, 2024 No debt registered pursuant to Section 4 and 8 of the RSA

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

Yes (X) No ( )

Only the common stock is listed in the Philippine Stock Exchange

12. Check whether the registrant:

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

Yes (X) No ( )

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

Yes (X) No ( )

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements of House of Investments, Inc. and Subsidiaries as of September 30, 2024 with comparative figures for the periods ended December 31, 2023 and September 30, 2023 and Schedule of Aging of Accounts Receivable are incorporated by reference as **Exhibit 1**.

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

(i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant’s liquidity increasing or decreasing in any material way.

Are there any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant’s liquidity increasing or decreasing in any material way.	None
Does the registrant currently have, or anticipates having within the next twelve (12) months, any cash flow or liquidity problems?	No
Is the registrant in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments?	No
Has there been a significant amount of the registrant’s trade payables have not been paid within the stated trade terms?	None
Describe internal and external sources of liquidity, and briefly discuss any sources of liquid assets used.	The Group depends on both internal and external sources of funds.

(ii) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

None.

(iii) Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described;

San Lorenzo Ruiz Investment Holdings and Services, Inc. is redeveloping a property along Sen. Gil J. Puyat Avenue in Makati into a mix-use commercial complex through a joint venture with Sojitz Corporation of Japan. The estimated development cost is P9.3 billion.

Except for SLR’s development project, there are no other material commitment on capital expenditures other than those performed in ordinary course of business.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described. If the registrant knows of events that will cause material change in the relationship between costs and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.

None.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations;

None.

(vii) The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item; The term "material" in this section shall refer to changes or items amounting to five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors.

Results of Operations

	January 1 to September 30			
	2024	2023	% Change	% to Revenues
REVENUES	**25,638,400,445**	7,761,603,318	230.3%	100.0%
COSTS OF SALES AND SERVICES	**20,989,893,216**	5,643,876,979	271.9%	81.9%
GROSS PROFIT	**4,648,507,229**	2,117,726,339	119.5%	18.1%
GENERAL AND ADMINISTRATIVE EXPENSE	**(3,628,706,055)**	(1,308,871,011)	177.2%	(14.2)%
OTHER INCOME	**1,963,034,082**	(244,157,488)	(904.0)%	7.7%
EQUITY IN NET EARNINGS OF ASSOCIATES	**145,502,991**	338,470,084	(57.0)%	0.6%
INTEREST AND FINANCE CHARGES	**(391,624,521)**	(401,465,726)	(2.5)%	(1.5)%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**2,736,713,726**	501,702,198	445.5%	10.7%
PROVISION FOR INCOME TAX	**(481,798,059)**	(65,069,296)	640.4%	(1.9)%
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**2,254,915,667**	436,632,902	416.4%	8.8%
Deconsolidated Operations				
NET INCOME (LOSS) FROM DECONSOLIDATED OPERATIONS	-	(447,711,233)	(100.0)%	0.0%
NET INCOME (LOSS)	**2,254,915,667**	(11,078,331)	(20,454.3)%	8.8%

The Group closed the period with a net income of P2.25 billion, a significant turnaround from the net loss reported last year, which was due to losses incurred by its former subsidiary in the construction sector.

The increase in consolidated revenues was largely attributed to the strong performance of the financial services sector, coupled with improved performance in the education and property sectors.

Similarly, the increase in the cost of sales and services and general and administrative expenses are primarily attributable to financial services sector, which were not present last year.

Last year's other income included a loss related to the deconsolidation of a subsidiary due to loss of control. This year, the increase is primarily due to interest income, foreign exchange gains and dividend income recognized by the financial services sector.

Equity in net earnings dropped significantly due to losses incurred by an affiliate in the automotive sector.

Reduction in interest and finance charges is due to lower average interest rates.

The increase in the provision for income tax is largely attributable to the income contribution from the financial services sector.

Financial Position

	Sep-2024	Dec-2023	Change (₱)	% Change	% to Assets
ASSETS					
Current Assets					
Cash and cash equivalents	**6,052,462,633**	6,633,047,805	(580,585,172)	-8.8%	3.6%
Receivables	**11,710,637,352**	11,685,674,611	24,962,741	0.2%	6.9%
Segregated fund assets	**43,395,974,450**	37,569,985,225	5,825,989,225	15.5%	25.7%
Reinsurance Assets	**21,120,036,240**	24,230,398,085	(3,110,361,845)	-12.8%	12.5%
Inventories	**488,436,033**	496,661,387	(8,225,354)	-1.7%	0.3%
Loans receivable	**2,071,588,246**	1,865,811,107	205,777,139	11.0%	1.2%
Receivable from related parties	**1,173,091**	17,279,419	(16,106,328)	-93.2%	0.0%
Assets Held for Sale	**71,441,198**	408,819,217	(337,378,019)	-82.5%	0.0%
Prepaid expenses and other current assets	**2,881,961,085**	2,060,908,494	821,052,591	39.8%	1.7%
Total Current Assets	**87,793,710,328**	84,968,585,350	2,825,124,978	3.3%	52.0%
Non-Current Assets					
Financial assets at fair value through other comprehensive income (FVOCI)	**25,651,247,530**	22,847,990,404	2,803,257,126	12.3%	15.2%
Financial assets at fair value through profit or loss (FVTPL)	**7,952,645,482**	6,422,981,790	1,529,663,692	23.8%	4.7%
Investment securities at amortized cost	**4,328,532,549**	3,312,776,303	1,015,756,246	30.7%	2.6%
Investments in associates and joint ventures	**4,944,898,292**	6,019,840,170	(1,074,941,878)	-17.9%	2.9%
Property and Equipment					
At revalued amount	**15,469,825,819**	15,469,825,819	-	0.0%	9.2%
At cost	**8,379,445,282**	7,073,528,753	1,305,916,529	18.5%	5.0%
Investment properties	**10,749,203,625**	10,824,388,905	(75,185,280)	-0.7%	6.4%
Deferred tax assets - net	**879,949,852**	831,675,971	48,273,881	5.8%	0.5%
Right of use assets	**724,035,109**	486,018,030	238,017,079	49.0%	0.4%
Goodwill	**183,970,413**	183,970,413	-	0.0%	0.1%
Retirement Asset	**24,790,163**	21,302,255	3,487,908	16.4%	0.0%
Deferred acquisition costs	**507,548,058**	499,447,146	8,100,912	1.6%	0.3%
Other noncurrent assets - net	**1,123,228,729**	1,002,101,112	121,127,617	12.1%	0.7%
Total Noncurrent Assets	**80,919,320,903**	74,995,847,071	5,923,473,832	7.9%	48.0%
Total Assets	**168,713,031,231**	159,964,432,421	8,748,598,810	5.5%	100.0%

Total consolidated assets of the Group stood at P168.71 billion.

Total current assets increased from P84.97 billion to P87.80 billion. Cash and cash equivalents are lower mainly due to payments to reinsurers. Receivables pertain mainly to loans and unpaid premiums in the financial services sector. Segregated fund assets increased, which pertains to the surrender value of the unit-linked policies of financial services sector. Loans receivable, which includes funds extended to policyholders and agents are up due to increase in policy and premium loans. Decrease in reinsurance assets pertain to collections from reinsurance companies. Asset held for sale dropped due to disposal of investment in construction sector in the first quarter of the year. Prepaid expenses and other current assets increased primarily due to additional tax certificates received by the Group, which are utilized upon settlement of income tax for the quarter.

Total noncurrent assets increased from P74.99 billion to P80.92 billion. Increase in FVOCI and FVTPL pertains primarily to additional acquisition of debt securities by the financial sector, coupled with fair value gains. Increase in investment securities at amortized cost is due to new investments of financial services sector. Investments in associates and joint ventures declined due to loss of control in construction sector, which resulted to reclassification of investment to financial asset at FVOCI. Similarly, the increase in deferred tax asset is attributable to the unearned premiums of financial services sector as of the period. Right of use assets increased due to new lease term agreement entered into by the education sector, and renewal of existing leases by the automotive sector. Increase in retirement assets is attributable to contributions of the Group as of the period. Deferred acquisition costs represent commissions and other expenses incurred in issuing new insurance contracts and renewing existing insurance contracts of non-life insurance company.

LIABILITIES and EQUITY					
Current Liabilities					
Accounts payable and other current liabilities	**8,551,193,116**	7,649,852,076	901,341,040	11.8%	5.1%
Loans payable	**4,537,592,169**	3,971,142,021	566,450,148	14.3%	2.7%
Segregated fund liabilities	**43,395,974,450**	37,569,985,225	5,825,989,225	15.5%	25.7%
Current portion of long term debt	**8,143,400**	32,573,600	(24,430,200)	-75.0%	0.0%
Current portion of contract liabilities	**1,853,945,891**	1,147,189,447	706,756,444	61.6%	1.1%
Current portion of insurance contract liabilties	**33,693,793,026**	37,422,659,896	(3,728,866,870)	-10.0%	20.0%
Current portion of lease liability	**86,718,165**	97,874,024	(11,155,859)	-11.4%	0.1%
Income tax payable	**134,213,040**	39,956,012	94,257,028	235.9%	0.1%
Due to related parties	**206,063,751**	89,378,588	116,685,163	130.6%	0.1%
Total Current Liabilities	**92,467,637,008**	88,020,610,889	4,447,026,119	5.1%	54.8%
Noncurrent Liabilities					
Long-term debt - noncurrent portion	**2,713,786,400**	2,709,237,650	4,548,750	0.2%	1.6%
Contract liabilities - noncurrent portion	**106,511,815**	124,339,470	(17,827,655)	-14.3%	0.1%
Insurance contract liabilities - noncurrent portion	**15,672,550,606**	14,026,067,186	1,646,483,420	11.7%	9.3%
Lease Liability - noncurrent	**774,410,622**	510,109,278	264,301,344	51.8%	0.5%
Deferred tax liabilities	**1,989,446,218**	1,990,204,297	(758,079)	0.0%	1.2%
Retirement liabilities	**667,141,985**	684,971,030	(17,829,045)	-2.6%	0.4%
Deferred reinsurance commissions	**220,130,600**	198,267,206	21,863,394	11.0%	0.1%
Other noncurrent liabilities	**1,495,058,837**	1,486,005,501	9,053,336	0.6%	0.9%
Total Noncurrent Liabilities	**23,639,037,083**	21,729,201,618	1,909,835,465	8.8%	14.0%
Total Liabilities	**116,106,674,091**	109,749,812,507	6,356,861,584	5.8%	68.8%
Equity					
Attributable to equity holders of the Parent Company					
Capital stock					
Preferred stock	**-**	-	-	N/A	0.0%
Common stock	**2,201,795,746**	2,201,795,746	-	0.0%	1.3%
Additional paid in capital	**14,808,241,606**	14,808,241,606	-	0.0%	8.8%
Deposit for future subscription	**-**	-	-	N/A	0.0%
Equity reserve on acquisition of noncontrolling interest	**(868,077,101)**	(868,077,101)	-	0.0%	-0.5%
Revaluation increment on land	**3,214,715,549**	3,289,823,486	(75,107,937)	-2.3%	1.9%
Cumulative translation adjustment	**37,537,811**	46,376,718	(8,838,907)	-19.1%	0.0%
Changes in fair value of equity investments carried at FVOCI	**231,171,406**	(47,667,218)	278,838,624	-585.0%	0.1%
Remeasurement losses on net retirement liability	**(11,943,726)**	(18,380,971)	6,437,245	-35.0%	0.0%
Remeasurement on legal policy reserves	**(39,031,510)**	-	(39,031,510)	N/A	0.0%
Retained Earnings					
Unappropriated	**8,170,375,697**	7,390,657,134	779,718,563	10.6%	4.8%
Appropriated	**5,200,000,000**	5,200,000,000	-	0.0%	3.1%
	32,944,785,478	32,002,769,400	942,016,078	2.9%	19.5%
Noncontrolling interest	**19,661,571,661**	18,211,850,514	1,449,721,147	8.0%	11.7%
Total Equity	**52,606,357,139**	50,214,619,914	2,391,737,225	4.8%	31.2%

Total liabilities increased from P109.75 billion to P116.11 billion.

Total current liabilities increased from P88.02 billion to P92.47 billion. The Group's borrowings increased primarily due to the ongoing construction in the property sector. Contract liabilities pertain to unearned tuition fees and unearned lease revenue, which are reduced as the corresponding revenue is recognized as of the period. Increase in due to related parties pertains to liability of a subsidiary in the financial services sector. Insurance contract liabilities consist of unearned insurance premiums, provision for claims payable, legal policy reserves and other insurance payables of the insurance segment. Net decrease is due to settlement of payables to reinsurers. Net movement in lease liabilities pertains to new lease agreement entered into by the education sector.

Total noncurrent liabilities increased to P23.64 billion from P21.73 billion. Contract liabilities pertain primarily to advances and rental deposits of the property sector. Insurance contract liabilities net of current portion pertains to insurance contract liabilities of the life-insurance subsidiary, which are expected to be settled beyond one year after the balance sheet date. Deferred reinsurance commissions pertain to portion of commission related to unexpired periods of the policies at the end of the reporting period.

Consolidated equity increased to P52.61 billion from P50.21 billion, while consolidated retained earnings increased from P12.59 billion to P13.37 billion.

(viii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

During summer and enrollment period, the school operations undergo a material change. For the purposes of this discussion, the summer period occurs two months from May to June or June to July of every year depending on each school's academic calendar.

During the summer term, student enrollment drops significantly because the majority of matriculating students go on break. Therefore, there is a seasonal shift in revenues as enrolment drops in the summer term. Despite the lower revenue during the summer term and enrollment period, the schools continue to carry the same periodic fixed costs resulting to lower net profits during the school summer period.

Financial Soundness Indicators

The company's top 11 key performance indicators as of the end of September 30, 2024 compared to September 30, 2023 and to December 31, 2023 are as follows:

Financial ratios		**Unaudited 30-Sep-24**	Unaudited 30-Sep-23	Audited 31-Dec-23
Current ratio Indicates the Group's ability to pay short-term obligations	Current Assets / Current Liabilities	**0.95:1**	0.91:1	1.04:1
Solvency Ratio Shows how likely a company will be to continue meeting its debt obligations	Net Income + Depreciation / Total Liabilities	**0.03:1**	0.04:1	0.01:1
Debt-to-equity ratio Measures the Group's leverage	Total Debt / Equity	**2.21:1**	0.42:1	2.19:1
Asset to Equity Ratio Shows how the company's leverage (debt) was used to finance the firm	Total Assets / Equity	**3.21:1**	1.42:1	3.19:1
Interest Rate Coverage Shows how easily a company can pay interest on outstanding debt	EBIT / Interest Expense	**7.99:1**	2.25:1	2.31:1
Return on Average Stockholders' Equity Reflects how much the Group's has earned on the funds invested by the stockholders	Net Income / Average Equity	**4.39%**	-0.04%	1.43%

Return on Assets Measure the ability to utilize the Group's assets to create profits	Net Income / Total Assets	**1.37%**	-0.02%	0.55%
Net Profit Margin Shows how much profit is made for every peso of revenue	Net Income / Total Revenues	**8.80%**	-0.01%	5.55%
Asset Turnover Shows efficiency of asset used in operations	Total Revenues / Total Assets	**0.15**	0.20	0.07

- Current ratio increased to 0.95 in September 2024 from 0.91 in September 2023, mainly due to asset contributions of the financial services sector.

- Solvency ratio decreased to 0.02 in September 2024 from 0.04 in September 2023, mainly due to liabilities of the by the financial services sector which are present in the same period last year.

- Debt-to-equity ratio rose from 0.42 in September 2023 to 2.21 in September 2024, driven by liabilities of the financial services sector.

- Asset to equity ratio increased from 1.42 in September 2023 to 3.21 in September 2024, primarily due to asset contributions of the financial services sector

- Interest rate coverage ratio rose to 7.99 times in September 2024, up from 2.25 in September 2023, driven by higher earnings this year compared to the same period last year.

- Return on average stockholders' equity increased to 4.39% in September 2024, primarily because of income contribution of the financial service sector.

- Return on assets (ROA) increased to 1.37% this quarter, attributable to the net income registered by the Group.

- Net profit margin is higher at 8.80% due to net income registered by the Group.

- Asset turnover decreased to 0.15 times in September 2024, down from 0.20 times in September 2023, due to assets contributed of the financial services sector.

The above-mentioned ratios are applicable to the Group (Parent Company and its subsidiaries) as a whole.

PART II – OTHER INFORMATION

There is no significant information on the company which requires disclosure herein and/or were not included in SEC Form 17-C.

