

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. Commission identification number **CS201320778**
3. BIR Tax Identification No. **008-647-589-000**
4. **Century Pacific Food, Inc.**
Exact name of issuer as specified in its charter
5. **Pasig City, Philippines**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **7/F Centerpoint Bldg., Julia Vargas Ave. Garnet Rd. Ortigas Center Pasig City, 1605**
Address of issuer's principal office Postal Code
8. **+632 - 8633 - 8555**
Issuer's telephone number, including area code
9. **Not Applicable**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Common Stock P1 par value
Number of shares of common stock outstanding	3,542,258,595 Shares

11. Are any or all of the securities listed on a Stock Exchange?
Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Main Board of the Philippine Stock Exchange, Common Shares

12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes No
 - (b) has been subject to such filing requirements for the past ninety (90) days.
Yes No

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited interim consolidated financial statements of Century Pacific Food, Inc. and its wholly owned subsidiaries General Tuna Corporation, Snow Mountain Dairy Corporation, Allforward Warehousing Inc., Century Pacific Agricultural Ventures Inc., Century Pacific Food Packaging Ventures Inc., Century Pacific Seacrest Inc., General Odyssey Inc., Millennium General Power Inc., The Pacific Meat Co. Inc., Coco Harvest Inc., Centennial Global Corporation, Century International (China) Co Ltd, and Century Pacific North America Enterprise Inc. (collectively, the “Company” or “CNPF”) as of and for the period ended September 30, 2024, and the comparative period in 2023 is attached to this 17-Q report, comprising of the following:

- 1.1 Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023
- 1.2 Consolidated Statement of Income for the period ended September 30, 2024 and September 30, 2023
- 1.3 Consolidated Statement of Cash Flows for the period ended September 30, 2024 and September 30, 2023
- 1.4 Consolidated Statement of Changes in Shareholder’s Equity for the period ended September 30, 2024 and September 30, 2023
- 1.5 Notes to Consolidated Financial Statements for the period ended September 30, 2024

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (Based on the unaudited consolidated financial statements for the period ended September 30, 2024)

Business Overview

Century Pacific Food, Inc. (PSE:CNPF or the Company) is one of the leading food and beverage companies in the Philippines. It owns a portfolio of well-recognized and trusted brands in the canned and processed fish, canned meat, and dairy and mixes business segments. These brands include well-established names such as Century Tuna, 555, Ligo, Argentina, and Birch Tree, as well as emerging and challenger names such as Blue Bay, Fresca, Swift, Wow, Lucky Seven, Angel, Coco Mama, unMEAT, Choco Hero, and Goodest. CNPF exports its branded products to international markets, particularly where there are huge Filipino communities such as the United States and Middle East. The Company is also among the Philippines’ largest exporters of private label original equipment manufacturer (OEM) tuna and coconut products.

CPFI traces its history from the Century Pacific Group, a consumer-focused branded food company for more than 40 years. Century Pacific Group began in 1978 when Mr. Ricardo S. Po, Sr. established Century Pacific Group, Inc. (formerly Century Canning Corporation) as an exporter of canned tuna. In subsequent years, Century Pacific Group, Inc. then expanded and diversified into other food-related businesses. Establishing market leading positions, it built a multi-brand, multi-product portfolio catering to a broad and diverse customer base and supported this with a distribution infrastructure with nationwide reach, directly serving hundreds of thousands of retail outlets and food service companies.

In October 2013, the Po Family reorganized the Century Pacific Group to maximize business synergies and shareholder value. It incorporated CNPF, carving out the branded canned seafood, meat, dairy, mixes, and OEM tuna export businesses, folding them into CNPF. On January 1, 2014, CNPF commenced business operations under the new corporate set-up.

CNPF manages its food business through operating divisions and wholly-owned subsidiaries.

The canned and processed fish segment is CPFI's largest business segment. It produces and markets a mix of tuna, sardine, and other fish and seafood-based products under *the Century Tuna*, *555*, *Ligo*, *Blue Bay*, *Fresca*, and *Lucky 7* brands.

The canned meat segment, CPFI's second largest segment, produces corned beef, meat loaf, luncheon meat, and other meat-based products, which are sold under the *Argentina*, *Swift*, *555*, *Shanghai*, and *Wow* brands.

The dairy and mixes segment is comprised of products such as evaporated milk, condensed milk, full cream and fortified powdered milk, chocomalt powdered milk drink, and all-purpose creamer under the *Angel*, *Birch Tree*, and *Choco Hero* brands.

The tuna export segment produces OEM canned tuna, pouched tuna, and vacuum-packed frozen tuna loin products for overseas markets including North America, Europe, Asia, Australia, and the Middle East. The coconut segment, through wholly-owned subsidiary Century Pacific Agricultural Ventures, Inc., produces high value organic-certified and conventional coconut products for both export and domestic markets. These products include retail-packaged coconut water, organic virgin coconut oil, desiccated coconuts, coconut flour, and coconut milk. It currently also has other coconut-based products under development.

At the end of 2015, CPFI acquired a 100% interest in Century Pacific Agricultural Ventures, Inc., an integrated coconut producer of high value organic-certified and conventional coconut products for both export and domestic markets.

During 2016, CPFI also acquired the license to the Kamayan trademark for North America and the Middle East. The brand is one of the top names in the U.S. market for shrimp paste – a popular condiment in Philippine cuisine, locally known as bagoong. CPFI also acquired distribution companies in China which sell *Century Tuna*.