EXHIBIT 1

HOUSE OF INVESTMENTS, INC. and SUBSIDIARIES

Interim Condensed
Unaudited Consolidated Financial Statements

September 30, 2024 and 2023 (Unaudited)
and
December 31, 2023 (Audited)

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited Sep-2024	Audited Dec-2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 8)	**₱6,052,462,633**	₱6,633,047,805
Receivables (Note 9)	**11,710,637,352**	11,685,674,611
Segregated fund assets (Note 10)	**43,395,974,450**	37,569,985,225
Reinsurance assets (Note 11)	**21,120,036,240**	24,230,398,085
Inventories (Note 12)	**488,436,033**	496,661,387
Loans receivable (Note 13)	**2,071,588,246**	1,865,811,107
Receivables from related parties	**1,173,091**	17,279,419
Assets held for sale (Note 14)	**71,441,198**	408,819,217
Prepaid expenses and other current assets (Note 15)	**2,881,961,085**	2,060,908,494
Total Current Assets	**87,793,710,328**	84,968,585,350
Noncurrent Assets		
Equity investments at fair value through other comprehensive income (FVOCI) (Note 16)	**25,651,247,530**	22,847,990,404
Financial assets at fair value through profit or loss (FVTPL) (Note 16)	**7,952,645,482**	6,422,981,790
Investment securities at amortized cost (Note 16)	**4,328,532,549**	3,312,776,303
Investments in associates and joint ventures (Note 17)	**4,944,898,292**	6,019,840,170
Property and equipment (Note 19)		
At revalued amount	**15,469,825,819**	15,469,825,819
At cost	**8,379,445,282**	7,073,528,753
Investment properties (Note 18)	**10,749,203,625**	10,824,388,905
Deferred tax assets – net	**879,949,852**	831,675,971
Right-of-use assets	**724,035,109**	486,018,030
Goodwill (Note 21)	**183,970,413**	183,970,413
Retirement assets	**24,790,163**	21,302,255
Deferred acquisition costs (Note 20)	**507,548,058**	499,447,146
Other noncurrent assets (Note 22)	**1,123,228,729**	1,002,101,112
Total Noncurrent Assets	**80,919,320,903**	74,995,847,071
Total Assets	**₱168,713,031,231**	₱159,964,432,421

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 23)	**₱8,551,193,117**	₱7,649,852,076
Loans payable (Note 24)	**4,537,592,169**	3,971,142,021
Segregated fund liabilities (Note 10)	**43,395,974,450**	37,569,985,225
Current portion of long-term debt (Note 25)	**8,143,400**	32,573,600
Current portion of contract liabilities (Note 26)	**1,853,945,891**	1,147,189,447
Insurance contract liabilities - current portion (Note 27)	**33,693,793,026**	37,422,659,896
Current portion of lease liabilities	**86,718,165**	97,874,024
Income tax payable	**134,213,040**	39,956,012
Due to related parties	**206,063,751**	89,378,588
Total Current Liabilities	**92,467,637,009**	88,020,610,889

	Unaudited Sep-2024	Audited Dec-2023
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 25)	**2,713,786,400**	2,709,237,650
Contract liabilities - net of current portion (Note 26)	**106,511,815**	124,339,470
Insurance contract liabilities - net of current portion (Note 27)	**15,672,550,606**	14,026,067,186
Lease liabilities - net of current portion	**774,410,622**	510,109,278
Deferred tax liabilities – net	**1,989,446,218**	1,990,204,297
Retirement liabilities	**667,141,985**	684,971,030
Deferred reinsurance commissions (Note 20)	**220,130,600**	198,267,206
Other noncurrent liabilities	**1,495,058,837**	1,486,005,501
Total Noncurrent Liabilities	**23,639,037,083**	21,729,201,618
Total Liabilities	**₱116,106,674,092**	₱109,749,812,507
Equity		
Attributable to equity holders of the Parent Company		
Preferred stock (Note 35)	**–**	–
Common stock (Note 35)	**2,201,795,746**	2,201,795,746
Additional paid-in capital	**14,808,241,606**	14,808,241,606
Equity reserve on acquisition of non-controlling interest	**(868,077,102)**	(868,077,102)
Revaluation increment on land – net	**3,214,715,549**	3,289,823,486
Cumulative translation adjustments	**37,537,812**	46,376,718
Fair value reserve of equity investments at FVOCI	**231,171,406**	(47,667,218)
Remeasurement loss on retirement obligation	**(11,943,726)**	(18,380,970)
Remeasurement on legal policy reserves	**(39,031,510)**	–
Retained earnings (Note 36)		
Unappropriated	**8,170,375,697**	7,390,657,134
Appropriated	**5,200,000,000**	5,200,000,000
	32,944,785,478	32,002,769,400
Non-controlling interests (Note 37)	**19,661,571,661**	18,211,850,514
Total Equity	**52,606,357,139**	50,214,619,914
	₱168,713,031,231	₱159,964,432,421

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	July 1 to September 30		
	2024	2023	2022
Continuing Operations			
REVENUE	**₱6,535,434,103**	₱2,607,884,805	₱2,199,647,956
COSTS OF SALES AND SERVICES	**5,248,023,971**	1,860,292,992	1,555,599,711
GROSS PROFIT (LOSS)	**1,287,410,132**	747,591,813	644,048,245
GENERAL AND ADMINISTRATIVE EXPENSES	**(1,216,802,664)**	(480,335,748)	(350,129,406)
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	**88,466,828**	172,526,551	138,385,893
INTEREST AND FINANCE CHARGES	**(155,094,638)**	(108,460,497)	(37,910,510)
OTHER INCOME (LOSS)	**775,697,089**	56,700,560	53,058,190
INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**779,676,747**	388,022,679	447,452,412
PROVISION FOR (BENEFIT FROM) INCOME TAX	**(164,799,536)**	(29,339,163)	(12,166,791)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**₱614,877,211**	₱358,683,516	₱435,285,621
Deconsolidated Operations			
Net Income (Loss) from Deconsolidated Operations	**-**	**-**	20,916,637
NET INCOME (LOSS)	**₱614,877,211**	₱358,683,516	₱456,202,258
Net income (loss) attributable to:			
Equity holders of the Parent Company	**₱352,055,471**	₱294,644,895	₱321,825,590
Non-controlling interests	**262,821,740**	64,038,621	134,376,668
	₱614,877,211	₱358,683,516	₱456,202,258
EARNINGS (LOSS) PER SHARE			
Basic	**₱0.2396**	₱0.3795	₱0.4145
Diluted	**₱0.2396**	₱0.3795	₱0.4145

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	July 1 to September 30		
	2024	2023	2022
NET INCOME	**₱614,877,211**	₱358,683,516	₱456,202,258
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Share in other comprehensive gain (loss) of an associate	**(277,286)**	-	-
Cumulative translation adjustments	**(16,411,158)**	-	147,434,966
Items not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments carried at FVOCI	**1,305,831,054**	27,630,487	(5,004,014)
Revaluation increment on land	**(75,107,937)**	106,202,931	-
Remeasurement on legal policy reserves	**(438,381,289)**	-	-
Remeasurement gain (loss) on net retirement	**(1,530,282)**	-	(24,744)
	774,123,102	133,833,418	142,406,208
TOTAL COMPREHENSIVE INCOME	**₱1,389,000,313**	₱492,516,934	₱598,608,466
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱1,098,682,690**	₱322,275,382	₱398,522,776
Non-controlling interests	**290,317,623**	170,241,552	200,085,690
	₱1,389,000,313	₱492,516,934	₱598,608,466

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	January 1 to September 30		
	2024	2023	2022
Continuing Operations			
REVENUE (Note 28)	**₱25,638,400,445**	₱7,761,603,318	₱6,569,018,973
COSTS OF SALES AND SERVICES (Note 29)	**21,058,365,937**	5,756,119,302	4,782,489,466
GROSS PROFIT (LOSS)	**4,580,034,508**	2,005,484,016	1,786,529,507
GENERAL AND ADMINISTRATIVE EXPENSES (Note 31)	**(3,560,233,334)**	(1,196,628,688)	(1,033,004,283)
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 17)	**145,502,991**	338,470,084	414,162,967
INTEREST AND FINANCE CHARGES (Note 33)	**(391,624,521)**	(401,465,726)	(131,288,440)
OTHER INCOME (LOSS) (Note 30)	**1,963,034,082**	(244,157,488)	103,040,906
INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**2,736,713,726**	501,702,198	1,139,440,657
PROVISION FOR (BENEFIT FROM) INCOME TAX	**(481,798,059)**	(65,069,296)	(37,699,053)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**2,254,915,667**	436,632,902	1,101,741,604
Deconsolidated Operations			
Net Income (Loss) from Deconsolidated Operations	**-**	(447,711,233)	144,004,478
NET INCOME (LOSS)	**₱2,254,915,667**	(₱11,078,331)	₱1,245,746,082
Net income (loss) attributable to:			
Equity holders of the Parent Company	**₱1,198,465,704**	(₱40,997,194)	₱871,550,330
Non-controlling interests	**1,056,449,963**	29,918,863	374,195,752
	₱2,254,915,667	(₱11,078,331)	₱1,245,746,082
EARNINGS (LOSS) PER SHARE (Note 34)			
Basic	**₱0.8157**	(₱0.1812)	₱0.9941
Diluted	**₱0.8157**	(₱0.1812)	₱0.9941

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	January 1 to September 30		
	2024	2023	2022
NET INCOME	**₱2,254,915,667**	(₱11,078,331)	₱1,245,746,082
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Share in other comprehensive gain (loss) of an associate	**(4,865,727)**	-	-
Cumulative translation adjustments	**5,170,003**	(307,773,789)	290,040,357
Items not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments carried at FVOCI (Note 15)	**668,805,105**	(19,222,390)	15,969,856
Revaluation increment on land	**(75,107,937)**	87,254,199	30,517,858
Remeasurement on legal policy reserves	**(76,532,372)**	-	-
Remeasurement gain (loss) on net retirement	**(6,437,246)**	29,217,279	957,398
	511,031,826	(210,524,701)	337,485,469
TOTAL COMPREHENSIVE INCOME	**₱2,765,947,493**	(₱221,603,032)	₱1,583,231,551
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱1,316,226,345**	(₱361,134,519)	₱1,069,453,894
Non-controlling interests	**1,449,721,148**	139,531,487	513,777,657
	₱2,765,947,493	(₱221,603,032)	₱1,583,231,551

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 AND 2022

	Attributable to the Group												
	Capital stock (Note 35)	**Additional paid-in capital**	**Equity reserve on acquisition of non-controlling interest**	**Revaluation increment on land - net** (Note 19)	**Cumulative translation adjustments** (Notes 17)	**Fair Value reserve of equity investments at FVOCI** (Note 15)	**Remeasurement on legal policy reserves**	**Remeasurement loss on retirement**	**Unappropriated Retained Earnings**	**Appropriated Retained Earnings**	**Subtotal**	**Non-controlling interests** (Note 39)	**Total**
BALANCES AT JAN 1, 2024	**₱2,201,795,746**	**₱14,808,241,606**	**(₱868,077,102)**	**₱3,289,823,486**	**₱46,376,718**	**(₱47,667,218)**	–	**(₱18,380,972)**	**₱7,390,657,134**	**₱5,200,000,000**	**₱32,002,769,398**	**₱18,211,850,514**	**₱50,214,619,914**
Net income	–	–	–	–	–	–			1,198,465,704	–	1,198,465,704	1,056,449,963	2,254,915,667
Other comprehensive income	–	–	–	–	4,218,40	198,680,505	(39,031,510)	(25,766,353)	(20,340,405)	–	117,760,641	393,271,185	511,031,826
Total comprehensive income	–	–	–	–	4,218,404	198,680,505	(39,031,510)	(25,766,353)	1,178,125,299	–	1,316,226,345	1,449,721,148	2,765,947,493
Reclassification of investment in associates to FVOCI	–	–	–	(75,107,937)	(13,057,311)	80,158,119	–	32,203,598	(24,196,469)	–	–	–	–
Sale of FVOCI Investments	–	–	–	–	–	–		–	115,054,844	–	115,054,844	–	115,054,844
Dividends to common stockholders	–	–	–	–	–	–	–	–	(73,465,112)	–	(73,465,112)	–	(73,465,112)
Declaration of dividend by subsidiary	–	–	–	–	–	–	–	–	(415,800,000)	–	(415,800,000)	–	(415,800,000)
BALANCES AT SEP 30, 2024	**₱2,201,795,746**	**₱14,808,241,606**	**(₱868,077,102)**	**₱3,214,715,549**	**₱37,537,812**	**(₱231,171,406)**	**(₱39,031,510)**	**(₱11,943,726)**	**₱8,170,375,697**	**₱5,200,000,000**	**₱32,944,785,478**	**₱19,661,571,661**	**₱52,606,357,139**
BALANCES AT JAN 1, 2023	₱1,162,540,326	₱154,578,328	₱1,932,007,449	₱2,218,473,182	₱352,101,517	₱111,000,523	–	(₱14,062,367)	₱4,944,402,862	₱7,505,355,000	₱18,366,396,821	₱17,497,986,435	₱35,864,383,255
Deconsolidation	–	–	238,426,598	–	–	–	–	–	150,153,805	–	388,580,403	(8,979,537,007)	(8,590,956,604)
	1,162,540,326	154,578,328	2,170,434,047	2,218,473,182	352,101,517	111,000,523		(14,062,367)	5,094,556,667	₱7,505,355,000	18,754,977,224	8,518,449,428	27,273,426,651
Net income	–	–	–	–	–	–			(40,997,192)	–	(40,997,192)	29,918,863	(11,078,329)
Other comprehensive income	–	–	–	(18,948,732)	(302,448,293)	(27,957,577)	–	29,217,277	–	–	(320,137,325)	109,612,623	(210,524,703)
Total comprehensive income	–	–	–	(18,948,732)	(302,448,293)	(27,957,577)	–	29,217,277	(40,997,192)	–	(361,134,517)	139,531,486	(221,603,032)
Declaration of dividend by subsidiary	–	–	–	–	–	–		–	–	–	–	(202,499,695)	(202,499,695)
BALANCES AT SEP 30, 2023	₱1,162,540,326	₱154,578,328	₱2,170,434,047	₱2,199,524,451	₱49,653,224	₱83,042,946	₱–	₱15,154,910	₱5,053,559,474	₱7,505,355,000	₱18,393,842,706	₱8,455,481,219	₱26,849,323,925

	Attributable to the Group											
	Common Stock (Note 20)	Additional Paid-in Capital	Premium on Acquisition of Noncontrolling Interest	Revaluation Increment on Land - Net	Cumulative Translation Adjustment	Changes in fair value of equity investments carried at FVOCI	Remeasurement losses on Net Retirement Liability	Deposit for Future Subscription	Retained Earnings	Total	Attributable to Noncontrolling Interest	Total
						For the Period Ended June 30, 2021						
Balances as at JAN 1, 2022	₱1,162,540,326	₱154,578,328	₱1,598,421,700	₱1,445,367,746	₱271,303,940	₱67,330,660	(₱101,768,611)	₱–	₱11,076,014,388	₱15,673,788,477	₱14,441,764,107	₱30,115,552,584
Restatement of retained earnings	–	–	–	–	–	–	–	–	–	–	–	–
Deposit for future subscription	–	–	–	–	–	–	–	1,945,609,904	–	1,945,609,904	–	1,945,609,904
Acquisition of noncontrolling interest	–	–	2,785,862	–	–	–	–	–	–	2,785,862	(85,411,321)	(82,625,459)
	1,162,540,326	154,578,328	1,601,207,562	1,445,367,746	271,303,940	67,330,660	(101,768,611)	1,945,609,904	11,076,014,388	17,622,184,243	14,356,352,786	31,978,537,029
Net income	–	–	–	–	–	–	–	–	1,202,350,217	1,202,350,217	374,195,752	1,576,545,969
Other comprehensive income	–	–	–	30,056,573	152,358,217	14,652,815	835,948	–	–	197,903,561	139,581,905	337,485,466
Total comprehensive income	–	–	–	30,056,573	152,358,217	14,652,815	835,948	–	1,202,350,217	1,400,253,778	513,777,657	1,914,031,435
Dividends declared by Parent Company	–	–	–	–	–	–	–	–	–	–	–	–
Dividends declared by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–
Total dividends declared	–	–	–	–	–	–	–	–	–	–	–	–
Balances as at SEP 30, 2022	₱1,162,540,326	₱154,578,328	1,601,207,562	₱1,475,424,319	₱423,662,157	₱81,983,475	(₱100,932,663)	₱1,945,609,904	₱12,278,364,605	₱19,022,438,0216	₱14,870,130,443	₱33,892,568,464

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter Ended September 30		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱2,736,713,726**	₱501,702,198	₱1,139,440,657
Adjustments for:			
Depreciation and amortization (Note 32)	**654,904,269**	421,540,524	382,005,723
Interest and finance charges (Note 33)	**391,624,521**	401,465,726	131,288,440
Movements in net retirement liabilities	**(11,391,800)**	23,881,708	89,508,474
Market gain on financial asset at fair value through profit or loss (FVPL)	**(325,327,673)**	(435,554)	(7,258,995)
Dividend income (Note 30)	**(164,140,572)**	(2,542,066)	(330,950)
Unrealized foreign exchange loss (gain) (Note 30)	**(111,124,104)**	(4,161,526)	(22,437,479)
Interest income (Note 30)	**(1,486,060,956)**	(104,031,608)	(31,066,726)
Loss from reclassification of investments	**245,052,123**	–	–
Provision (Recovery) of probable losses	**(46,031,871)**	–	–
Gain on sale of:			
Investment properties (Note 30)	**–**	-	(204,048)
Property and equipment (Note 30)	**(20,343,795)**	(8,524,468)	(10,316,211)
Equity in net earnings of associates and joint venture (Note 17)	**(145,502,991)**	(338,470,084)	(414,162,967)
Deconsolidated operations – net (Note 7)	**–**	(426,083,481)	167,835,059
Operating income (loss) before working capital changes	**1,718,370,877**	464,341,369	1,424,300,977
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	**(230,739,880)**	(656,400,717)	(1,606,424,898)
Contract assets	**–**	-	443,346,593
Inventories	**8,225,354**	(152,048,946)	(92,758,366)
Receivables from related parties	**16,106,328**	36,473,005	286,222,568
Reinsurance assets	**3,110,361,845**		
Prepaid expenses and other current assets	**(483,674,572)**	953,424	(18,411,417)
Other noncurrent assets	**(2,582,065,947)**	313,904,327	(305,008,979)
Increase (decrease) in:			
Accounts payable and other current liabilities	**901,341,041**	91,367,675	690,909,617
Contract liabilities	**688,928,789**	3,352,987	7,915,010
Due to related parties	**116,685,163**	669,325,730	1,231,445,538
Insurance contracts	**(2,082,383,450)**	–	–
Other noncurrent liabilities	**30,916,730**	(63,609,726)	105,491,742
Net cash generated from (used in) operations	**1,212,072,278**	707,659,128	2,167,028,385
Interest received	**1,047,407,574**	104,031,608	31,066,726
Income tax	**(391,624,521)**	(401,465,726)	(131,288,440)
Interest and finance charges paid (Note 33)	**(292,025,808)**	(17,314,182)	(116,445,798)
Net cash flows used in operating activities	**1,575,829,523**	392,910,828	1,950,360,873

(Forward)

	Quarter Ended September 30		
	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Property and equipment	**₱2,610,897**	₱8,524,468	₱10,316,211
Investment in subsidiary	–	2,308,613,930	–
Sale of investment in associates (held for sale)	**337,378,019**	–	–
Investment properties	**1,100,000**	–	624,548
Financial assets at FVTPL, FVOCI and Amortized costs	**2,120,121,189**	–	–
Dividends received	**236,183,877**	80,987,030	234,527,115
Acquisitions of:			
Computer software (Note 22)	**(14,190,595)**	(521,348)	(23,227,056)
Financial assets at FVTPL, FVOCI and Amortized costs	**(5,573,305,811)**	–	–
Investment in AFS	–	(1,000,000,000)	–
Investment in associates (Note 17)	**(174,432,352)**	(1,444,039,167)	(16,290,700)
Investment in subsiadiary	**(90,000,000)**		
Property and equipment	**(1,308,527,426)**	(1,478,109,756)	(492,843,892)
Investments properties (Note 15)	**(2,740,800)**	(63,962,512)	(6,155,975,000)
Net cash flows provided by (used in) investing activities	**(4,465,803,002)**	(1,588,507,355)	(6,442,868,774)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans payable (Note 24)	**2,877,398,151**	1,861,000,000	13,980,806,863
Long-term debt - inclusive of transaction costs (Note 25)	–	7,445,089	2,458,333,284
Proceeds from deposit for future subscription	–	–	1,945,609,904
Changes in non-controlling interests	**1,449,721,147**	213,182,292	56,956,445
Payments of:			
Lease Liability	**253,145,485**	(58,542,289)	(76,369,864)
Dividends paid	**(51,171,126)**	–	–
Loans payable (Note 24)	**(2,310,948,002)**	(3,509,857,979)	(12,132,600,000)
Long-term debt (Note 25)	**(19,881,450)**	(1,524,430,201)	(2,639,171,250)
Net cash flows provided by financing activities	**2,198,264,205**	(3,011,203,088)	3,593,565,382
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**111,124,104**	4,161,526	22,437,479
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(580,585,171)**	(4,202,728,088)	(876,505,040)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,633,047,805**	6,630,467,357	9,056,486,073
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱6,052,462,633**	₱2,427,739,269	₱8,179,981,033

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of Consolidated Financial Statements

Corporate Information

House of Investments, Inc. (the Parent Company) is a stock corporation incorporated under the laws of the Republic of the Philippines on May 21, 1959. As per Section 11 of Revised Corporation Code (RCC) enacted in 2020, a corporation shall have perpetual existence unless its articles of incorporation provide otherwise. Further explained in Securities and Exchange Commission (SEC) Memorandum Circular No. 22 Series of 2020, "the corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation." Thus, there is no need to amend or extend Parent Company's corporate life as it already enjoys perpetual existence.

The Parent Company undertook a portfolio realignment with a bias for recurring income and growth in 2023. As a result, the core business focus of the Company is organized into four segments, namely: Financial Services, Property and Property Services, Education and Automotive. The Company's portfolio investments are in, Energy, Healthcare, Deathcare and Construction.

The Parent Company's common stock was listed with the Philippine Stock Exchange (PSE) on July 2, 1962, the Parent Company's initial public offering. The Parent Company's shares of stock are currently traded at the PSE. The ultimate parent company of the Group is Pan Malayan Management and Investment Corporation (PMMIC), a domestic corporation.

The registered office address and principal place of business of the Parent Company is at 9th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for land, which is carried at revalued amount and financial assets at FVTPL, included as part of "Prepaid expenses and other current assets," and FVOCI which are measured at fair value. The accompanying consolidated financial statements are presented in Philippine Peso (Php, ₱), which is also the Parent Company's functional currency. Except as indicated, all amounts are rounded off to the nearest peso.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements include the Parent Company and the following companies that it controls:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect
Investment Managers, Inc. (IMI)	Philippines	Insurance agent, financing, trading and real estate	Philippine Peso	**100.00**	**–**	100.00	–
Landev Corporation	Philippines	Property management	Philippine Peso	**100.00**	**–**	100.00	–
San Lorenzo Ruiz Investment Holdings and Services Inc. (SLRHSI)[(a)]	Philippines	Holding company	Philippine Peso	**60.00**	**–**	60.00	–
ATYC, Inc. (ATYC) [(b)]	Philippines	Property leasing	Philippine Peso	**100.00**	**–**	100.00	–
Xamdu Motors, Inc. (XMI)	Philippines	Car dealership	Philippine Peso	**100.00**	**–**	100.00	–
Greyhounds Security and Investigation Agency Corp.	Philippines	Security agency	Philippine Peso	**–**	**100.00**	–	100.00
Hexagon Lounge, Inc.	Philippines	Restaurant	Philippine Peso	**–**	**100.00**	–	100.00
Secon Professional Security Training Academy Inc.	Philippines	Training service provider	Philippine Peso	**–**	**100.00**	–	100.00
HI Cars, Inc. (HCI)	Philippines	Car dealership	Philippine Peso	**100.00**	**–**	100.00	–
La Funeraria Paz Sucat, Inc. (LFPSI)	Philippines	Memorial services	Philippine Peso	**50.00**	**13.00**	50.00	13.00
iPeople, inc. (IPO)	Philippines	Education and Information Technology	Philippine Peso	**48.18**	**–**	48.18	–
Malayan Education System, Inc. (MESI) (Operating Under the Name of Mapua University)	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
Malayan Colleges Laguna, Inc., A Mapua School (MCLI)	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
Malayan Colleges Mindanao (A Mapua School), Inc. (MCMI)	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
Malayan High School of Science, Inc. (MHSSI)	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
Mapua Information Technology Center, Inc. (MITC)	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
Mapua Techserv, Inc. (MTI)	Philippines	Consultancy	Philippine Peso		**100.00**		100.00
Mapua Techpower Inc.	Philippines	Consultancy	Philippine Peso	**–**	**75.00**	–	75.00
People eServe Corporation	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
Affordable Private Education Center, Inc doing business under the name of APEC Schools (APEC)	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
National Teachers College doing business under the name/s and style/s of The National Teachers College	Philippines	Education and Information Technology	Philippine Peso	**–**	**99.79**	–	99.79
University of Nueva Caceres	Philippines	Education and Information Technology	Philippine Peso	**–**	**83.62**	–	83.62
AC College of Enterprise and Technology, Inc	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
LINC Institute, Inc doing business under the Name and Style of LINC Academy	Philippines	Education and Information Technology	Philippine Peso	**–**	**100.00**	–	100.00
MICO Equities, Inc. [(a)]	Philippines	Insurance	Philippine Peso	**77.33**	**–**	77.33	–
Sunlife Grepa Financial Inc. [(b)]	Philippines	Insurance	Philippine Peso	**51.00**	**–**	51.00	–
Grepa Realty Holdings Corp.	Philippines	Real estate	Philippine Peso	**49.00**	**26.01**	49.00	26.01
Tarlac Terra Ventures, Inc.[(c)]	Philippines	Real estate	Philippine Peso	**100.00**	**–**	100.00	–
RCBC Trust Corporation[(d)]	Philippines	Financial Services	Philippine Peso	**40.00**	**–**	40.00	–

(a) On April 25, 2023, the Board of House of Investments Inc. approved the authority to enter in a Share Swap Agreement with Pan Malayan Management & Investment Corporation (PMMIC), whereby HI will issue 397,703,801 common shares to PMMIC in exchange for the acquisition of 100% of PMMIC's outstanding shareholdings in MICO Equities, Inc (MEI). As of this date PMMIC owns 77.33% of MEI.

(b) On April 25, 2023, the Board of House of Investments Inc. approved the authority to enter in a Share Swap Agreement with GPL Holdings, Inc, whereby HI will issue 295,133,148 common shares common shares to GPLH in exchange for the acquisition of 100% of GPLH's outstanding shareholdings in Sunlife Grepa Financial Inc. (SLGFI) and Grepa Realty Holdings Corporation (GRHC). As of this date GPL directly owns 51% of SLGFI and 49% of GRHC. SLGFI also owns 51% of GRHC, thus GPL's effective ownership in GRHC is 75%.

(c) On Dec 29, 2023, the Parent Company invested P800.0 million for a 100% stake in Tarlac Terra Ventures, Inc.

(d) The Parent company invested P40.0 million for a 40% stake in RCBC Trust Corporation.

The consolidated financial statements are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All significant intercompany balances and transactions, including income, expenses, and dividends are eliminated in full. Profits and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Control is achieved when the Parent Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if and only if the Parent Company has:

a. power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
b. exposure, or rights, to variable returns from its involvement with the investee; and
c. the ability to use its power over the investee to affect its returns.

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

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

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest until the balance is reduced to nil. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Reclassifies to profit or loss, or transfer directly to retained earnings if required by other PFRSs, the amounts recognized in other comprehensive income in relation to the subsidiary; and recognizes any resulting difference as a gain or loss in profit or loss attributable to the Parent Company

Non-controlling interests (NCI) represent the portion of equity not attributable to the Parent Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests are presented separately in the consolidated statements of comprehensive income and within the equity section of the consolidated statements of financial position and consolidated statements of changes in equity, separately from the equity attributable to equity holders of the Parent Company.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

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

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

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

  The above amendments do not have a material impact on the Group.

Standards Issued But Not Yet Effective

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.
The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

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

The amendments do not have a material impact on the Group.

- Amendments to PAS 21, *Lack of exchangeability*

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

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

  The amendments do not have a material impact on the Group.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

The amendments do not have a material impact on the Group.

4. Summary of Significant Accounting Policies

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date ease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives (EUL) of the assets.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

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

Lease liabilities that are expected to be settled for no more than 12 months after reporting period are classified as current liabilities presented as current portion of lease liabilities. Otherwise, these are classified as noncurrent liabilities.

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

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue Recognition

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

Revenue from sale of goods
Revenue from sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the inventory item.

Revenue from schools and related operations
Revenue from tuition fees and other matriculation fees are recognized over time as revenue over the corresponding school term using the output method (i.e., time lapsed over the service period such as semester or school year, depending on the curriculum registered). Upon enrollment, students have the option to pay the tuition and other matriculation fees in full or installment.

Admission, examination and other fees are recognized as income when examination has been granted by the school and related services have been provided to the students (at point in time).

Revenue from manpower services
Under the Group's service agreements with its customers, the Group is required to provide manpower services. As provision of these services constitutes a series of distinct good or services that are substantially the same and have the same pattern of transfer to the customer (i.e., the good or service would be recognized over time using the same measure of progress), this was treated by the Group as a single performance obligation. Because the services are simultaneously provided and consumed by the customer, the Group's performance obligation to render such services qualifies for revenue recognition over time by applying par. 35(a) of PFRS 15. The Group recognizes revenue from manpower supply services by applying the "right to invoice" practical expedient since the Group's right to payment is for an amount that corresponds directly with the value to the customer of the Group's performance to date.

Premiums Revenue
Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting period are accounted for as "Provision for unearned premiums" as part of "Insurance contract liabilities" and presented in the liabilities section of the statements of financial position. The related reinsurance premiums ceded that pertains to the unexpired periods at end of the reporting period are accounted for as "Deferred reinsurance premiums" and shown as part of reinsurance assets in the statements of financial position. The net changes in these accounts between each end of reporting periods are recognized in profit or loss.

Reinsurance Commissions
Commissions earned from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the commissions that relates to the unexpired periods of the policies at end of the reporting period are accounted for as "Deferred reinsurance commissions" and presented in the liabilities section of the statement of financial position.

Onerous contracts
If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Contract balances arising from revenue with customer contracts

Receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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

The Group presents each contract with customer in the consolidated statement of financial position either as a contract asset or a contract liability.

<u>Expenses</u>
Expenses are recognized in the consolidated statement of income when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.
Cost of sales and services

Cost of sales is recognized as an expense when the related goods are sold. Cost of services include all direct materials and labor costs and those indirect costs related to contract performance which are recognized as incurred.

General and administrative expenses
Administrative expenses constitute costs of administering the business and are expensed as incurred.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the 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) market prices in active 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; and
- 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 financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

'Day 1' difference

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

Financial Instruments

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. The Group follows the settlement date accounting where an asset to be received and liability to be paid are recognized on the settlement date and derecognition of an asset that is sold and the recognition of a receivable from the buyer are recognized on the settlement date.

Financial Instruments - Initial Recognition and Subsequent Measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes Cash and cash equivalents, Receivables, Receivables from related parties and Loan receivable under Other noncurrent asset account.

Financial assets at fair value through profit or loss
A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income (OCI). However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably all equity investments other than those classified to fair value through profit or loss under this category.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The loss allowance was adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group generally considers a financial asset in default when contractual payments are 90 days past due. For a financial asset that arises from long-term construction contracts, the Group considers the asset to be in default if contractual payments are not settled within 30 days from the completion of the construction project. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

The Group initially measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs. The Group has no financial liabilities at FVPL.

Subsequent to initial recognition, the Group's financial liabilities are carried at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

This category generally applies to the Group' Accounts payable and other current liabilities, Loans payable, Long-term debt, Due to related parties and Lease liabilities.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when: (a) the rights to receive cash flows from the asset have expired; or

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the selling price in the ordinary course of business, less the estimated costs of completion of inventories and the estimated costs necessary to sell.

Cost includes purchase price and other costs directly attributable to its acquisition such as non-refundable taxes, handling and transportation cost.

Cost of inventories is generally determined using the specific identification method.

Prepaid Expenses
These are recorded as asset before they are utilized and apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statement of income when incurred.

Advance to Suppliers and Subcontractors
Advance to suppliers and subcontractors represents advance payment for the purchase of various construction materials and down payment to subcontractors for the contract work to be performed.

Creditable Withholding Tax (CWT)
CWT pertains to the tax withheld source by the Group's customers and lessees and is creditable against its income tax liability.

Value-Added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position up to the extent of the recoverable amount.

Short-term Investments
Short-term investment pertains to interest bearing time deposits with terms of not more than one year and held for investment purposes.

Other Current Assets
Other current assets pertain to other resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group within the reporting period.

Investments in Associates and Joint Ventures
An associate is an entity in which the Group has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint venture are accounted for using the equity method of accounting. Under this method, the investment amount is increased or decreased to recognize the Group's share in the profit or loss of the investee after the date of acquisition. Dividends received from the investee reduces the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

Gains and losses resulting from 'upstream' and 'downstream' transactions between the Group and its associate or joint venture are recognized in the consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture.

The reporting dates and the accounting policies of the associates and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

The Group discontinues applying the equity method when their investment in investee company is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee company and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates and joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associates and joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the impairment loss in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

The Group's associates and joint venture accounted for using the equity method as of September 30 follows:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2024	Percentage of Ownership 2023
Associates:					
Hi-Eisai Pharmaceutical, Inc. (HEPI)	Philippines	Pharmaceutical	Philippine peso	**50.00**	50.00
Petroenergy Resources Corporation (PERC) [(a)]	Philippines	Renewable energy	Philippine peso	**30.57**	29.10
Manila Memorial Park Cemetery, Inc. (MMPC)	Philippines	Funeral service	Philippine peso	**26.48**	26.48
Sojitz G Auto Philippines Corporation (SGAPC)	Philippines	Automotive distributor	Philippine peso	**20.00**	20.00
RCBC Realty Corporation (RRC)	Philippines	Realty	Philippine peso	**10.00**	10.00
EEI Corporation [(b)]	Philippines	Construction	Philippine peso	**15.00**	21.00

(a) In 2024, the Parent Company purchased additional shares in PERC.
(b) On Jan 5, 2024, the Parent Company sold 4.5% shares of EEI Corporation (EEI) reducing the holdings of the Parent Company to 16.5%. On Feb 2024, the Parent Company sold 1.5%, reducing further its holdings to 15%.

Property and Equipment

Property and equipment, except for land, are stated at cost, less accumulated depreciation, amortization, and impairment loss, if any. The initial cost of property and equipment consists of its purchase price, including import duties, taxes, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as part of current operations.

Depreciation is computed using the straight-line method over the following average EUL:

	Years
Buildings and improvements	5 to 40
Machinery, tools, and construction equipment	2 to 20
Transportation and service equipment	5
Furniture, fixtures and office equipment	3 to 10

Amortization of improvements is computed over the EUL of the improvement or term of the lease, whichever is shorter.

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Minor repairs and maintenance costs are charged to consolidated statement of income as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost or revalued amount, appraisal increase, and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are reflected in the consolidated statement of income.