In May 2017, CNPF also acquired the Philippine license for *Hunt's*, the country's number one pork and beans brand. *Hunt's* product lineup currently includes pork and beans, tomato-based spaghetti sauce, tomato sauce, and marinade sauce.

In 2017, CPFI acquired the Philippine license for *Hunt's*, the country's number one pork & beans brand. The acquisition also included the transfer of manufacturing assets and inventory related to *Hunt's* product lineup. This lineup includes pork & beans, tomato-based spaghetti sauce, tomato sauce, and marinade sauce.

In 2020, the Company entered the meat-free market with the launch of the unMEAT brand - the first large-scale vegan meat alternative brand in the Philippines. The brand is rolled out in the retail and institutional markets in the Philippines and in international locations such as the USA, Singapore, China, and the Middle East.

In 2021, CPFII acquired Pacific Meat Company, Inc. (PMCI), an emerging player in the refrigerated food category. PMCI, which was added to CPFII's portfolio on April 1, 2021, came equipped with its own manufacturing facilities, cold chain distribution, and pipeline of refrigerated products.

The Company launched its pet food business in 2021, through a brand called Goodest. As of yearend 2023, CNPF was present in both cat and dog food segments.

In 2022, CPFII acquired Ligo, a legacy brand known for its range of high quality sardines and other marine products. Under the deal, CPFII purchased assets and intellectual property related to the manufacturing of Ligo's product lineup, which is composed of shelf-stable marine products.

The Company acquired a 100% stake in Coco Harvest, Inc. (CHI) in 2024. CHI is a fully integrated coconut processing facility located in Misamis Occidental. It has the capability to produce higher value coconut-based products such as coconut water, coconut milk, desiccated coconut, and virgin coconut oil. The existing facility is strategically located to capitalize on the abundance of coconut supply in the region.

Results of Operations

- Consolidated net revenue for the three months ended September 30, 2024, grew by 13% year-on-year to Php 19.2 billion. This brings CNPF's year-to-date sales to Php 56.9 billion, representing a 13% increase versus the same period last year.
- Bulk of the sales came from the Branded business, composed of the Marine, Meat, Milk, and other emerging segments. Amid an inflationary environment, CNPF's Branded segment posted a 6% YoY growth rate for the first nine months of the year, demonstrating a consistent growth performance. The OEM Exports segment, composed of Tuna and Coconut exports, was the primary growth driver for the nine-month period, delivering 43% growth versus the same period last year, as it rebounded from a soft 2023 business performance on the back of favorable input costs and forex.
- In terms of profitability, the Company's gross margin expanded by 310 basis points (bps) in 3Q24. This led CNPF's gross margins to improve by 240 basis points to 26.6% during the nine-month period, supported by improving input costs. Gains were plowed back into operating expenses to support demand-generating activities as well as systems and process improvements.
- CNPF's unaudited consolidated net income after tax for the third quarter of 2024, totaled Php 1.6 billion, representing a 15% growth versus the same period last year. This brings total net income for the first nine months to Php 5.3 billion, posting a growth of 14% year-on-year, influenced by gross margin expansion and the reinvestments into operating expenses.

Financial Condition

The Company's financial stability and financial position as of September 30, 2024, is as follows:

- Cash and cash equivalents reached P2.8 billion as of September 30, 2024. Operating activities registered a Php 4.9 billion total inflow, primarily driven by improvements in profitability and working capital. Net cash used in investing activities amounted to Php 2 billion, while net cash

used in financing activities was Php 5.1 billion, inclusive of Php 3.4 billion worth of dividend payments to shareholders.

- Current ratio stood at 2.28 times as of end September 2024, comparing to end-2023's ratio of 2.50 times. The cash conversion cycle was fairly stable at 95 days as of September 2024, moderately improving by 2 days versus end-2023's. As of end September 2024, accounts receivable and inventory days stood at 57 and 135 respectively, while accounts payable came in at 97 days. Net working capital to total assets ratio is measured at 0.38 times, stable versus end-2023's level of 0.40 times.
- Property, plant and equipment - net registered at Php 9.2 billion as of end September 2024. Capital expenditures for the second quarter of the year totaled Php 1.3 billion, consisting of the installation of new equipment and machinery at the different manufacturing facilities of the Company.
- As of end September 2024, the Company's total interest-bearing debt amounted to Php 4.8 billion, Php 1.7 billion of which are due in the next 12 months.
- Total stockholders' equity grew by Php 1.9 billion from Php 32.9 billion as of end December 2023 to Php 34.7 billion as of end September 2024, representing net income earned and declaration of dividends during the nine-month period ending September 30, 2024.
- Gearing ratio, measured as total interest-bearing debt over total equity, stood at 0.14 times as of end September 2024, lower versus end December 2023.