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

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

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation and amortization are credited to or charged against current operations.

Land is carried at its revalued amount. The appraised values used for revaluation were determined by an independent firm of appraisers.

The initial cost of land consists of its purchase price and directly attributable costs of bringing the asset to its working condition and location for its intended use.
The appraisal increment (net of deferred tax) resulting from the revaluation is credited to OCI and accumulated in equity under “revaluation increment on land - net” account. Decreases in valuation is charged to profit or loss, except to the extent that it reverses the existing accumulated revaluation increment on the same asset and therefore such decrease is recognized in OCI. The decrease recognized in OCI reduces the revaluation increment on land - net account in equity. In case a subsequent revaluation increase of an asset reverses a revaluation decrease previously recognized in profit or loss, such increase is credited to income in profit or loss.

The same rules apply to impairment losses. An impairment loss on a revalued asset is first used to reduce the revaluation increment for that asset. Only when the impairment loss exceeds the amount in the revaluation increment for that same asset is any further impairment loss recognized in profit or loss.

Upon disposal of land, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Investment Properties

Investment properties are measured at cost less impairment loss, if any, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Except for land, depreciation is computed using the straight-line method over the following average EUL:

	Years
Building	32.5
Other equipment	12.5

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Minor repairs and maintenance costs are charged to consolidated statement of income as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost or revalued amount, appraisal increase, and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are reflected in the consolidated statement of income.

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

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

For a transfer from owner-occupied property to investment property, the deemed cost for subsequent accounting is the fair value at the date of change in use. Upon transfer of an asset accounted for under revaluation model to asset accounted for under cost model, any revaluation reserve relating to such particular asset is transferred to retained earnings.

Impairment of Nonfinancial Assets
For Investments in associate and joint venture, Property and equipment, Right-of-use asset and Investment properties, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

Goodwill
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. Before recognizing a gain on a bargain purchase, the Group assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and recognize any additional assets or liabilities that are identified in that review.
Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

Combination of Entities under Common Control

In 2023, the Group accounted for its share swap transaction as combination of entities under common control accounted for by applying the pooling-of-interests method. The pooling-of-interests method generally involved the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair value or recognize any new assets or liabilities at the date of combination. The only adjustments that are made are those adjustments to harmonize the accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the entity acquired is reflected within equity.
- The consolidated statement of income, comprehensive income and cash flows reflect the result of the combining entities in full, irrespective of when the combination takes place.
- Comparative financial information are presented as if the entities had always been combined, or on date the common control existed on the combining entities, whichever comes earlier.
- The effects of any intercompany transactions are eliminated to the extent possible.

Intangible Assets Other Than Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Subsequently, intangible assets are measured at cost less accumulated amortization and provision for impairment loss, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The estimated useful life of intangible assets is assessed as either finite or indefinite. The estimated useful lives of intangible assets are as follows:

	Number of Years
Intellectual property rights	Indefinite
Student relationship	5-7

The estimated useful lives of intangible assets with finite lives are assessed at the individual asset level. Intangible assets with finite lives are amortized over their estimated useful lives on a straight- line basis. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Insurance Contract Liabilities

Life insurance contract liabilities

Life insurance contact liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts is calculated on the basis of a stringent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the inception of the contract. Assumptions and actuarial valuation methods are also subject to provisions of the Insurance Code (the Code) and guidelines set by the IC.

Subsequently, new estimates are developed at each reporting date to determine whether the liabilities reflect the current experience using the gross premium valuation which considers assumptions on mortality, morbidity, lapse and/or persistency, expenses, non-guaranteed benefits, discount rate and margin for adverse deviation. The initial assumptions could not be altered if the Group deems the current assumptions to still be reflective of their experience. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets is not symmetrical. Improvements and significant deteriorations in estimates have an impact on the value of the liabilities and related assets.

Movements in legal policy reserves attributable to changes in discount rate are recorded under “Remeasurement on legal policy reserves” in other comprehensive income.

Insurance contracts with fixed and guaranteed terms

Premiums are recognized as revenue when they become due from the policyholders which for single premium business, is the date on which the policy becomes effective.

Benefits are recorded as an expense when they are incurred and are accrued as a liability.
An increase in liability for contractual benefits that are expected to be incurred in the future is recorded under ‘Change in legal policy reserves’ in the Group statements of income when the premiums are recognized. The liability is determined as the sum of the present value of future benefits and expenses, less the present value of the future gross premiums arising from the policy contract discounted at the appropriate risk-free discount rate. The expected future cash flows is determined using the best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

The liability is based on actuarial assumptions such as mortality and morbidity, maintenance expenses, and lapse and/or persistency rates that are established at the time the contract is issued. A margin for adverse deviation (MfAD) is also included in the assumptions. For group life insurance and accident and health insurance, reserves are computed by calculating the unearned portion of the written premiums for the year.

Provision is also made for the cost of claims incurred but not reported (IBNR) as of the reporting date based on the Group’s experience. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the statement of income in later years. Policy and contract claims payable forms part of the insurance contract liability section of the statement of financial position.

Unit-linked insurance contracts
The Group issues unit-linked insurance contracts. In addition to providing life insurance coverage, a unit-linked contract links payments to insurance investment funds set-up by the Parent Company with consideration received from the policyholders. As allowed by PFRS 4, the Parent Company chose not to unbundle the investment portion of its unit-linked products. Premiums received (including premium load and bid-offer spread) from the issuance of unit-linked insurance contracts are recognized as premium revenue. Consideration received from policyholders that are transferred to the segregated funds is recognized as part of gross change in legal policy reserves in the statements of income.

The Group withdraws the cost of insurance and administrative charges from the consideration received from the policyholders in accordance with the provisions of the unit-linked insurance contracts. After deduction of these charges, the remaining amounts in fund assets are equal to the surrender value of the unit-linked policies, and are withdrawable anytime.

The investment returns on the insurance investment funds belong to policyholders and the Group does not bear the risk associated with these assets (outside of guarantees offered). Accordingly, investment income earned and expenses incurred by these funds and payments to policyholders have the same corresponding change in the reserve for unit-linked liabilities. Management fee income earned by the Parent Company for managing the insurance investment funds and the monthly load and cost of insurance charges are included in fee income.

Insurance investment funds primarily include investments in debt securities, equities, short-term investments and cash and cash equivalents. The methodology applied to determine the fair value of the investments held in these funds is consistent with that applied to investments held by general fund. Segregated fund liabilities is measured based on the value of the insurance investment funds attributable to the policyholders.

The equity of each unit-linked policyholder in the fund is monitored through the designation of outstanding units for each policy. Hence, the equity of each unit-linked insurance contract in the fund is equal to its total number of outstanding units multiplied by the net asset value per unit (NAVPU). The NAVPU is the market value of the fund divided by its total number of outstanding units.

Policy and contract claims payable
Claims payable includes the sum of the individual amounts that are due and have already been approved for payment but have not actually been paid as of the end of the reporting period. This also includes accrual of reported claims that are not yet approved for payment. This is recognized when due and measured on initial recognition at fair value. Subsequent to initial recognition, this is measured at amortized cost using the EIR method. This also includes provision for incurred but not reported losses.

Provision for Claims Reported and Incurred But Not Reported (IBNR) Losses
Provision for claims reported and IBNR losses are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the reporting date. The IBNR is calculated based on standard actuarial projection techniques or combination of such techniques, such as but not limited to the chain ladder method, the expected loss ratio approach, the Bornhuetter - Ferguson method. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

Provision for Unearned Premiums
The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as provision for unearned premiums. This is accounted for as "Provision for unearned premiums" as part of "Insurance contract liabilities" and presented in the liabilities section of the statement of financial position. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The change in the provision for unearned premiums is taken to profit or loss in order that revenue is recognized over the period of risk. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Other insurance contract liabilities
Other insurance contract liabilities include advanced or excess collections and unpaid policy related disbursements.

<u>Reinsurance</u>
The Group cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies for its share on the unpaid losses incurred by the Group. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. Reinsurance recoverable on paid losses are included as part of "Insurance receivables".

Reinsurance assets are reviewed for impairment at each end of the reporting period or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the statement of income.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for insurance contracts. Premiums and claims on assumed reinsurance are recognized in profit or loss as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

When the Group enters into a proportional treaty reinsurance agreement for ceding out its insurance business, the Group initially recognizes a liability at transaction price. Subsequent to initial recognition, the portion of the amount initially recognized as a liability which is presented as "Insurance payables" in the liabilities section of the statement of financial position will be withheld and recognized as "Funds held for reinsurers" and included as part of the "Insurance payables" in the liabilities section of the consolidated statement of financial position. The amount withheld is generally released after a year.

Deferred Acquisition Costs (DAC)
Commissions and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognized as expense when incurred.

Subsequent to initial recognition, these costs are amortized using the 24th method over the life of the contract. Amortization is charged against the profit or loss. The unamortized acquisition costs are shown as "Deferred acquisition costs" in the assets section of the statement of financial position.

An impairment review is performed at each end of the reporting period or more frequently when an indication of impairment arises. The carrying value is written down to the recoverable amount. The impairment loss is charged to profit or loss. DAC is also considered in the liability adequacy test for each end of the reporting period.

Foreign Currency-denominated Transaction and Translation
The consolidated financial statements are presented in Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate at the reporting date. All differences are taken to consolidated statement of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at reporting date, the assets and liabilities of subsidiaries whose functional currency is not the Philippines Peso are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the consolidated statement of income accounts are translated at monthly weighted average exchange rate. Likewise, the financials of the Group's associate whose functional currency is not the Philippine Peso that is accounted for under equity method are translated to the presentation currency of the Parent Company in a similar manner. The exchange differences arising on the *translation* are taken directly to a separate component of equity under "Cumulative translation adjustments" account.
Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

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

Defined benefit costs on the Group's defined benefit retirement plan are actuarially computed using the projected unit credit (PUC) valuation method. Under this method, the current service

cost is the present value of retirement benefits payable in the future with respect to the services rendered in the current period.
Defined benefit costs comprise the following:
(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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

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

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

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

Income Tax

Current tax

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

Deferred tax

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

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

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associate and interest in joint venture. With respect to investments in foreign subsidiaries, associate and interest in joint venture, deferred tax liabilities are recognized except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed by the end of each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be used. Unrecognized deferred tax assets are reassessed at the end of each financial reporting date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax assets to be recovered.

Deferred tax assets and 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 rates (and tax laws) that have been enacted or substantially enacted by the end of the financial reporting date.

Deferred tax relating to items recognized outside profit or loss are recognized in correlation to the underlying transactions either in other comprehensive income or directly in equity.

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

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company adjusted for the after-tax amounts of dividends on preferred stock by the weighted average number of common stock outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits.

Diluted EPS is computed by adjusting the net income attributable to ordinary equity holders of the Parent Company to reflect any changes from dilutive potential shares divided by the weighted average number of common stock outstanding during the year after giving retroactive effect for any stock dividends, stock splits or reverse stock splits and adjusted for the effects of all dilutive potential common stock.

The calculation of diluted EPS does not assume conversion, redemption, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. As there are no potential dilutive ordinary shares, basic and diluted EPS are stated at the same amount.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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

Segment Reporting
The Group's operating business are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 38.

Capital Stock
The Group records common stocks at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Treasury Shares
When the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity (Note 35).

Equity Reserve
Equity reserve consist of equity transactions other than capital contributions, such as equity transactions arising from transactions with NCI and difference between considerations paid or transferred and the net assets of the entity acquired through business combinations involving entities under common control.

Retained Earnings
Retained earnings represent accumulated earnings of the Group and any adjustment arising from application of new accounting standards, policies or corrections of errors applied retroactively less dividends declared. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by subsidiaries. Appropriated retained earnings are those that are restricted for planned investments and business expansion. Unappropriated retained earnings are those that can be allocated for specific purposes and can be distributed as dividend. Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares (Note 36).

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Group's position at the end of the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

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

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

<u>Judgment</u>

Determining control over an entity in which Parent Company holds less than majority of voting rights

The Parent Company has determined that with 48.18% equity interest in IPO, it continues to have control over IPO by virtue of its power to nominate majority of the members of the BOD of IPO thereby exercising control and supervision on IPO's operations as well as on its financing activities. Accordingly, the Parent Company assessed that IPO continues to be a subsidiary even though it owns less than 50% equity interest over IPO after the merger.

Determination of functional currency

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

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

The functional currency is Philippine peso as disclosed in Note 2.

Determination of lease term of contracts with renewal and termination options - Group as a lessee

The Group has several lease contracts that include extension and termination options. The Group applies judgement 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 to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to ten years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of land and office spaces with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised.

Recognition of schools and related operations fees over time

The Group determined that schools and related operations fees are to be recognized over time using the output method on the basis of time lapsed over the service period since it provides a faithful depiction of the Group's performance in transferring control of the services to the students. The fact that another entity would not need to re-perform the service that the Group has provided to date demonstrates that the customer or the student simultaneously receives and consumes the benefits of the Group's performance as it performs (Note 28).

Determination of significant influence on investment in an associate if ownership is less than 20%

Holding of less than 20% of voting rights is presumed not to give rise to significant influence unless it can be clearly demonstrated that there is in fact significant influence. The Parent Company is able to exercise significant influence for ownership less than 20% because it has an active participation in the policy-making process including operating decisions of the investee.

As of September 30, 2024 and December 31, 2023, the Parent Company holds 10% of interest in RRC. The Parent Company exercises significant influence in RRC since the Parent Company's President is the concurrent president of RRC. The president is also a member of the BOD. As such, the president of the Parent Company effectively has a participation in the policy-making process of RRC. Hence, the Parent Company is able to exercise significant influence even if ownership is less than 20%.

Combination of Entities under Common Control
A combination involving entities or businesses under common control is 'a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory'. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group.

The share swap transaction entered into by the Parent Company with PMMIC and GPLH for acquisition of insurance business were determined to be common control business combinations

<u>Estimates</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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 asset 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 the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱0.86 billion and ₱0.61 billion as of September 30, 2024 and December 31, 2023, respectively.

Fair value measurement of unquoted equity investments at FVOCI
The Group uses valuation techniques such as dividend discount model, adjusted net asset method, and others to estimate the fair value of unquoted investment. These valuation techniques require significant unobservable inputs to calculate the fair value of the Group's unquoted equity investments at FVOCI. These inputs include appraised value of real properties, discount rates, among others. Changes in assumptions relating to these factors could affect the reported fair value of these unquoted equity financial instruments.

The fair value of unquoted equity investments amounted to ₱1.83 billion and ₱1.59 billion as of September 30, 2024 and December 31, 2023, respectively (see Note 15).

Provision for expected credit losses of trade receivables and contract assets
The Group uses the simplified approach in calculating the ECL of its trade receivables and contract assets wherein the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The model is based on the Group's historical default rates and adjusted to include forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

Valuation of land under revaluation basis
The Group's parcels of land are carried at revalued amounts. The valuations of these parcels of land were performed by SEC accredited independent appraisers and were determined using the market approach. Significant adjustments to inputs used in determining the fair value of land such as location and utility could affect the appraised value of the assets.

Land carried under revaluation basis amounted to ₱15.47 billion as of September 30, 2024 and December 31, 2023, respectively.

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets other than goodwill and intellectual property rights whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for overall business, and significant negative industry or economic trends.

Impairment of Goodwill and Intellectual property rights are assessed at least on an annual basis. In assessing the impairment, the Group determines the recoverable amount using value in use with detailed disclosures made in Notes 21 and 22.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As to the Group's property and equipment, right-of-use asset and goodwill, no impairment loss was recognized for the period ended September 30, 2024 and December 31, 2023.

Impairment of Student relationship and Intellectual property rights are assessed at least on an annual basis. In assessing the impairment, the Group determines the recoverable amount using value in use with detailed disclosures made in Note 21 and 22.

Estimation of retirement benefits
The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates which were disclosed in Note 35. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement and other obligations.

Retirement assets amounted to ₱24.79 million and ₱21.30 million as of September 30, 2024 and December 31, 2023, respectively whereas retirement liabilities amounted to ₱667.14 million and ₱684.97 million as of September 30, 2024 and December 31, 2023.

Realizability of deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Where there is no absolute assurance that each legal entity in the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized, deferred tax assets are not recognized.

Classification of CWT
The Group classify its CWT as current when it is expected to be realized (e.g., will be used as tax credit against income taxes due) for at least twelve months after the reporting period. The portion of CWT that is expected to be realized after twelve months after the reporting period is classified as noncurrent.

CWT recognized by the Group are disclosed in Notes 15 and 22 to the consolidated financial statements.

Provisions and contingencies
The Group is currently involved in various proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group’s defense in these matters and is based upon an analysis of potential results. The Management does not believe that these proceedings will have a material adverse effect on the Group’s financial statement because management and its legal counsels believe that the Group has substantial legal and factual bases for its position.

6. **Deconsolidation of a Subsidiary Arising from Loss of Control**

On April 26, 2023, the Parent Company sold 207,256,297 common shares, representing 20% of its outstanding shares in EEI Corporation (“EEI”) for a total consideration of ₱1.25 billion. Total holdings after the sale were reduced from 55.34% to 35.34%.

On May 22, 2023, the Parent Company sold 148,664,942 common shares representing 14.34% of the outstanding shares of EEI which further reduced the holdings of the Parent Company to 21%.

Impact on the Parent Financial Statements
The Parent Company recognized total gain on the sale amounting to ₱1,143.81 million, based on the difference between the cash proceeds and acquisition cost of the investment sold.

Impact on the Consolidated Financial Statements
The sale in April 2023, which is measured based on the difference between the transaction price (i.e., ₱6.03 per share) and carrying amount of the net assets of the subsidiary at the consolidation level (i.e., ₱7.28 per share), resulted to a loss of ₱715.90 million.

The remaining investment of 35.34% was accounted for as an investment in associate, and was revalued at ₱6.03 per share.

The Parent Company recognized gain on bargain purchase amounting to ₱234.95 million arising from the difference between the fair value of the investment recognized and the share in the fair value of the net assets of EEI as of transaction date (*Note 4- 'Day 1' difference*).

Fair value of retained investment		₱2,209,143,065
Fair value of acquired net assets of EEI		
Contract Assets	₱10,159,253,306	
Accounts Receivable	3,312,770,599	
Cash and cash equivalents	2,469,223,402	
Property and Equipment	2,332,744,104	
Other Assets	11,930,326,226	
Loans payable	(4,600,000,000)	
Long-term debt	(5,508,339,253)	
Accounts Payable and other expenses	(5,560,062,222)	
Other Liabilities	(1,665,383,731)	
Fair value of net assets	₱12,870,532,430	
Less: Share of other shareholders	(10,426,434,515)	2,444,097,914
Gain on bargain purchase		**₱234,954,849**

The fair value of the identifiable assets and liabilities of EEI as at April 26, 2023 were based on the provisional assessment of fair value pending completion of independent valuation of the net assets of EEI. If new information obtained within one year of the transaction date about facts and circumstances that existed at the transaction date identifies adjustments to the above amounts, or any additional provisions that existed at the transaction date, then the fair value of the net assets of EEI will be updated.

This revaluation, including the gain recognized on the second sale transaction, have tempered the impact of the loss on disposal of the investment by the Parent Company.

The net loss on the disposal of investments pending completion of independent valuation is as follows:

Loss from Deconsolidation	(₱715,896,914)
Gain on bargain purchase (Day 1 difference)	234,954,849
Gain on disposal of investment (14.34%)	75,496,882
Net Loss on Disposal of Investment (Note 30)	**(₱405,445,182)**

7. **Deconsolidated Operations**

On April 26, 2023, the Parent Company partially sold its investment in EEI resulting to a loss of control over the subsidiary (See Note 6). The comparative consolidated statement of income has been re-stated to show the deconsolidated operations separately from continuing operations.

The results of the deconsolidated operations were as follows:

	Quarter Ended September 30		
	2023*	2022	2021
Deconsolidated Operations			
REVENUE	**₱5,175,639,044**	₱6,277,349,586	₱8,545,782
COSTS OF SALES AND SERVICES	**4,618,644,245**	5,628,861,531	7,511,857,964
GROSS PROFIT (LOSS)	**556,994,799**	648,488,055	1,033,627,818
GENERAL AND ADMINISTRATIVE EXPENSES	**(417,997,279)**	(732,299,934)	(700,096,565)
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	**(370,555,229)**	401,354,361	390,420,087
INTEREST AND FINANCE CHARGES	**(220,367,253)**	(217,443,541)	(247,481,379)
OTHER INCOME	**25,841,481**	46,328,168	49,828,187
INCOME (LOSS) FROM DECONSOLIDATED OPERATIONS BEFORE INCOME TAX	**(426,083,481)**	146,427,109	526,298,148
PROVISION FOR (BENEFIT FROM) INCOME TAX	**21,627,752**	23,339,268	202,239,500
NET INCOME (LOSS) FROM DECONSOLIDATED OPERATIONS	**(₱447,711,233)**	₱123,087,841	₱324,058,648

**Represents period activity prior to the sale on April 26, 2023*

8. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand and in banks	**₱2,917,540,655**	₱4,088,226,039
Cash equivalents	**3,134,922,392**	2,544,822,180
	6,052,463,047	6,633,048,219
Less: allowance for impairment loss	**414**	414
	₱6,052,462,633	₱6,633,047,805

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents have terms with varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earns annual interest at the respective rates.

Interest income from cash in banks and short-term investments amounted to ₱1,368.73 million, ₱105.18 million, and ₱21.11 million for the period ended September 30, 2024, 2023 and 2022, respectively (see Note 30).

The rollforward analysis of allowance for impairment losses on cash and cash equivalents follows:

	2024	2023
Balance at beginning of period	**₱–**	₱–
Effect of common control business combination	**414**	414
Balance at end of period	**₱414**	₱414

9. Receivables

This account consists of:

	2024	2023
Trade		
Insurance	**₱7,929,028,539**	₱8,963,874,319
Education	**2,357,287,597**	1,666,380,234
Car dealership	**953,219,949**	467,109,694
Other services	**404,240,761**	224,105,184
Other receivables		
Accrued interest receivable	**441,856,172**	440,916,539
Advances to officers and employees	**58,570,431**	67,317,730
Dividends receivable	**33,697,013**	28,215,273
Accrued referral incentives	**27,508,140**	5,027,224
Receivables from car plant	**27,017,512**	49,813,875
Advances to suppliers and contractors	**19,700,226**	71,921,327
Receivable from customers	**6,224,589**	6,493,760
Others	**61,972,473**	170,334,245
	12,320,323,402	12,161,509,404
Less allowance for impairment	**609,686,050**	475,834,793
	₱11,710,637,352	₱11,685,674,611

Trade receivables
The trade receivables are noninterest-bearing and collectible within one (1) year which consists of the following:

Insurance receivables
Insurance receivables consists of premiums due and uncollected premiums on in-force policies which are collectible within the Group's grace period, as well as premiums receivable for assumed business from other insurance and reinsurance companies.

Receivables from education
Receivables from education represent amounts arising from tuition and other matriculation fees which are normally collected at end of every school term before the students can proceed to the next term. This also includes receivable from Department of Education amounting to ₱268.5 million and ₱240.6 million as at September 30, 2024 and December 31, 2023, respectively, arising from the Senior High School (SHS) Voucher Program wherein qualified SHS students are given assistance on tuition fees. These receivables are noninterest-bearing and are generally collectible within one year.

Receivables from car dealership / automotive
Receivables from car dealership represent amounts arising from the sale of car, parts and accessories and services collectible within 30 days.
Receivables from other services
Receivables from other services represent amounts arising from management and consultancy services provided by the Group generally collectible within 30 days.

No trade receivables were used as collaterals to secure obligations as of September 30, 2024 and December 31, 2023.

Other receivables
Advances to officers and employees are interest-bearing and repaid on a monthly basis through salary deductions.

Receivable from customers
In 2017, certain trade receivables were reclassified as interest-bearing trade receivables after the Group and the customers agreed to extend the credit terms. These receivables bear interest of 5% per annum and will be repaid in five (5) years' time.

Receivables classified as "Others" consist of interest, commissions, and various receivables.

10. Segregated funds

Segregated fund assets
The group issues unit-linked insurance contracts. Premiums received from issuance of unit-linked insurance contracts are recognized as premium revenue. The consideration received from policyholders that are transferred to the segregated funds is recognized as part of the gross change in legal policy reserves in the statement of income. Cost of insurance and administrative charges are withdrawn from the consideration received from policyholders in accordance with the provisions of the unit-linked insurance contracts. After deduction of these charges, the remaining amounts in the fund assets are equal to the surrender value of unit-linked policies and are withdrawable anytime.

This account consists of the following:

	2024	2023
Variable-unit linked fund	**₱43,321,395,528**	₱37,498,338,513
GEM trust fund	**74,578,922**	71,646,712
	₱43,395,974,450	₱37,569,985,225

Subscriptions allocated to unit-linked funds represent the investment portion of variable unit-linked policies issued by the Group which were subsequently invested to unit-linked funds at the discretion of the policyholder.

The Group issues variable unit-linked insurance contracts where payments to policyholders are linked to internal investment funds set up.

11. Reinsurance Assets

This account consists of:

	2024	2023
Reinsurance recoverable on unpaid losses	**₱25,349,723,052**	₱27,625,857,042
Deferred reinsurance premiums	**(4,229,686,812)**	(3,395,458,957)
	₱21,120,036,240	₱24,230,398,085

Reinsurance recoverable on unpaid losses represents balances due from reinsurance companies.

Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

12. Inventories

This account consists of:

	2024	2023
Merchandise:		
Automotive units	**₱380,202,083**	₱420,960,715
Parts, service materials and accessories	**149,841,347**	110,973,384
Others	**655,990**	693,543
Subtotal	**530,699,420**	532,627,643
Less: Allowance for inventory obsolescence	**42,263,387**	35,966,256
	₱488,436,033	₱496,661,387

Merchandise includes automotive units, parts and accessories, food and beverages, bookstore inventory, among others.

The Group recognizes inventory write-down whenever the NRV of the existing inventories is lower than its cost.

The rollforward of allowance for inventory obsolescence is as follows:

	2024	2023
Balance at beginning of year	**₱35,966,256**	₱43,656,744
Provision (Recoveries) (Note 33)	**6,297,131**	651,220
Write-off	**–**	–
Impairment balance	**42,263,387**	44,307,964
Effect of deconsolidated operations	**–**	(8,341,709)
Balance at end of year	**₱42,263,387**	₱35,966,256

No inventories were pledged as security to obligations as of June 30, 2024 and December 31, 2023.

13. Loans receivable

This account consists of:

	2024	2023
Policy loans	**₱589,315,906**	₱670,968,139
Due from:		
Held for trust	**1,348,371,089**	1,109,164,285
Agents	**7,365,653**	4,080,475
GEM trust fund	**739,817**	2,474,625
Others	**131,408,733**	85,324,043
	2,077,201,198	1,872,011,567
Less: Allowance for impairment	**5,612,952**	6,200,460
	₱2,071,588,246	₱1,865,811,107

The rollforward of allowance for impairment of loans receivable is as follows:

	2024	2023
Balance at beginning of year	**₱6,200,460**	₱–
Provisions (Recovery)	**(587,508)**	–
Effect of common control business combination	–	6,200,460
Balance at end of year	**₱5,612,952**	₱6,200,460

14. Assets Held for Sale

This account consists of:

	2024	2023
Investment in EEI	**₱–**	₱337,378,019
Real estate property for sale	**71,441,198**	71,441,198
	₱71,441,198	₱408,819,217

As of December 31, 2023, the Group classified 4.5% interest in EEI as "Asset Held for Sale" and remeasured at fair value less cost of disposal of ₱337.38 million. The transaction was accounted as noncash investing activity in the 2023 Parent Company statement of cash flows. The asset was subsequently sold on January 5, 2024.

Real estate properties for sale consist of condominium units and memorial lots.

15. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
CWTs	**₱1,409,429,997**	₱1,151,877,069
Prepaid expenses	**469,679,845**	344,013,281
Short-term investments	**368,832,167**	279,406,974
Input VAT	**280,608,162**	68,071,124
Miscellaneous deposits	**76,521,635**	28,779,489
Unused supplies	**44,086,585**	18,480,867
Prepaid taxes	**14,702,046**	117,987,103
Others	**273,495,845**	107,687,784
Subtotal	**2,937,356,282**	2,116,303,691
Less allowance for impairment	**55,395,197**	55,395,197
	₱2,881,961,085	₱2,060,908,494

CWTs pertain to unutilized creditable withholding tax which will be used as tax credit against income taxes due. CWTs classified as current in 2023 are assessed to be utilized in 2024.

Prepaid expenses mainly include prepayments for membership fees, subscriptions, rentals and insurance, among others.

Short-term investments earn interest at the prevailing investment rates and have maturity of less than one year. These include investments held for government and private entities for the purpose of undertaking socio-economic studies and development projects.

Miscellaneous deposits mainly represent the Group's refundable rental, utilities and guarantee deposits on various machinery and equipment items.

Advances to suppliers and contractors represent down payment to subcontractors for the contract work to be performed and advance payment for the purchase of various construction materials.

Others include various deposits and other supplies, among others.

16. Financial Assets

Financial assets at fair value through profit or loss (FVTPL)

This account consists of:

	2024	2023
Private debt securities	**₱6,431,098,407**	₱5,079,585,973
Funds	**1,114,173,075**	999,177,914
Quoted Equity Shares	**320,208,455**	264,206,464
Government debt securities	**87,165,545**	80,011,439
	₱7,952,645,482	₱6,422,981,790

The calculated range of fair values are based on the following combination of inputs/ methodologies:

- Underlying index's volatility
- Reference entity's credit risk
- Discount rate

Financial assets at fair value through other comprehensive income (FVOCI)

This account consists of:

	2024	2023
Government debt securities	**₱16,205,833,968**	₱14,724,390,600
Private debt securities	**3,053,137,867**	2,789,119,645
Quoted shares	**4,560,535,903**	3,747,999,636
Unquoted shares	**1,831,739,792**	1,586,480,523
	₱25,651,247,530	₱22,847,990,404

Dividend earned from equity investments at FVOCI amounted to ₱164.14 million, ₱2.54 million and ₱0.33 million in period ending September 30, 2024, 2023, and 2022, respectively (Note 30).

No equity investments at FVOCI were pledged as security to obligations as of September 30, 2024 and December 31, 2023.

Investment securities at amortized cost

This account consists of:

	2024	2023
Government debt securities	**₱4,069,337,294**	₱3,001,817,643
Private debt securities	**259,195,255**	310,958,660
	₱4,328,532,549	₱3,312,776,303

No financial assets (FVTPL, FVOCI, Amortized cost) were pledged as security to obligations as of September 30, 2024 and December 31, 2023.

17. Investments in Associates and Joint Ventures

The rollforward analysis of this account follows:

	2024	2023
Acquisition cost:		
Balance at beginning of year	**₱4,281,066,470**	₱4,283,885,786
Additions	**174,432,352**	3,296,378,483
Disposal	**(567,739,070)**	(1,686,664,911)
Reclassification to FVOCI	**(1,041,974,502)**	–
Effect of deconsolidation of a subsidiary	–	(1,612,532,888)
Balance at end of year	**2,845,785,250**	4,281,066,470
Accumulated impairment loss	**(364,312,330)**	(364,312,330)
Accumulated equity in net earnings:		
Balance at beginning of year	**2,092,762,160**	3,622,376,692
Equity in net earnings	**145,502,991**	116,716,080
Dividend received	**(77,525,045)**	(97,429,815)
Reclassification to FVOCI	**271,780,979**	–
Effect of deconsolidation of a subsidiary	–	(1,548,900,797)
Balance at end of year	**2,432,521,085**	2,092,762,160
Share in other comprehensive gain (loss) of an associate:		
Cumulative translation adjustments	**34,291,794**	46,376,718
Remeasurement gain (loss) on retirement liability	**(3,706,031)**	(32,203,598)
Revaluation increment	–	75,107,937
Changes in fair value of investments carried at FVOCI	**318,524**	(78,957,186)
	30,904,287	10,323,871
	₱4,944,898,292	₱6,019,840,170

Holding of less than 20% voting rights is presumed not to give rise to significant influence. As such, the carrying value of the remaining investment has to be remeasured at fair value. Any difference is recognized as gain or loss.

On January 5, 2024, the Parent Company sold 4.5% of its investment in EEI, thus reducing its overall holdings to 16.5%.

The remaining investment which has a carrying value of ₱1,313.74 million, was remeasured based on its market price as of the time of sale. The difference between the carrying value and fair value, amounting to ₱245.05 million, was recognized as remeasurement loss as of September 30, 2024.

As of September 30, 2024 and December 31, 2023, no investments in associates were pledged as security to obligations.

18. **Investment Properties**

The rollforward analysis of this account follows:

	2024	2023
Cost:		
Balance at beginning of year	**₱11,010,049,133**	₱8,137,011,850
Additions	**2,740,800**	2,737,129,912
Effect of common control business combination	–	150,403,582
Effect of deconsolidation of a subsidiary	–	(14,496,211)
Disposals	**(1,100,000)**	–
Balance as of the period	**11,011,689,933**	11,010,049,133
Accumulated depreciation:		
Balance at beginning of year	**185,660,228**	27,849,023
Depreciation	**76,826,080**	95,735,543
Effect of common control business combination	–	62,276,162
Deconsolidation	–	(200,500)
Balance as of the period	**262,486,308**	185,660,228
	₱10,749,203,625	₱10,824,388,905

Properties classified as investment properties include the following:

- Parcel of land located in Makati owned by SLRHSI with the carrying value of ₱1,961.07 million.
- Heritage lots held for capital appreciation of the Parent Company amounted to ₱0.6 million.
- Parcel of land, building, building improvements and machinery and equipment situated in Taguig City owned by ATYC with carrying value of ₱6,132.04 million.
- Parcel of land located in Tarlac with carrying value of ₱2,673.17 million acquired by the Group in 2023. The acquisition includes cash paid in 2023 amounting to ₱534.63 million and the balance for installment payment is treated as noncash investing activity in the 2023 consolidated statement of cashflow. As of September 30, 2024 and December 31, 2023, the installment payable consist of the following:

	2024	2023
Current	**₱669,152,694**	₱669,152,694
Noncurrent	**1,469,381,226**	1,469,381,226
	₱2,138,533,920	₱2,138,533,920

As of September 30, 2024 and December 31, 2023, the aggregate fair values of land amounted to ₱15.06 billion, which was determined based on valuation performed by an independent SEC accredited appraiser in 2023. The fair value of the land was determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets and adjusted to reflect differences on size, and shape (Level 3 – Significant unobservable inputs).

Rental income derived from the investment properties amounted to ₱561.04 million, ₱542.57 million, and ₱0.3 million in 2024, 2023 and 2022, respectively. Total direct expenses incurred in relation to these investment properties amounted to ₱213.52 million, ₱203.25 million in 2024, 2023 and nil in 2022, respectively.