Key Performance Indicators (KPIs)

	Unaudited Nine Months Ended September 30, 2024	Unaudited Nine Months Ended September 30, 2023
Gross Profit Margin	26.6%	24.2%
Before Tax Return on Sales	10.9%	10.8%
Return on Sales	9.3%	9.2%
Interest-Bearing Debt-to-Equity	0.14X	0.23X
Current Ratio	2.28X	2.24X

Notes:

1 *Gross Profit margin = Gross Profit / Net Revenue*

2 *Before Tax Return on Sales = Net Profit Before Tax / Net Revenue*

3 *Return on Sales = Net Profit After Tax / Net Revenue*

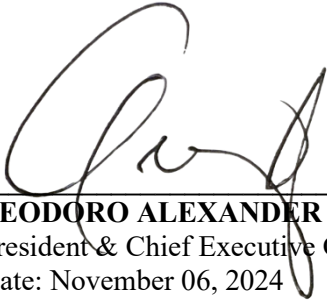
4 *Interest-Bearing Debt-to-Equity = Loans Payable / Total Stockholders' Equity*

5 *Current Ratio = Total Current Assets / Total Current Liabilities*

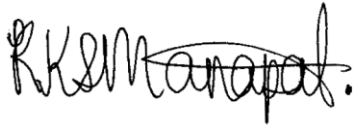
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTURY PACIFIC FOOD, INC.



TEODORO ALEXANDER T. PO
President & Chief Executive Officer
Date: November 06, 2024



RICHARD KRISTOFFER S. MANAPAT
Vice President & Chief Finance Officer
Date: November 06, 2024

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group Inc)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in Philippine Peso)

	Unaudited	Audited
	September 30, 2024	December 31, 2023
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	2,763,650,573	5,050,017,194
Trade and Other Receivables - net	11,541,904,071	9,386,654,691
Inventories - net	20,217,821,526	16,901,959,562
Due from Related Parties	183,988,395	258,634,411
Prepayments and other current assets	3,571,992,289	2,878,991,150
Held-to-Maturity Investment - Current	219,321	-
Total Current Assets	38,279,576,175	34,476,257,007
Property, plant & equipment - net	9,248,472,254	8,980,273,509
Right of use asset - net	1,482,073,328	1,520,443,376
Intangible Assets	6,210,601,993	5,526,648,873
Deferred Tax assets	1,226,094,486	878,291,362
Retirement benefit assets	11,036,687	11,036,687
Other non-current assets	17,609,304	149,143,490
Total Non-current Assets	18,195,888,052	17,065,837,297
Total Assets	56,475,464,227	51,542,094,304
<u>Liabilities & Stockholders' Equity</u>		
Liabilities		
Current Liabilities		
Trade and Other Payables	14,559,258,478	10,452,242,572
Due to Related Parties	38,730,104	30,545,975
Current portion of borrowings	7,360,791	7,360,791
Income Tax Payable	335,615,018	143,502,629
Finance Lease obligation - current	154,630,693	297,536,128
Notes Payable	1,670,000,000	2,870,000,000
Total Current Liabilities	16,765,595,084	13,801,188,095
Long Term Loan	3,146,982,518	3,156,982,518
Retirement Benefit Payable	299,853,165	330,438,483
Finance Lease obligation - non-current	1,539,787,491	1,402,955,848
Total Non Current Liabilities	4,986,623,174	4,890,376,849
Total Liabilities	21,752,218,259	18,691,564,944
Stockholders' Equity		
Share Capital	3,542,258,595	3,542,258,595
Share Premium	4,936,859,146	4,936,859,146
Currency translation adjustments	35,323,929	38,674,175
Retained Earnings	26,169,963,958	24,293,897,103
Share-based compensation reserve	8,211,398	8,211,398
Appraisal Increment / Other Reserves	30,628,942	30,628,942
Total Stockholders' Equity	34,723,245,968	32,850,529,359
Total Liabilities & Stockholders' Equity	56,475,464,227	51,542,094,304

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group Inc)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in Philippine Peso)

	For the Nine Months Ended <u>September 30, 2024</u>	For the Nine Months Ended <u>September 30, 2023</u>
Net Revenue	56,948,372,105	50,449,967,659
Cost of Good Sold	41,791,110,357	38,238,248,976
Gross Profit	15,157,261,748	12,211,718,684
Other Income (Expense)	(70,656,187)	136,095,821
Operating Expenses	8,616,518,349	6,553,124,715
Operating Income	6,470,087,212	5,794,689,790
Financing Cost	260,402,577	354,714,692
Net Profit before tax	6,209,684,635	5,439,975,097
Income Tax Expense (Benefit)	933,049,529	808,900,056
Net Profit after Tax	5,276,635,106	4,631,075,042
Other Comprehensive Income	(3,350,246)	(2,055,619)
Total Comprehensive Income	5,273,284,860	4,629,019,423
Basic and Diluted Earnings Per Share	1.49	1.31

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group Inc)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in Philippine Peso)

	For the Three Months Ended <u>September 30, 2024</u>	For the Three Months Ended <u>September 30, 2023</u>
Net Revenue	19,207,370,184	17,037,245,230
Cost of Good Sold	13,885,778,302	12,845,454,507
Gross Profit	5,321,591,882	4,191,790,723
Other Income (Expense)	(174,936,408)	100,712,352
Operating Expenses	3,174,862,164	2,518,181,947
Operating Income	1,971,793,310	1,774,321,128
Financing Cost	90,411,709	127,950,486
Net Profit before tax	1,881,381,601	1,646,370,642
Income Tax Expense (Benefit)	238,901,658	212,985,755
Net Profit after Tax	1,642,479,942	1,433,384,887
Other Comprehensive Income	14,387,483	(8,870,204)
Total Comprehensive Income	1,656,867,425	1,424,514,683
Basic and Diluted Earnings Per Share	0.46	0.40

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group Inc)