None of the investment properties were pledged as a security to obligations as of September 30, 2024 and December 31, 2023.

19. Property and Equipment

Property and equipment at revalued amount

Movements in the revalued land are as follows:

	2024	2023
Balance at beginning of year	**₱15,469,825,819**	₱9,875,430,377
Change in revaluation increment	–	2,264,799,250
Transfer to retained earnings	–	(18,948,731)
Effect of common control business combination	–	4,194,991,649
Effect of deconsolidation of a subsidiary	–	(846,446,726)
Balance at end of year	**₱15,469,825,819**	₱15,469,825,819

Land at revalued amounts consists of owner-occupied property wherein the school buildings, car dealership showroom, and other facilities are located.

Property and equipment at cost:

The rollforward analysis of this account follows:

	2024	2023
Cost		
Land, Buildings and Improvements	**₱7,631,230,369**	₱7,655,283,987
Machinery, Tools & Construction Equipment	**485,591,801**	21,738,017
Transportation & Service Equipment	**722,473,785**	641,410,846
Furniture, Fixtures & Office Equipment	**4,670,572,104**	4,625,124,913
	13,509,868,059	12,943,557,762
Less: Accumulated Depreciation	**(8,060,655,063)**	(7,694,596,350)
	5,449,212,996	5,248,961,412
Construction in Progress	**2,930,232,286**	1,824,567,341
Net book value	**₱8,379,445,282**	₱7,073,528,753

None of the property and equipment were pledged as a security to obligations as of September 30, 2024 and December 31, 2023.

20. Deferred Acquisition Costs - net

As of September 30, 2024 and December 31, 2023, details of deferred acquisition costs net of deferred reinsurance commissions follow:

	2024	2023
Balance at beginning of year	**₱499,447,146**	₱534,830,876
Costs deferred during the year	**1,057,005,238**	1,319,836,389
Amortized during the year	**(1,048,904,326)**	(1,355,220,119)
Deferred acquisition costs	**₱507,548,058**	₱499,447,146
Balance at beginning of year	**₱198,267,206**	₱301,405,175
Costs deferred during the year	**376,636,963**	413,253,913
Amortized during the year	**(354,773,569)**	(516,391,882)
Deferred reinsurance commissions	**220,130,600**	198,267,206
Deferred acquisition costs - net	**₱287,417,458**	₱301,179,940

21. **Goodwill**

The carrying amount of goodwill allocated to each of the CGUs follows:

	2024	2023
IPO	**₱32,644,808**	₱32,644,808
MESI	**137,583,345**	137,583,345
Business combination of IPO and AEI	**13,742,260**	13,742,260
	₱183,970,413	₱183,970,413

<u>Goodwill of IPO</u>
Management determined that the recoverable amount of the goodwill balance of IPO were fair values less costs of disposal wherein the fair values are the quoted prices of the shares of stocks of IPO in the Philippine Stock Exchange as of March 31, 2024 and December 31, 2023 and incorporated control premium in the said fair values (Level 3 – Significant unobservable inputs). Management assessed that the costs of disposal, which mainly consist of the stock transaction tax, brokers' commission and transaction fee with the stock exchange to be insignificant.

In 2024 and 2023, management assessed that the recoverable amount of the goodwill balances exceeds their carrying values, thus, no impairment loss should be recognized.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of CGU to which the goodwill was attributed to materially exceed its recoverable amount.

<u>Goodwill of MESI</u>
The goodwill recognized in the consolidated statement of financial position amounting ₱137.85 million as of March 31, 2024 and December 31, 2023 pertains to the excess of the acquisition cost over the fair values of the net assets of MESI acquired by the Group through IPO in 1999.

In 2024 and 2023, Management assessed that the recoverable amount of the goodwill balances exceeds their carrying values, thus, no impairment loss should be recognized.

Key assumptions used in the value in use (VIU) calculation
The Group performed impairment testing on goodwill arising from acquisition of MESI wherein MESI was considered as the CGU. No impairment testing was done on the goodwill from business combination of IPO and AEI amounting to ₱13.5 million goodwill as the Group assessed it as not material to the consolidated financial statements. In 2024, 2023 and 2022, management assessed that no impairment loss should be recognized.

Key assumptions used in the value in use (VIU) calculation
As at March 31, 2024 and December 31, 2023, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections. Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenues and revenue growth rates. Cash flow projections based on financial budgets approved by management and the BOD covering a five-year period.
- Long-term growth rates (4.66% for 2024 and 2023). The long-term growth rate considers the historical growth rate of MESI and the long-term growth rate for the education industry sector.

- Discount rate (11.4% for 2024 and 2023). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to comparable listed companies in the educational sector.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

Goodwill arising from Business Combination
With the effectivity of the merger on May 2, 2019 between IPO and AC Education, Inc. (AEI), the wholly owned education arm of Ayala Corporation (AC), IPO became 48.18% owned by HI and 33.5% owned by AC.

As a result of the merger, IPO issued to AC an aggregate of 295,329,976 shares with par value of ₱1.0 per share for a total fair value of ₱3,591.21 million based on IPO's quoted closing rate per share as of May 2, 2019 in exchange for the transfer of the net assets of AEI. The excess of the fair value of shares issued over the par value was recognized as additional paid-in capital.

The IPO Group recognized the following intangible assets in 2019 as a result of the merger (amount in thousands):

Intellectual property rights	₱523,103
Student relationship	116,009
Goodwill	13,472
	₱652,584

Intellectual property rights have infinite life and the student relationship have an estimated useful life of 5 years to 7 years based on the contractual relationship between the school entities and its students. These assets are attributed from the acquisition of operating schools NTC, APEC and UNC.

Intellectual Property Rights
As of September 30, 2024 and December 31, 2023, the Group performed impairment testing on intellectual property rights using the income approach (royalty relief method) wherein recoverable value is computed based on royalty savings. Key assumptions used are as follows:

- Revenue projections and long-term growth rate (3% for 2024 and 2023). Revenue projections based on financial budgets approved by management and the BOD. The long-term growth rate considers the expected growth rate in the education industry sector.
- Discount rates (14% to 16% for 2024 and 2023). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to comparable listed companies in the educational sector.
- Royalty rates (0.5% to 5% for 2024 and 2023). This is based on the publicly available information on franchising of educational institutions in the Philippines, with consideration on the operational risk of the involved entity.

The Group's impairment testing resulted to the recognition of ₱32.8 million and ₱32.2 million impairment loss on intellectual property rights of APEC in 2023 and 2022, respectively (nil in 2021). The carrying value of intellectual property rights as of December 31, 2023 and 2022 amounted to ₱458.1 million and ₱490.9 million, respectively (Note 22).

Student Relationship
The carrying value and movement of student relationship as of September 30, 2024 and for the year ended December 31 follows (amount in thousands):

	2024	2023
Cost from business combination	**₱116,009**	₱116,009
Accumulated amortization:		
Beginning balance	**(109,977)**	(105,250)
Amortization and impairment	**(2,296)**	(4,727)
Ending balance	**(112,272)**	(109,977)
Balance at end of the year	**₱3,736**	₱6,032

Amortization amounted to ₱2.30 million in 2024 and ₱4.73 million in 2023.

22. Other Noncurrent Assets

This account consists of:

	2024	2023
Intellectual property rights (Note 21)	**₱458,110,748**	₱458,110,748
Deferred Input VAT	**338,821,463**	207,771,335
CWT – net of current portion	**119,313,582**	119,313,582
Miscellaneous deposit	**64,672,305**	88,608,854
Accrued rent income	**61,108,406**	43,986,195
Computer software	**25,426,996**	26,289,885
Student relationship	**3,736,336**	6,032,200
Others	**52,038,893**	51,988,313
	₱1,123,228,729	₱1,002,101,112

Intellectual property rights and student relationship are the intangible assets acquired in May 2019 through the merger between IPO and AC Education, Inc. (AEI), the wholly owned education arm of Ayala Corporation (see Note 21).

Miscellaneous deposits include rental and security deposits.

Rollforward of computer software follows:

	2024	2023
Cost		
Balance at beginning of year	**₱157,085,574**	₱181,358,988
Additions	**14,190,595**	13,519,989
Effect of deconsolidation of a subsidiary	**–**	(37,793,403)
Balance at end of year	**171,276,169**	157,085,574
Accumulated Amortization		
Balance at beginning of year	**130,795,689**	149,902,962
Amortization	**15,053,484**	13,992,941
Effect of deconsolidation of a subsidiary	**–**	(33,100,214)
Balance at end of year	**145,849,173**	130,795,689
Net Book Value	**₱25,426,996**	₱26,289,885

23. Accounts Payable and Other Current Liabilities

This account consists of:

	2024	2023
Accounts payable	**₱2,332,315,351**	₱2,270,094,120
Accrued expenses	**1,406,634,740**	1,058,458,191
Commission payable	**1,179,813,220**	1,141,072,692
Output tax payable	**1,269,294,192**	1,191,321,223
Installment payable - current portion (Note 19)	**669,152,694**	669,152,694
Withholding taxes and others	**580,391,067**	781,976,568
Customer’s deposit	**580,997,404**	191,136,923
Reserve for guards	**70,030,527**	58,260,486
Provisions	**173,215,935**	169,749,510
Dividends payable	**25,043,357**	2,749,371
SSS and other contributions	**18,524,629**	13,580,558
Payable to land transportation office	**8,980,810**	2,999,917
Chattel mortgage payable	**1,676,531**	21,806,979
Miscellaneous payables	**235,122,660**	77,492,844
	₱8,551,193,117	₱7,649,852,076

Accounts payable pertains to the Group’s obligation to local suppliers. The normal trade credit terms of accounts payable and accrued expenses of the Group are expected to be settled within the next twelve (12) months.

Accrued expenses consist of:

	2024	2023
Salaries and wages	**₱407,293,492**	₱418,169,860
Utilities expenses	**391,075,143**	187,125,732
Interest	**19,673,848**	74,516,146
Payable to suppliers	**65,351,848**	125,963,000
Security services	**46,569,247**	17,477,734
Accrued insurance	**16,002,135**	46,343,086
Professional fees	**21,244,778**	8,837,560
Others	**439,424,249**	180,025,073
	₱1,406,634,740	₱1,058,458,191

Other accrued expenses mainly consist of accrual for professional fees, outside services, utilities and other expenses that are expected to be settled within one year.

Provisions were provided for claims by third parties in the ordinary course of business. As allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided as the disclosure of additional details beyond the present disclosures may prejudice the Group’s position and negotiation strategies with respect to these matters.

24. Loans Payable

The Group availed loans from local banks. These loans are uncollateralized and short-term in nature. These loans have terms up to 1 year and bears interest ranging from 5.50% to 7.65%.

Movements in loans payable during the period ended follow:

	2024	2023
Balance at beginning of year	**₱3,971,142,021**	₱8,217,000,000
Availments	**2,877,398,151**	3,175,000,000
Payments	**(2,310,948,003)**	(4,020,857,979)
Effect of deconsolidation of a subsidiary	**-**	(3,400,000,000)
Balance at end of year	**₱4,537,592,169**	₱3,971,142,021

25. **Long-term Debt**

Movements in the account follow:

	2024	2023
Balance at beginning of year	**₱2,741,811,250**	₱9,031,523,279
Availments	**–**	–
Payments	**(24,430,200)**	(1,532,573,600)
Effect of deconsolidation of a subsidiary	–	(4,766,185,810)
Transaction costs	**4,548,750**	9,047,381
Balance at end of year	**2,721,929,800**	2,741,811,250
Less current portion	**(8,143,400)**	(32,573,600)
	₱2,713,786,400	₱2,709,237,650

IPO
Unsecured
The Group, through NTC, entered into a 10-year unsecured term loan facility with a third-party local bank for ₱650.0 million to finance its building refurbishment and/or expansion (see Note 10). The principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2020, total drawdown from the long-term loan facility amounted to ₱380 million. As of September 30, 2024 and December 31, 2023, the loan is subject to 5.5% fixed rate.

The loan is subject to certain covenants including maintaining a maximum debt-to-equity structure ratio (D:E ratio) of 3:1. As of September 30, 2024 and December 31, 2023, NTC has complied with its covenant obligations, including maintaining the required D:E ratio.

ATYC
On September 29, 2022, ATYC received ₱2.4 billion proceeds from the issuance of promissory note to RCBC that bears annual interest of 6.04%. The promissory note matures within three (3) years from the date of issuance.

The aforementioned loans require the Group to maintain certain financial ratios such as debt to equity ratio, current ratio and debt service coverage ratio calculated based on stipulation with the lender banks. As of September 30, 2024 and December 31, 2023, the Group was in compliance with all other loan covenants.

26. Contract Liabilities

Details of the Group's contract liabilities as of September 30, 2024 and December 31, 2023 are shown below.

	2024	2023
Current		
Education	**₱1,678,392,369**	₱978,261,397
Leasing	**175,553,522**	168,928,051
Total current contract liabilities	**₱1,853,945,891**	₱1,147,189,447
Noncurrent		
Leasing	**₱106,511,815**	₱124,339,470
Construction	**–**	–
Total noncurrent contract liabilities	**106,511,815**	124,339,470
Total contract liabilities	**₱1,960,457,706**	₱1,271,528,917

Contract liabilities from construction and infrastructure segment consist of down payments received in relation to construction contracts that will be recognized as revenue in the future as the Group satisfies its performance obligations.

Contract liabilities from education segment represent the unearned tuition fees and will be recognized as revenue when the related educational services are rendered. Contract liabilities related to the remaining performance obligations of the education segment are generally recognizable within one (1) year.

27. Insurance Contract Liabilities

This account consists of:

	2024	2023
Claims reported and IBNR	**₱20,900,955,165**	₱23,658,454,852
Legal policy reserves - net	**15,595,935,363**	13,405,176,560
Provision for unearned premiums	**7,374,441,804**	7,070,743,214
Insurance payables	**3,084,837,963**	5,079,139,199
Policy and contract claims payable	**1,591,703,604**	1,476,003,441
Premium deposit fund	**430,762,610**	445,561,530
Policyholders' dividends	**387,707,123**	313,648,287
Total insurance contract liabilities	**49,366,343,632**	51,448,727,082
Current contract liabilities	**33,693,793,026**	37,422,659,896
Noncurrent contract liabilities	**₱15,672,550,606**	₱14,026,067,186

28. Revenues

Set out below is the disaggregation of the Group's revenue from contracts with customers for the period ended September 30:

	January 1 to September 30		
	2024	2023	2022
Revenue from sale of goods	**₱3,861,936,942**	₱3,335,872,527	₱3,107,448,616
Revenue from sale of services	**18,009,178,348**	1,318,472,998	705,616,151
Revenue from school and related operations	**3,767,285,155**	3,107,257,793	2,755,954,206
	₱25,638,400,445	₱7,761,603,318	₱6,569,018,973

Details of revenues from sale of services:

	January 1 to September 30		
	2024	2023	2022
Financial services	**₱16,328,701,109**	₱–	₱–
Automotive	**629,113,579**	562,337,014	465,926,130
Property and property services	**875,518,143**	746,343,063	195,183,625
Others	**175,845,518**	9,792,921	44,506,396
	₱18,009,178,348	₱1,318,472,998	₱705,616,151

29. Cost of Sales and Services

This account consists of:

	January 1 to September 30		
	2024	2023	2022
Cost of merchandise sold	**₱3,771,886,849**	₱3,199,701,459	₱2,942,422,718
Cost of services	**14,851,997,995**	513,501,562	283,235,804
Cost of school and related operations	**2,434,481,093**	2,042,916,281	1,556,830,944
	₱21,058,365,937	₱5,756,119,302	₱4,782,489,466

Details of the Cost of Merchandise sold follows:

	January 1 to September 30		
	2024	2023	2022
Inventory, beginning	**₱496,661,387**	₱1,502,027,586	₱1,728,364,681
Purchases	**3,763,661,495**	2,268,593,076	2,609,855,475
Total goods available for sale	**4,260,322,882**	3,770,620,662	4,338,220,156
Less inventory end	**488,436,033**	570,919,203	1,395,797,438
Cost of inventories sold	**₱3,771,886,849**	₱3,199,701,459	₱2,942,422,718

Details of the Cost of School and Related Operations follows:

	January 1 to September 30		
	2024	2023	2022
Personnel expenses	**₱1,053,901,047**	₱887,080,190	₱775,500,531
Depreciation and amortization (Notes 13 and 14)	**333,527,673**	332,515,110	257,856,016
Student-related expenses	**175,197,682**	131,109,663	94,604,700
Management and other professional fees	**166,030,939**	149,646,691	94,767,796
IT expense - software license	**162,408,565**	110,080,229	76,004,998
Periodicals	**128,383,413**	114,544,315	70,862,764
Utilities	**109,085,164**	102,786,442	49,605,916
Advertising	**93,694,431**	49,029,630	30,555,382
Research and development fund	**38,695,653**	23,859,477	11,779,246
Repairs and maintenance	**32,142,102**	28,247,870	23,748,433
Forward			
Tools and library books (Note 13)	**31,639,093**	27,328,558	18,102,364
Accreditation cost	**28,615,359**	30,033,419	20,423,380
Seminar	**14,014,839**	7,188,436	3,753,765
Insurance	**11,564,708**	14,833,106	11,079,152
Rent	**7,726,136**	5,276,936	1,699,320
Laboratory supplies	**6,792,158**	3,798,825	1,724,293
Transportation and travel	**6,668,719**	5,067,325	2,128,863
Office supplies	**4,796,187**	3,891,848	2,142,293
Taxes and licenses	**4,072,843**	8,724,070	6,251,606
Entertainment, amusement and recreation	**1,756,782**	1,035,259	1,010,160
Miscellaneous	**23,767,600**	6,838,882	3,229,966
	₱2,434,481,093	₱2,042,916,281	₱1,556,830,944

Details of the Cost of Manpower and Services:

	January 1 to September 30		
	2024	2023	2022
Cost of insurance service	**₱14,212,367,016**	₱–	₱–
Materials, parts and accessories	**253,085,827**	237,936,857	131,408,304
Depreciation and amortization	**88,240,355**	7,652,327	6,679,102
Personnel expenses	**81,981,528**	150,248,808	46,192,315
Others	**216,323,269**	117,663,570	98,956,083
	₱14,851,997,995	₱513,501,562	₱283,235,804

30. **Other Income - Net**

This account consists of:

	January to September 30		
	2024	2023	2022
Interest income	**₱1,486,060,956**	₱105,424,421	₱31,066,726
Gain (Loss) - FVTPL Investments	**325,327,673**	-	-
Dividend income	**164,140,572**	2,542,066	330,950
Foreign exchange gain (loss)	**111,124,104**	4,161,526	22,437,479
Rental income	**20,483,978**	11,027,359	4,777,876
Gain on sale of assets	**21,892,198**	8,524,468	12,540,259
Space and car rental	**21,202,998**	10,618,794	8,727,509
Clinic charges	**17,107,686**	-	-
Remeasurement gain (loss)	**(245,052,123)**	-	-
Loss on disposal of investment	-	(405,445,182)	-
Miscellaneous	**40,746,040**	18,989,060	23,160,107
	₱1,963,034,082	(₱244,157,488)	₱103,040,906

31. **General and Administrative Expenses**

This account consists of:

	January 1 to September 30		
	2024	2023	2022
Personnel expenses	**₱1,427,925,863**	₱415,554,311	₱363,906,438
Depreciation and amortization	**233,136,241**	81,409,018	117,470,605
Security, janitorial and other services	**363,295,633**	38,641,560	40,829,875
Taxes and licenses	**293,714,092**	123,984,445	76,750,360
Office expenses	**292,945,216**	25,599,311	13,546,138
Advertising and promotions	**179,775,179**	131,597,946	83,843,670
Professional fees	**148,477,887**	33,819,668	28,715,394
Rent, light and water	**108,138,043**	53,741,130	52,630,802
Repairs and maintenance	**89,293,167**	21,270,121	18,108,447
Management and other fees	**10,165,410**	75,840,849	53,469,749
Seminars	**82,172,789**	5,900,692	3,237,638
Selling expenses	**70,795,312**	27,179,523	25,056,240
Transportation and travel	**42,626,417**	29,924,597	22,636,294
Provision for probable losses	**38,334,740**	11,896,339	21,679,510
Commissions	**35,721,677**	32,317,202	31,299,171
Insurance	**27,478,160**	16,290,427	13,332,443
Entertainment, amusement and recreation	**24,029,561**	3,055,165	3,075,959
Donations and contributions	**8,500,702**	5,546,144	3,122,536
Provision for inventory obsolescence	**7,697,131**	-	-
Miscellaneous	**76,010,114**	63,060,440	60,293,014
	₱3,560,233,334	₱1,196,628,888	₱1,033,004,283

Miscellaneous expense includes dues and subscriptions, periodicals, training and seminar, bank charges, legal and notarial services and other admin charges.

32. Depreciation and Amortization

This account consists of depreciation and amortization from continued operation as follows:

	January 1 to September 30		
	2024	2023	2022
Cost of sales and services			
Manpower and other services	**88,240,355**	₱7,652,327	₱6,679,102
School and related operations	**333,527,673**	332,515,110	257,856,016
	421,768,028	340,167,437	264,535,118
General and administrative expenses	**233,136,241**	81,409,018	117,470,605
	₱654,904,269	₱421,576,455	₱382,005,723

33. Interest and Finance Charges

The Group's interest and finance charges consist of interest on the following:

	January 1 to September 30		
	2024	2023	2022
Loans payable (short-term)	**₱195,001,306**	₱242,854,055	₱38,486,267
Long-term debt	**127,708,692**	146,047,865	64,320,893
Lease liabilities	**63,651,684**	12,563,806	28,481,280
Others	**5,262,839**	–	–
	₱391,624,521	₱401,465,726	₱131,288,440

34. Earnings Per Share

Basic and diluted earnings (loss) per share amounts attributable to equity holders of the Group are computed as follows:

Basic earnings (loss) per share

	2024	2023	2022
Net income attributable to equity holders of parent company	**₱1,198,465,704**	(₱40,997,194)	₱871,550,330
Less dividends attributable to preferred shares	–	99,683,625	99,683,625
Net income applicable to common shares	**1,198,465,704**	(140,680,819)	771,866,705
Divided by the weighted average number of common shares	**1,469,302,230**	776,465,281	776,465,281
Basic earnings per share	**₱0.8157**	(₱0.1812)	₱0.9941

Diluted earnings (loss) per share

	2023	2023	2022
Net income applicable to common share for basic earnings per share	**1,198,465,704**	(₱140,680,819)	771,866,705
Net income applicable to common stockholders for diluted earnings per share	**1,198,465,704**	(140,680,819)	771,866,705
Weighted average number of shares of common stock	**1,469,302,230**	776,465,281	776,465,281
Weighted average number of shares of common stock for diluted earnings per share	**1,469,302,230**	776,465,281	776,465,281
Diluted earnings per share	**₱0.8157**	(₱0.1812)	₱0.9941

35. **Capital Stock**

Preferred stock
The authorized preferred stock is 2,500,000,000 shares at ₱0.40 par value. There are no preferred shares outstanding as of September 30, 2024 and December 31, 2023.

Common stock
The authorized common stock is 1,470,000,000 shares at ₱1.50 par value.

A reconciliation of the number of common shares outstanding as at September 30, 2024, December 31, 2023 and 2022 follows:

	2024		2023		2022	
	Amount	**Shares**	Amount	Shares	Amount	Shares
Balance at beginning of year	**₱1,165,147,926**	**776,765,281**	₱1,165,147,926	776,765,281	₱1,165,147,926	776,765,281
Issuance of new shares	**1,039,255,421**	**692,836,949**	1,039,255,421	692,836,949	–	–
Balance at end of year	**2,204,403,350**	**1,469,602,230**	2,204,403,350	1,469,602,230	1,165,147,926	776,765,281
Treasury stock*	**(2,607,600)**	**(300,000)**	(2,607,600)	(300,000)	(2,607,600)	(300,000)
	₱2,201,795,746	**1,469,302,230**	₱2,201,795,746	1,469,302,230	₱1,162,540,326	776,465,281

**On May 24, 2013, the Parent Company repurchased 300,000 shares held as treasury stock at ₱8.69 per share for ₱2.61 million.*

On April 25, 2023, the BOD of the Parent Company approved the resolution to increase the authorized capital stock of the Parent Company from ₱2,875 million divided into 1,250,000,000 common shares with par value of ₱1.50 per share and 2,500,000,000 preferred shares with par value of ₱0.40 per share to ₱3,205 million divided into 1,470,000,000 common shares with par value of ₱1.50 per share and 2,500,000,000 preferred shares with par value of ₱0.40 per share.

On December 29, 2023, the Securities and Exchange Commission (SEC) approved the amendment of the Parent Company's Articles of Incorporation for the increase in its authorized capital stock relative to the share swap agreement between the Parent Company and GPL Holdings, Inc. (GPLHI) and PMMIC. Under the share swap agreement with GPLHI, the Parent Company issued 221,716,590 common shares to GPLHI in exchange for the acquisition of GPLH's 51% ownership over SunLife Grepa Financial, Inc. (SGFI) and 73,416,558 common shares in exchange for the acquisition of Grepa Realty Holdings Corporation (GRHC's) 51% ownership. Under the share swap agreement with PMMIC, the Parent Company issued 397,703,801 common shares to PMMIC in exchange for the acquisition of PMMIC's 77.33% ownership over MICO Equities, Inc. (MEI). As a result of the share swap agreements, the Parent Company recorded an increase in "Common Stock" and "Additional Paid-in Capital" amounting to ₱1.04 billion and ₱14.70 billion, respectively. The share swaps were accounted as noncash investing activities in the 2023 parent company statement of cash flows.

SEC approved the registration of the Parent Company's authorized capital stock before its listing date with the PSE, which was on July 2, 1962. The actual number of shares initially listed were 584,085 shares at an offer price of ₱10.0 per share. Total number of common shareholders was 367 and 371 as of September 30, 2024 and December 31, 2023, respectively.

36. **Retained Earnings**

On November 24, 2023 and April 12, 2023, the Parent Company's BOD approved additional appropriation of retained earnings amounting to ₱1,705.0 billion and ₱0.5 billion, for planned investments and business expansion that the Parent Company intends to carry out for the next three (3) years, respectively.

On December 31, 2021, the Parent Company's BOD approved appropriation of retained earnings amounting to ₱3.5 billion, for planned investments and business expansion that the Parent Company intends to carry out for the next 2-3 years. On the same date, the Parent Company approved the reversal of ₱2.5 billion appropriations made in 2019 and 2018 following the completion of its previous planned investment and business expansion.

Retained earnings include ₱6,082.56 million and ₱6,034.28 million as of September 30, 2024 and December 31, 2023, respectively, representing treasury shares, appropriated retained earnings and deferred tax assets that are not available for dividend declaration.

Under the Tax Code, publicly-held Corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

<u>Restrictions</u>
The Group's retained earnings include accumulated earnings of subsidiaries, associate and joint venture amounting to ₱2,574.84 million and ₱2,092.76 million as of September 30, 2024 and December 31, 2023, respectively, not declared as dividends to the Group. Accordingly, these are not available for dividend declaration.

37. **Non-controlling Interests**

<u>MEI</u>
On April 25, 2023, the Board of House of Investments Inc. approved the authority to enter in a Share Swap Agreement with Pan Malayan Management & Investment Corporation (PMMIC), whereby HI will issue 397,703,801 common shares to PMMIC in exchange for the acquisition of 100% of PMMIC's outstanding shareholdings in MICO Equities, Inc (MEI which is equivalent to 77.33% of MEI.

<u>SLGFI</u>
On April 25, 2023, the Board of House of Investments Inc. approved the authority to enter in a Share Swap Agreement with GPL Holdings, Inc, whereby HI will issue 295,133,148 common shares to GPLH in exchange for the acquisition of 100% of GPLH's outstanding shareholdings in Sunlife Grepa Financial Inc. (SLGFI) and Grepa Realty Holdings Corporation (GRHC). As of this date GPL directly owns 51% of SLGFI and 49% of GRHC. SLGFI also owns 51% of GRHC, thus GPL's effective ownership in GRHC is 75%.

RTC
In 2023, the Parent company invested ₱40.0 million for a 40% stake in RCBC Trust Corporation.

SLRHSI
In February 2022, the Parent Company sold 1,612,759 common shares representing 14.64% ownership of SLRHSI to Sojitz Corporation. Further, on November 15, 2022, Sojitz Corporation subscribed and paid for additional authorized capital stock applied for by SLRHSI. Accordingly, the ownership stake of the Parent Company decreased from 100% to 60%.

IPO
In May 2019, the Parent Company sold the 281,642 shares of MESI to IPO, which represents 7% ownership in MESI. With this acquisition, MESI became 100% indirectly-owned subsidiary of the Parent Company through IPO. Subsequently, IPO issued 295,329,976 common shares from its unissued capital stock to AC, the parent company of AEI, in exchange for the merger of IPO and AEI, with IPO being the surviving corporation. Upon merger, the Parent Company's ownership interest over IPO was reduced from 67.34% to 48.18%. The non-controlling interest increased from 32.66% to 51.82% or an increase of ₱2.52 billion.

38. Operating Segment Information

For management purposes, the Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment financial information is reported on the basis that it is used internally for evaluating segment performance and allocating resources to segments.

The Group derives its revenue from the following reportable segments:

Property and Property services - represents property and project management services of the Group.

Education - primarily consists of revenues from IPO and subsidiaries in education and other related support services.

Automotive - represents automotive dealerships of the Group.

Financial services - consists of non-life and life insurance arm, and financial services of the Group.

Other Services - represent support services which cannot be directly identified with any of the reportable segments mentioned above. These include sale of pharmaceutical products, trading of consumer goods and rendering various services to the consumers.

Segment assets and liabilities exclude deferred income tax assets and liabilities. Inter-segment income arises from transactions that were made on terms equivalent to those that prevail in an arms-length transactions.

Management monitors construction revenue and segment net income for the purpose of making decisions about resource allocation. Segment performance is evaluated based on net income and construction revenue.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The tables below set out the Operating Segment Information as of September 30, 2024 and 2023, and December 31, 2023:

	For the period ended, September 30, 2024						
PHP in '000s	**Automotive***	**Education**	**Property & property servies***	**Financial services**	**Other services**	**Conso Adj**	**Consolidated**
Revenue	**4,472,785**	**3,767,285**	**905,865**	**16,331,017**	**599,404**	**(184,185)**	**25,892,171**
Net Income (Loss)	**(128,335)**	**597,587**	**273,017**	**1,508,442**	**698,654**	**(694,449)**	**2,254,916**
Segment Assets	**4,102,410**	**21,309,917**	**16,418,550**	**118,291,998**	**24,600,915**	**(16,010,759)**	**168,713,031**
Segment Liabilities	**2,772,401**	**5,826,212**	**7,766,230**	**98,451,809**	**453,761**	**836,260**	**116,106,674**
Investments in associates	**-**	**-**	**6,750**	**-**	**22,091,062**	**(17,152,913)**	**4,944,898**
Investment properties	**-**	**-**	**10,467,636**	**83,141**	**660**	**197,766**	**10,749,204**

	For the period ended, September 30, 2023 and December 31, 2023						
PHP in '000s	Automotive	Education	Property & property servies	Financial services	Other services	Conso Adj	Consolidated
Revenue	3,884,895	3,107,258	759,658	-	481,472	(471,679)	7,761,603
Net Income (Loss)	(43,073)	390,556	215,225	-	1,647,286	(2,221,071)	(11,078)
Segment Assets	3,404,970	19,964,307	13,429,330	112,784,844	24,423,229	(14,042,260)	159,964,420
Segment Liabilities	1,675,873	4,879,779	6,689,479	94,273,973	941,357	1,289,351	109,749,812
	-	-	-	-	-	-	-
Investments in associates	-	-	6,750	-	22,394,368	(16,381,278)	6,019,840
Investment properties	-	-	10,536,735	88,127	1,760	197,766	10,824,389

** Includes equity earnings/losses of the Parent Company in the said sector.*

39. Financial Instruments and Financial Risk Management Objectives and Policies

Financial Risk Management Objectives and Policies
The main purpose of the Group's financial instruments is to raise finances for the Group's operations.

The main risks arising from the Group's financial instruments are liquidity risk, market risk, and credit risk. The BOD reviews and agrees on the policies for managing these risks, as well as approving and authorizing risk limits set by management, summarized below. There were no changes in the policies for managing these risks.

a. Insurance Risk
The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The tables below set out the concentration of the claims liabilities by type of contract:

Nonlife Insurance	2024			2023		
	Gross	**Reinsurers' Share**	**Net**	Gross	Reinsurers' Share	Net
Fire	**15,628,005,014**	**13,394,124,706**	**2,233,880,308**	16,944,169,435	14,893,555,397	2,050,614,038
Marine and aviation	**1,036,424,329**	**845,926,095**	**190,498,234**	2,268,849,038	2,094,540,557	174,308,481
Engineering	**2,120,124,562**	**1,743,113,804**	**377,010,758**	1,779,552,175	1,457,018,514	322,533,661
Motor	**2,046,286,879**	**1,225,155,730**	**821,131,149**	1,928,735,575	1,248,700,816	680,034,759
Miscellaneous casualt	**-118,674,418**	**-332,466,425**	**213,792,007**	479,639,140	329,834,372	149,804,768
Personal accident	**154,913,207**	**753,513**	**154,159,694**	201,591,453	26,243,199	175,348,254
Surety	**33,875,592**	**13,742,004**	**20,133,588**	34,251,980	9,974,981	24,276,999
	20,900,955,165	**16,890,349,427**	**4,010,605,738**	23,636,788,796	20,059,867,836	3,576,920,960

The tables below set out the Company's concentration of insurance risk based on the sum assured:

Life Insurance	2024		2023	
	Number of Policies	**Amount of Insurance**	Number of Policies	Amount of Insurance
Group life	**1,218**	**280,571,195,367**	1,070	277,137,900,884
Whole life	**47,357**	**25,512,854,241**	45,931	23,450,354,659
Endowment	**10,486**	**10,882,309,210**	8,998	8,800,000,144
Term	**15,530**	**21,340,739,928**	15,265	17,999,644,588
Accident and health	**554**	**224,393,544,153**	442	197,884,828,483
Variable unit-linked	**112,752**	**131,444,789,433**	110,233	125,236,717,763
	187,897	**694,145,432,333**	181,939	650,509,446,522

b. Credit risk

Credit risk is a risk due to uncertainty in a counterparty's (also called an obligor) ability to meet its obligation. Prior to extending credit, the Company manages its credit risk by assessing credit quality of its counterparty. The Company has a credit policy group that reviews all information about the counterparty which may include its statements of financial position, statements of income and other market information.