CONSOLIDATED CHANGES IN EQUITY

(Amounts in Philippine Peso)

	Capital Stock	Additional Paid-in Capital	Deposit on Future Subs	Revaluation Reserves			Unappropriated Retained Earnings	Appropriated Retained Earnings	Total
				Shared Based	Reserves	Foreign Currency			
Balance at January 1, 2024									
As previously reported	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	38,674,175	7,293,897,104	17,000,000,000	32,850,529,360
As stated	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	38,674,175	7,293,897,104	17,000,000,000	32,850,529,360
Transactions with owners									
Cash Dividends							(3,400,568,251)		(3,400,568,251)
	-	-	-	-	-	-	(3,400,568,251)	-	(3,400,568,251)
Total comprehensive income									
Net profit for the year							5,276,635,106		5,276,635,106
Foreign currency translation gain						(3,350,246)			(3,350,246)
Total other comprehensive income	-	-	-	-	-	(3,350,246)	5,276,635,106	-	5,273,284,860
Balance as of September 30, 2024	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	35,323,929	9,169,963,958	17,000,000,000	34,723,245,968
Balance at January 1, 2023									
As previously reported	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	29,397,441	11,495,598,726	8,736,038,579	28,778,992,827
Adjustments									-
As stated	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	29,397,441	11,495,598,726	8,736,038,579	28,778,992,827
Transactions with owners									
Cash Dividends							(1,416,903,438)		(1,416,903,438)
	-	-	-	-	-	-	(1,416,903,438)	-	(1,416,903,438)
Total comprehensive income									
Net profit for the year							4,631,075,042		4,631,075,042
Foreign currency translation gain						(2,055,619)			(2,055,619)
Total other comprehensive income	-	-	-	-	-	(2,055,619)	4,631,075,042	-	4,629,019,423
Balance as of September 30, 2023	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	27,341,822	14,709,770,330	8,736,038,579	31,991,108,811

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group Inc)

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in Philippine Peso)

	Unaudited September 30, 2024	Unaudited September 30, 2023
Cash Flows from Operating Activities		
Profit before tax	6,209,684,635	5,439,975,097
Adjustments for :		
Depreciation and amortization	1,369,337,188	1,266,674,239
Adjustments on Foreign Currency Translation	(3,350,246)	(2,055,619)
Finance Costs	260,402,577	354,714,692
Operating cash flows before working capital changes	7,836,074,153	7,059,308,410
Decrease (increase) in trade and other receivables	(2,155,249,381)	(1,440,948,172)
Decrease (increase) in inventory	(3,281,480,280)	(1,082,387,191)
Decrease (increase) in related party	82,830,144	(5,411,492)
Decrease (increase) in prepayments and other current assets	(727,382,823)	(283,845,233)
Decrease (increase) in deferred tax asset	(348,413,124)	(117,962,989)
Decrease (increase) in non current assets	131,534,186	10,226,383
Increase (decrease) in trade and other payables	4,107,015,906	1,610,661,391
Increase (decrease) in income tax payables	192,112,388	121,498,540
Increase (decrease) in retirement payable	(30,585,318)	(1,228,465)
Cash generated from operations	5,806,455,852	5,869,911,183
Income taxes paid	(933,049,529)	(808,900,056)
Net Cash From Operating Activities	4,873,406,323	5,061,011,127
Cash Flows from Investing activities		
Acquisition of property and equipment	(1,341,852,908)	(1,131,754,956)
Disposal of property and equipment	3,030,311	8,410,112
Investment in Securities	(219,321)	-
Investment in subsidiary / in stocks	(699,480,000)	-
Net Cash From (Used in) Investing Activities	(2,038,521,918)	(1,123,344,843)
Cash Flows from Financing Activities		
Proceeds from loan availments	5,140,000,000	2,270,000,000
Repayment of loans	(6,350,000,000)	(2,780,000,000)
Dividends Payment	(3,400,568,251)	(1,416,903,438)
Increase (decrease) in finance lease liability	(250,280,198)	(248,204,091)
Interest paid	(260,402,577)	(354,714,692)
Net Cash From (Used in) Financing Activities	(5,121,251,027)	(2,529,822,222)
Net Increase in cash and Cash Equivalents	(2,286,366,621)	1,407,844,062
Cash and Cash Equivalents at Beginning of Period	5,050,017,194	2,149,448,030
Cash and Cash Equivalents at End of Period	2,763,650,573	3,557,292,092

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Century Pacific Food, Inc. (the “Parent Company”) was incorporated and registered with the Philippine Security and Exchange Commission (SEC) on October 25, 2013. The Parent Company is primarily engaged in the business of buying and selling, processing, canning and packaging and manufacturing all kinds of food and food products, such as, but not limited to fish, seafood and other marine products, cattle, hog and other animals and animal products, fruits, vegetables and other agricultural crops and produce of land, including by-products thereof.

The Parent Company’s shares of stocks were listed in the Philippines Stock Exchange (PSE) on May 6, 2014 through initial public offering (IPO) and listing of 229.65 million shares in the PSE at a total value of P3.3 billion.

The Parent Company is 65.5% owned subsidiary of Century Pacific Group, Inc. (CPGI) the ultimate parent, as at September 30, 2024. CPGI is a corporation registered with SEC and is domiciled in the Philippines.

The Parent Company’s registered office and principal place of business, is located at 7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center, Pasig City.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The consolidated financial statements of the Parent Company and its subsidiaries (the “Group”) have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis of Preparation and Presentation

The consolidated financial statements have been prepared on the historical cost basis, unless otherwise stated. The consolidated financial statements are presented in Philippine peso, the Group’s functional currency.

Subsidiaries

Details of the Company’s subsidiaries as of September 30, 2024, are as follows:

Subsidiary	Business	% Ownership	Country of Residence
Snow Mountain Dairy Corporation (SMDC)	Leasing services	100	Philippines
General Tuna Corporation (GTC)	Manufacturing and exporting of OEM canned, pouched and frozen tuna products.	100	Philippines

Allforward Warehousing Inc. (AWI)	Operating warehouse facilities	100	Philippines
Century Pacific Agricultural Ventures, Inc. (CPAVI)	Manufacturing high value organic-certified and conventional coconut products for both export and domestic markets.	100	Philippines
Century Pacific Seacrest Inc. (CPSI)	Developing, maintaining, licensing and administering marks and all kinds of intellectual property	100	Philippines
Centennial Global Corporation (CGC)	Trademark holding company	100	BVI
Century Pacific Food Packaging Ventures, Inc. (CPFPVI)	Manufacturing tin cans and other packaging materials	100	Philippines
General Odyssey Inc (GOI)	Manufacturing and distribution of feeds	100	Philippines
Millenium General Power Corporation	Development and utilization of renewable energy sources	100	Philippines
The Pacific Meat Co. Inc	Manufacturing and distribution of frozen food products	100	Philippines
Coco Harverst Inc	Manufacturing high value organic-certified and conventional coconut products for both export and domestic markets.	100	Philippines
Century International (China) Company Limited (CIC)	Marketing and distribution of canned food products	100	China
Century Pacific North America Enterprise Inc. (CPNA)	Marketing and distribution of various food products	100	USA

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Changes in Accounting Policies and Disclosures

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

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements. The amendments have been considered under "Material Accounting and Financial Reporting Policies" in Note 4.

- Amendments to PAS 12 *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

The Group adopted and applied the exceptions introduced by PAS 12. The current income tax expense related to Pillar Two income taxes amounted to nil in 2023.

As at September 30, 2024, the Group is in the process of gathering information and assessing the potential exposure arising from the Pillar Two legislation.

Standards Issued but not yet Effective

The adoption of future accounting standards is not expected to have a material impact on the Group's consolidated financial statements.

SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

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1. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control: a) has power over the investee; b) exposure or rights, to variable returns from its

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls as at September 30, 2024 and 2023 and for each of the two years in the period ended September 30, 2024.

The Parent Company's subsidiaries including its ownership interest for each entity is disclosed in Note 1.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss included under "Remeasurement gain (loss) arising from business combination."

Goodwill is initially measured at cost where cost is 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 the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss and included under "other income (expenses)."

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 cash-generating units (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*.

Occasionally, an acquirer will make a bargain purchase, which is a business combination in which the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured exceeds the aggregate of the consideration transferred.

Before recognizing a gain on a bargain purchase, the acquirer shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognize any additional assets or liabilities that are identified in that review. The acquirer shall then review the procedures used to measure the amounts to be recognized at the acquisition date for all of the following:

- a. the identifiable assets acquired and liabilities assumed;
- b. the noncontrolling interest in the acquiree, if any;
- c. for a business combination achieved in stages, the acquirer's previously held equity interest in the acquiree; and
- d. the consideration transferred.

If that excess remains after applying the requirements above, the acquirer shall recognize the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

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.

Financial Assets

The Group's financial assets are classified as financial assets at amortized cost. The Group applies the simplified approach in measuring expected credit losses (ECL) for trade receivables which uses a lifetime expected loss allowance for all trade receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due. Meanwhile, impairment of other financial assets is assessed based on potential liquidity of counterparties based on available financial information.

Financial Liabilities

The Group's financial liabilities are classified as loans and borrowings and payables. These are recognized initially at fair value, net of directly attributable transaction costs, and subsequently measured at amortized cost. A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. When 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 Group's profit or loss.

Inventories

Inventories are initially measured at cost which includes costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Subsequently, inventories are stated at the lower of cost and net realizable value. The costs of inventories are calculated as follows:

Raw materials	Moving average
Work-in-process	Weighted average
Finished goods	Weighted average

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Spare parts with useful lives of one year or less are classified as inventories and recognized as expense as they are consumed.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and amortization and any impairment in value.

Major spare parts qualify as property, plant and equipment when the Group expects to use them for more than one year. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation is computed on the straight-line method, other than construction in progress, based on the estimated useful lives of the assets as follows:

Asset	Number of years
Land improvements	5-15
Buildings	5-15
Building improvements	5-15
Plant machinery and equipment	2-25
Office furniture, fixtures and equipment	2-5
Laboratory tools and equipment	2-14
Transportation and delivery equipment	2-7
Leasehold improvements	10 years average or term of the lease whichever is shorter

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of licensing agreements with definite useful lives, and any accumulated impairment losses.

Licensing agreements with definite useful lives is amortized over 25 years and assessed for impairment whenever there is an indication that the asset may be impaired.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Long-lived Nonfinancial Assets

The Group's investments in property, plant and equipment, right-of-use assets, intangible assets with definite useful lives and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Provisions

Provisions arising from present obligation are recognized in profit or loss when the timing and amount of settlement can be reliably measured.