Credit risk limit is also used to manage credit exposure which specifies exposure credit limit for each intermediary depending on the size of its portfolio and its ability to meet its obligation based on past experience.

The following table provides information regarding the credit risk exposure of the Company by classifying gross carrying amounts of financial assets according to credit ratings of the counterparties:

	2024				
	Neither past due nor impaired		Past Due but not impaired	Past Due or Impaired	Total
	High Grade	Medium Grade			
Financial assets at FVTPL					
Listed equity securities	320,208,455	-	-	-	320,208,455
Private debt securities	6,431,098,407	62,386,217	-	-	6,493,484,624
Funds	1,114,173,075	22,904,003	-	-	1,137,077,078
Financial assets at FVOCI					
Listed equity securities	4,560,535,903	1,215,000	-	-	4,561,750,903
Unlisted equity securities	1,831,739,793	592,879,767	-	-	2,424,619,560
Government debt securities	16,205,833,968	-	-	-	16,205,833,968
Private debt securities	3,053,137,867	113,864,628	-	-	3,167,002,495
Investments securities at amortized cost					
Government debt securities	4,069,337,294	-	-	-	4,069,337,294
Private debt securities	259,195,255	-	-	-	259,195,255
Funds	-	-	-	-	-
Cash and cash equivalents	6,050,978,933	1,483,700	-	-	6,052,462,633
Loans and receivables	1,969,208,083	103,545,023	-	4,448,092	2,077,201,199
Receivables					
Trade Receivables					
Insurance	1,479,962,370	1,594,242,153	4,844,884,490	9,939,525	7,929,028,539
Education	2,357,287,597	-	-	-	2,357,287,597
Car dealership	953,219,949	-	-	-	953,219,949
Other Services	404,240,761	-	-	-	404,240,761
Other Receivables	676,546,558	-	-	-	676,546,558
Segregated fund assets	43,284,379,258	111,595,191	-	-	43,395,974,449
Reinsurance Assets	21,120,036,240	-	-	-	21,120,036,240
	116,228,285,310	2,604,115,682	4,844,884,490	14,387,617	123,691,673,100

c. Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations as they fall due. The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover its short-term and funding requirements, the Group intends to use internally generated funds and available short-term and long-term credit facilities.

The maturity groupings are based on the remaining period from the end of the reporting period to the contractual maturity date.

The tables below analyze financial assets and financial liabilities of the Company into their relevant maturity groups based on the remaining period at the reporting date to their contractual maturities or expected repayment dates.

	2024				
	Up to a year*	**1 - 3 Years**	**More than 3 years**	**No maturity date**	**Total**
Accounts payable and other liabilities**	6,695,442,222 -	12,458,994	-	-	6,682,983,228
Segregated fund liabilities	-	-	-	43,395,974,450	-
Contract liabilities	106,511,815	1,853,945,891	-	-	1,960,457,706
Insurance contract liabilities	48,473,941,842	693,144,558	199,257,232	-	49,366,343,632
Lease contract liabilities	845,668,331	15,460,456	-	-	861,128,787
Total financial liabilities	**56,121,564,209**	**2,550,091,911**	**199,257,232**	**43,395,974,450**	**58,870,913,353**
Cash and cash equivalents	6,052,462,633	-	-	-	6,052,462,633
Receivables	11,710,637,352	-	-	-	11,710,637,352
Loans and receivables	2,054,068,106	17,520,141	-	-	2,071,588,247
Segregated fund assets	- 0.00	-	-	43,395,974,450	43,395,974,450
Reinsurance Assets	21,120,036,240	-	-	-	21,120,036,240
Financial assets at FVTPL	888,359,508	249,646,069	6,181,452,338	633,187,567	7,952,645,482
Financial assets at FVOCI	6,526,877,096	1,950,869,833	16,003,358,757	1,170,141,844	25,651,247,530
Investment securities at amortized cost	28,015,000	262,092,500	4,038,425,049	-	4,328,532,549
Total financial assets	**48,380,455,935**	**2,480,128,543**	**26,223,236,144**	**45,199,303,861**	**122,283,124,484**

**Up to a year are all commitments which are either due within one year or are payable on demand.*

***Excluding statutory payables.*

	2023			
	Up to a year*	1 - 3 Years	More than 3 years	Total
Accounts payable, accrued expenses and other liabilitie	7,649,852,076			7,649,852,076
Segregated fund liabilities	37,569,985,225			37,569,985,225
Contract liabilities	1,271,528,917			1,271,528,917
Insurance contract liabilities	50,513,846,987	692,210,021	242,670,074	51,448,727,082
Lease contract liabilities	598,466,721	9,516,581		607,983,302
Total financial liabilities	97,603,679,926	701,726,602	242,670,074	98,548,076,602
Cash and cash equivalents	6,633,047,805			6,633,047,805
Receivables	11,685,674,611			11,685,674,611
Loans and receivables	1,043,018,545	564,789,644	258,002,918	1,865,811,107
Segregated fund assets	37,569,985,225			37,569,985,225
Reinsurance Assets	24,230,398,085			24,230,398,085
Financial assets at FVTPL	1,434,057,215	214,662,673	4,774,261,902	6,422,981,790
Financial assets at FVOCI	6,775,197,196	2,288,373,644	13,784,419,564	22,847,990,404
Investment securities at amortized cost	100,177,377	315,549,141	2,897,049,785	3,312,776,303
Total financial assets	89,471,556,058	3,383,375,102	21,713,734,170	114,568,665,330

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

SEPTEMBER 30, 2024

Philippine Securities and Exchange Commission (SEC) issued the Revised Securities Regulation Code (SRC) Rule 68 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Group. This information is presented for the purpose of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities

Below is the schedule of Financial Assets of the Group as of September 30, 2024.

Financial assets at fair value through profit or loss (FVTPL)	
Quoted Equity Shares	320,208,455
Unquoted Equity Shares	-
Government debt securities	87,165,545
Private debt securities	6,431,098,407
Funds	1,114,173,075
Financial assets at fair value through profit or loss (FVTPL)	**7,952,645,482**
Financial assets at fair value through other comprehensive income (FVOCI)	
Quoted Equity Shares	4,560,535,903
Unquoted Equity Shares	1,831,739,793
Government debt securities	16,205,833,968
Private debt securities	3,053,137,867
Financial assets at FVOCI	**25,651,247,530**
Investment securities at amortized cost	
Government debt securities	4,069,337,294
Private debt securities	259,195,255
Investment securities at amortized cost	**4,328,532,549**

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

As at September 30, 2024, the Group has no receivable above ₱1 million or 1% of the total assets, whichever is lower from directors, officers, employees, and principal stockholders (other than related parties).

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements

Below is the schedule of receivables with subsidiaries, which are eliminated in the consolidated financial statements as at September 30, 2024:

Name and Designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written-off	Balance at end of year
Honda Cars, Inc.					
Due from affiliates	103,560,253	-	(103,560,253)		-
	103,560,253	-	(103,560,253)	-	-
Landev Corporation					
Due from affiliates	1,718,655	7,399,201	(8,330,245)		787,612
Dividends receivable	54,999,931	-	(54,999,931)		-
	56,718,587	7,399,201	(63,330,176)	-	787,612
La Funeraria Paz Sucat, Inc.					
Due from affiliates	482,466	2,433,863	(2,536,066)		380,263
	482,466	2,433,863	(2,536,066)	-	380,263
Greyhounds Security and Investigation Agency Corporation					
Due from affiliates	2,700,983	428,192	(2,702,925)		426,250
	2,700,983	428,192	(2,702,925)	-	426,250
Hexagon Lounge, Inc.					
Due from affiliates	100	-	-		100
	100	-	-	-	100
Secon Professional					
Due from affiliates	40,741	-	(40,741)		-
	40,741	-	(40,741)	-	-
Investment Managers, Inc.					
Due from affiliates	581,040	1,616,467	(2,036,364)		161,142
Dividend receivable	4,199,966	-	(4,199,966)		-
	4,781,006	1,616,467	(6,236,331)	-	161,142
ATYC, Inc.					
Due from affiliates	289,885	10,184,380	(7,246,315)		3,227,950
	289,885	10,184,380	(7,246,315)	-	3,227,950
San Lorenzo Ruiz Investment Holdings and Services, Inc.					
Due from affiliates	3,848	6,991,653	(6,190,744)		804,757
	3,848	6,991,653	(6,190,744)	-	804,757
iPeople, inc. and subsidiaries					
Due from affiliates	8,216,934	81,976,416	(76,975,881)		13,217,468
Dividends receivable	-	95,588,762	(95,588,762)		-
	8,216,934	177,565,178	(172,564,643)	-	13,217,468
MICO Equities, Inc. and subsidiaries					
Due from affiliates	800,000	1,746,429	(1,796,429)		750,000
	800,000	1,746,429	(1,796,429)	-	750,000
RCBC Trust Corporation					
Due from affiliates	-	2,787,300	-		2,787,300
	-	2,787,300	-	-	2,787,300
	177,594,802	**211,152,663**	**(366,204,622)**	**-**	**22,542,843**

These receivables are non-interest bearing and are expected to be settled within the next twelve months.

Schedule D. Intangible Asset - Other Noncurrent Assets

As at September 30, 2024, the Group's intangible assets consist of goodwill and computer software. Goodwill in the Group's consolidated statements of financial position arose from the acquisition of IPO and MESI. Details of the Group's intangible assets are as follows:

Description	Balance at beginning of year	Additions at cost	Charged to cost and expenses	Other changes additions (deductions)	Balance at end of year
Goodwill	183,970,413				183,970,413
Intellectual property rights	458,110,748				458,110,748
Student relationship	6,032,200		(2,295,864)		3,736,336
Computer software	26,289,884	14,190,595	(15,053,484)		25,426,996
	674,403,246	**14,190,595**	**(17,349,348)**	**-**	**671,244,493**

Schedule E. Long-term Debt

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Non-current
ATYC			
Peso-denominated promissory note payable on or before September 30, 2025 together with annual interest of 6.04% due every anniversary of the note starting on September 30, 2023 until the note is fully paid	2,419,935,000	-	2,419,935,000
NTC			
Peso-denominated seven (10) year term loan, payable in 28 quarterly payments starting May 2022 with interest subject to annual repricing based on higher of 5.5% or prevailing 1-year rate plus interest spread	301,994,800	8,143,400	293,851,400
	2,721,929,800	**8,143,400**	**2,713,786,400**

Schedule F. Indebtedness to Related Parties (Long-term Loans from Related Companies)

As at September 30, 2024, the Group has Peso-denominated promissory note with a related party amounting to ₱2.4 billion that is payable on or before September 30, 2025 together with the annual interest of 6.04% due every anniversary of the note starting September 30, 2023 until the note is fully paid.

Schedule G. Guarantees of Securities of Other Issuers

There are no guarantees of securities of other issuing entities by the Group as at September 30, 2024.

Schedule H. Capital Stock

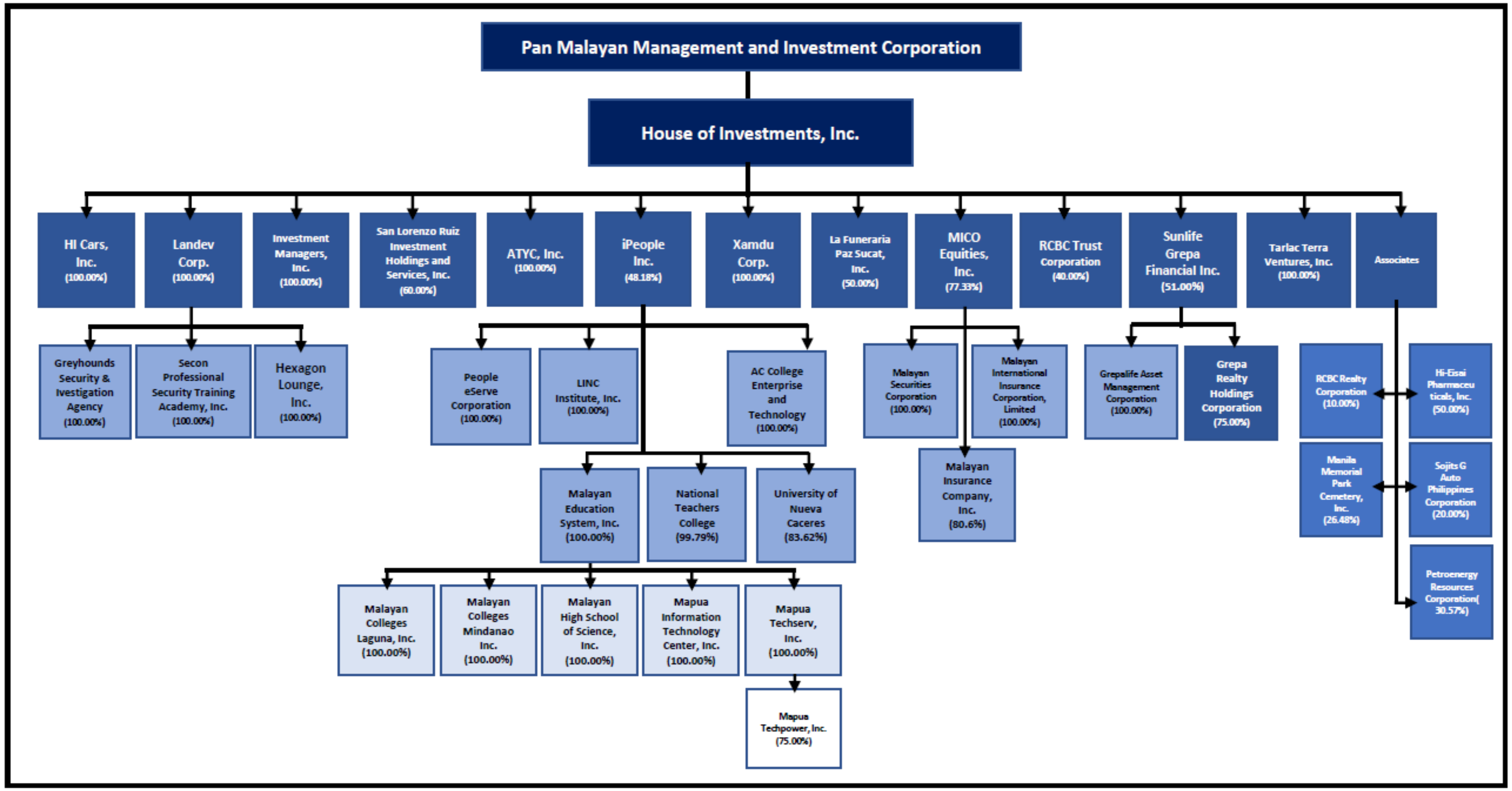
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares held by related parties	Directors, Officers and Employees	Others
Common shares	1,470,000,000	1,469,302,230	1,267,492,501	2,853,400	198,956,329
Preferred shares	2,500,000,000	–	–	–	–

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as of September 30, 2024:



(a) Effective July 1, 2024, those dealerships had been consolidated to HI Cars, Inc.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

AGING OF ACCOUNTS RECEIVABLE
FOR THE QUARTER ENDED SEPTEMBER 30, 2024

		No. of days due		
	Total	**0 - 30 days**	**31 - 60 days**	**over 60 days**
Insurance	**₱7,929,028,539**	4,796,234,629	522,622,121	2,610,171,789
Education	**2,357,287,597**	1,737,342,512	60,329,840	559,615,245
Automotive	**953,219,949**	265,169,000	157,874,000	530,176,949
Other services	**404,240,761**	244,523,465	26,644,521	133,072,775
Other receivables	**676,546,558**	535,267,771	44,592,877	96,685,910
Total	**12,320,323,402**	7,578,537,376	812,063,359	3,929,722,667
Less: Allowance for doubtful accounts	**(609,686,050)**	(86,073,414)	(47,777,843)	(475,834,793)
	₱11,710,637,352	₱7,492,463,962	₱764,285,516	₱3,453,887,874

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Makati on ______________, 2024.

IN WITNESS WHEREOF, we have hereunto affixed our signatures and the seal of the Corporation this 14 NOV 2024, 2024 at Makati City.

By:

Lorenzo V. Tan
President & CEO

Gema O. Cheng
EVP- COO, CFO & Treasurer

Maria Teresa T. Bautista
VP –Controller

Atty. Samuel V. Torres
Corporate Secretary

MAKATI CITY

14 NOV 2024

SUBSCRIBED AND SWORN to before me this ____ day of _____ 2024, at ________________. Affiant exhibited to me their Residence Certificate Numbers indicated below each name.

Names	Document No.	Date & Place of Issue/Expiration
Lorenzo V. Tan	P9150965B	03-10-2022 Manila / 03-09-2032
Gema O. Cheng	DL#N06-84-036923	12-08-2022 Mandaluyong / 12-08-2032
Maria Teresa T. Bautista	DL#06-92-094899	11-23-2012 Makati / 11-23-2032
Atty. Samuel V. Torres	P2022842C	10-14-2022 Manila / 10-13-2032

Doc. No. 131;
Page No. 27;
Book No. 9;
Series of 2024.

ATTY. JOSELINO N. SUCION CPA
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2025
U-203 CARREON BLDG.
2746 ZENAIDA ST., POBLACION, MAKATI CITY
IBP NO.384449/01/01/2024
PTR NO. 10072076/01/02/2024
MCLE COMPLAINCE NO. VII-0013028/04-14-2025
ROLL NO. 60799
APPOINTMENT NO. M-018