Equity-settled share-based payments

Certain benefit-eligible employees of the Company receive an opportunity to purchase the common stock of the Company at a price lower than the fair market value of the stock at grant date.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

Employee Benefits

Defined benefit plan

The Group classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Retirement benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

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. These amounts are calculated periodically by independent qualified actuaries.

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, the effect of the asset ceiling and return on plan assets (excluding net interest on defined benefit liability or asset) are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to unappropriated retained earnings through other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Currency translation adjustment

Currency translation adjustment represents the exchange differences resulting from translating the financial position and results of operations of GTC, CPNA, CIC, CRL and CST, whose functional currencies differ from the functional currency of the Group.

Revenue from Contracts from Customers

The Group's revenue from contracts with customers primarily consist of revenue from the sale of manufactured goods. Revenue from contracts with customers is recognized when control of the goods is 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.

Sale of goods

The Group contracts to sell goods to the wholesale market and retailers. It identifies each party's rights and payment terms regarding goods to be transferred.

For sales of goods to the wholesale market and retailers, revenue is recognized at a point in time when control of the goods has transferred, either when the goods have been delivered to the wholesalers' and retailers' specific location or when the goods have been shipped out of the Company's warehouse.

Transaction price

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

The transaction price is also adjusted for any consideration payable to the customer. Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer (or to other parties that purchase the Group's goods from the customer). Consideration payable to a customer also includes credit or other items that can be applied against amounts owed to the Group (or to other parties that purchase the Group's goods or services from the customer).

Variable consideration

The amount of consideration can vary because of discounts, rebates, refunds, credits, incentives, penalties or other similar items.

The Group includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group estimated the value of the variable consideration by obtaining the most likely amount in a range of possible consideration amounts.

In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Group considers both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

- The amount of consideration is highly susceptible to factors outside the Group's influence. Those factors may include volatility in a market, the judgment or actions of third parties, weather conditions and a high risk of obsolescence of the promised goods.
- The uncertainty about the amount of consideration is not expected to be resolved for a long period of time.
- The Group's experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value.
- The Group has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances.
- The contract has a large number and broad range of possible consideration amounts.

The Group re-assessed the variable considerations based on their evaluation of actual trade promotional activities.

Service income

Service income pertains to management fees and is recognized over time as the services are rendered.

Other income

Other income is income generated outside the normal course of business and is recognized at a point in time when control of the goods and services have been transferred to the customer.

Revenue outside the scope of PFRS 15

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leases

The Group as lessee

Subsequent to initial recognition, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms which are from five (5) to 20 years.

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). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Taxes

Income tax expense represents the sum of the current income tax and deferred income tax.

Current income tax

Current income 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 tax laws used to compute the amount are those that are enacted or substantively enacted as at the financial reporting date.

CPSI and CFPVI use Optional Standard Deduction (OSD), while other subsidiaries use itemized deductions in the computation of their respective taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

CPFI is registered with the Board of Investments (BOI), pursuant to Executive Order No. 226 or the Omnibus Investments Code of 1987, as amended by Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act entitled for income tax holiday for canned tuna and its by-product from January 1, 2021 to December 31, 2024 and frozen loins from June 16, 2022 to December 2024.

AWI registered its Cold Storage Facilities (Panda 1 and 2) with BOI for Income Tax Holiday (ITH) provided under Article 39(a) of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended by R.A 7918. AWI operations under Panda 1 and 2 are entitled for ITH up to February 28, 2020 and June 30, 2023, respectively. Other income that arises outside from the registered activities of the AWI and local services in excess of 30% is subject to the statutory rate of 25%.

CPAVI is registered with Philippine Economic Zone Authority (PEZA) on June 1, 2021 entitled for gross income tax (GIT) incentive and other PEZA incentives. Registered activity is limited to engage in the manufacturing, processing, including toll manufacturing of coconut products and by-products and the importation of raw materials, machinery, equipment, goods, or merchandise directly used in its registered operations at the MIEZ. CPAVI also have an existing ITH for coco milk and coco water expansion project from July 1, 2022 to June 30 2025 and will be entitled to GIT incentive after the expiration of ITH.

GTC is registered with PEZA on December 23, 2020 entitled for GIT incentive and other PEZA incentives. Registered activity shall be limited to engage in the manufacturing, processing, including toll manufacturing of canned tuna, tuna in pouch, frozen loin and by-products such as fishmeal and fish oil and the importation of raw materials, machinery, equipment, goods, or merchandise directly used in its registered operations at the Millennium Industrial Economic Zone.

Deferred income tax

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

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or (2) in respect of taxable temporary differences associate with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is not probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused excess of minimum corporate income tax (“MCIT”) over regular corporate income tax (“RCIT”) and unused net operating loss carry-over (“NOLCO”) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefits of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at financial reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity.

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

Value-added Tax (VAT)

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

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

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statement of financial position.

Significant Judgments in Applying Accounting Policies

Determination of functional and presentation currency

Each entity in the Group determines its own functional currency and items included in the separate financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

The presentation currency of the Group is the Philippine Peso, which is the Parent Company's functional currency. The functional currency of each of the Group's subsidiaries is determined based on the economic substance of the underlying circumstances relevant to each subsidiary.

The results of operations and financial position of GTC and CPNA, which are measured using US Dollar, and the results of operations and financial position of CIC, CST and CRL, which are measured using Chinese Yuan, were translated into Philippine Peso using the accounting policies in Note 4.

Acquisition of investments qualified as a business combination

In applying the requirements of PFRS 3, *Business Combinations*, an entity or an asset being acquired has to be assessed whether it constitutes a business. The assessment requires identification of inputs and processes applied to these inputs to generate outputs or economic benefits. To be capable of being conducted and managed for the purposes defined, an integrated set of activities and assets requires two essential elements - inputs and processes applied to those inputs, which together are or will be used to create outputs."

The acquisition of PMCI was considered a business since it has commercial substance and was accounted for as a business combination.

Acquisition of assets that does not constitute a business

PFRS 3 also provides that if an entity acquires an asset or a group of assets, including any liabilities assumed, that does not constitute a business, then the transaction is outside the scope of PFRS 3 because it does not meet the definition of a business combination. Such transactions are accounted for as asset acquisitions, in which case, the cost of acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date.

The acquisition of "Ligo" trademark leverages only on the input obtained from the acquisition transaction, which does not fall under the definition of a "business" under PFRS 3.

Determination of Lease Term of Contracts with Renewal option - Group as a Lessee

The Group has lease contracts that includes extension option. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. 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.

The Group included the renewal period as part of the lease term for leases of land and buildings. The Group typically exercises its option to renew for these leases because of significant improvements on the leased assets and these assets including the underlying assets are critical to the business of the Group. As such, there will be a significant negative effect on production if a replacement asset is not readily available. The Group has determined that the lease term of these lease contracts ranges from 10 to 20 years.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment Assessment of Goodwill and Trademarks with Indefinite Lives.

The Group performs recoverability testing annually or more frequently when there are indications of impairment for goodwill and trademarks with indefinite lives. Goodwill acquired through business combination has been allocated to one CGU which is also the operating entity acquired through business combination and to which the goodwill relates. Recoverability testing requires an estimation of the value in use or fair value less cost of disposal of the CGU to which goodwill and trademarks with indefinite life are allocated. Estimating the recoverable amount of the CGU involves significant assumptions about the future results of the business such as long-term revenue growth rate, operating expenses, gross margin and discount rate which were applied to cash flow forecasts. In addition, the assumptions are also subjected to a higher level of estimation uncertainty due to the current economic conditions which have been impacted by the COVID-19 pandemic. The cash flow forecasts were based on financial budgets approved by the BOD covering a five-year period.

The impairment on goodwill and trademark is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) the present value of the annual projected cash flows for five years and the present value of the terminal value computed under the discounted cash flow method.

Determining Method to Estimate the Variable Consideration

In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled to in exchange for transferring the promised goods to customer. The Group determined that the most likely amount method is appropriate to use in estimating the variable consideration for the incentives given to the customers based on evaluation of actual trade promotional activities. The most likely amount is the single most likely amount in a range of possible consideration amounts.

The Group includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Group considers both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

- The amount of consideration is highly susceptible to factors outside the Group's influence. Those factors may include volatility in a market, the judgment or actions of third parties, weather conditions and a high risk of obsolescence of the promised goods.
- The uncertainty about the amount of consideration is not expected to be resolved for a long period of time;
- The Group's experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value;
- The Group has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances; or
- The contract has a large number and broad range of possible consideration amounts.

Estimating the Fair Value of "Ligo" Trademark

The Group acquired the "Ligo" trademark in March 2022. The fair value of asset was determined using multi-period excess earnings valuation method, which assumed expected future earnings stream attributable to the identified income-generating asset discounted using the rate of return commensurate to the asset. The Group estimated the cash flows based on average life of the identified assets. Estimating the fair value of "Ligo" trademark involve significant assumptions about the future results of the business such as revenue growth rate and discount rate which were applied to cash flow forecasts.

Estimating the incremental borrowing rate on Leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. 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.

Determination of Fair Value of Financial Instruments

Where the fair value of financial assets and liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of Financial Assets at Amortized Costs

The Group applied the following judgements and estimates that significantly affect the computation of ECL under PFRS 9.

Definition of Default and Credit-Impaired Financial Assets. Upon adoption of PFRS 9, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than 120 days past due on its contractual payments, which is consistent with the Group’s definition of default.
- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
 - a. The borrower is experiencing financial difficulty or is insolvent;
 - b. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower’s financial difficulty; or
 - c. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes, unless otherwise stated. The default definition has been applied consistently to model the probability of default, loss given default and expected actual default throughout the Group’s ECL calculation.

- *General Approach for cash and cash equivalents, other receivables, due from related parties, security deposits and deposits on utilities.* Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group has leveraged on available market data for cash in banks to calculate the ECL.
- *Simplified Approach for Trade Receivables.* The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due. The provision matrix is

initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

- *Grouping of instruments for losses measured on collective basis.* For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The characteristic used to determine groupings is based on the type of customer.
- *Macro-economic Forecasts and Forward-looking Information.* Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Other than the considerations on the impact of COVID-19 on macro-economic factors used as inputs to the ECL calculation, there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Evaluation of Net Realizable Value of Inventories

The Group writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in prices level or other causes such as the impact of COVID-19 pandemic. The lower of cost and net realizable value of inventories is reviewed at each reporting date. Inventory items identified to be obsolete and unusable are also written off and charged as expense in net income in the consolidated statement of comprehensive income.

Estimation of Useful Lives of Long-Lived Nonfinancial Assets

The useful lives of long-lived nonfinancial assets are estimated based on the economic lives of the assets and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of the long-lived nonfinancial assets are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the long-lived nonfinancial assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Determination of Impairment of Nonfinancial Assets

Impairment review is performed when certain impairment indicators are present. Management considered the impact of COVID-19 in its impairment assessment on the Group's property, plant and equipment, intangible assets with definite useful life, right-of-use assets and input VAT.

Determining the value in use of the nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements.

Determination of Pension Costs

The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is derived by discounting all expected benefit payments using interest rates of government bonds that correspond to the timing of benefit payments, after which, a single discount rate is computed considering the aggregate amount of all discounted values.

The mortality rate is based on publicly available mortality tables in the Philippines and is modified accordingly with estimates of mortality improvements. Future salary and pension increases are based on expected future inflation rates in the Philippines.

Recoverability of Deferred Tax Assets

The Group performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assets which should be recognized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following period. This forecast is based on the Group's past results and future expectations on revenue and expenses. The effect of COVID-19 pandemic on the macroeconomic factors are also used in developing the assumptions. The Group computes for deferred tax using the 25% corporate tax rate in 2023 and 2022, respectively.

Purchase Price Allocation in Business Combinations

The Group accounts for the acquired business using the acquisition method which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill, a separate account in the consolidated statement of financial position (or subsumed in the investment for acquisition of an associate), or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance.

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is organized into four major business segments: Marine, Meat, Milk and emerging and Corporate and others. These divisions, that focuses on the types of goods or services delivered or provided, are the basis on which the Group reports its primary segment information to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance.

The principal products and services of each of these divisions are as follows:

Business Segment	Products and Services
Marine	Tuna Sardines Other seafood-based products
Meat	Corned beef Meatloaf Refrigerated meat Other meat-based product
Milk and emerging	Distribution of other products Canned milk Powdered milk Coconut beverages Coconut milk Coconut oil
Corporate and others	Other emerging products Shared services Warehousing Packaging Other services

4. CASH AND CASH EQUIVALENTS

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
Cash on hand	6,980,291	19,308,471
Cash in bank	1,906,411,185	1,535,123,940
Cash equivalents	850,259,097	3,495,584,783
	2,763,650,573	5,050,017,194

Cash on hand includes petty cash fund.

Cash in banks earn an average interest at rates based on daily bank deposit rates. These are unrestricted and immediately available for use in the current operations of the Group.

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. The Group classifies an investment as cash equivalent if that investment has a maturity of three months or less from the date of acquisition. Cash equivalents represent short-term fund placements with local banks maturing on various dates. These placements are from excess cash and can be withdrawn anytime for operations.

5. TRADE AND OTHER RECEIVABLES

The Group's trade and other receivables consist of:

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
Trade receivables from third parties	11,512,682,811	9,198,091,315
Advances to officers & employees	66,533,548	48,966,011
Other receivables	154,148,220	330,236,962
	11,733,364,579	9,577,294,288
Less : Allowance for doubtful accounts	191,460,507	190,639,597
	11,541,904,071	9,386,654,691

Trade receivables represent short-term, non-interest bearing receivables from various customers and generally have 60 day terms or less.

Advances to suppliers pertain to the Group's deposits on purchases.

6. INVENTORIES – net

Details of the Group's inventories are as follows:

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
Finished goods	11,315,759,552	8,744,316,887
Raw and packaging materials	7,886,412,576	7,723,613,293
Work in process	471,635,541	140,369,278
Spare parts and supplies	1,370,419,178	1,069,899,736
	21,044,226,848	17,678,199,193
Less: Allowance for inventory obsolescence	826,405,322	776,239,631
	20,217,821,526	16,901,959,562

No inventories are pledged as security for any liability as of September 30, 2024.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

The account consists of:

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
Advances to suppliers	2,903,518,366	1,974,040,937
Tax credits	420,639,482	544,359,499
Input value added tax (VAT) - net	75,689,514	203,334,055
Prepaid insurance	26,195,797	27,758,248
Prepaid rent	16,394,470	6,390,807
Other prepayments	129,554,659	88,725,920
	3,571,992,289	2,844,609,466

Tax credits include creditable withholding taxes withheld by the Group's customers and tax credit certificates (TCC) issued by the Bureau of Customs (BOC). TCCs from BOC are granted to Board of Investment (BOI) registered companies and are given for taxes and duties paid on raw materials used for the manufacture of their export products. The Group can apply its TCC against tax liabilities other than withholding tax or can be refunded as cash.

8. PROPERTY, PLANT AND EQUIPMENT – net

Movements in the carrying amounts of the Group’s property plant and equipment are as follows:

	Land and Land Improvements	Building and building Improvements	Plant Machinery and Equipment	Transportation and Delivery Equipment	Office Furniture, Fixtures and Equipment	EDP Equipments	Laboratory, Tools and Equipment	Construction in Progress	Total
Cost									
January 1, 2024	59,739,201	4,275,195,668	10,607,538,165	186,479,012	111,087,341	329,405,956	389,278,664	678,082,143	16,636,806,150
Acquisition	-	179,591,487	395,762,302	35,430,423	6,450,683	27,211,862	17,264,304	680,141,845	1,341,852,907
Reclassification	-	37,206,053	397,273,111	2,662,515	1,006,366	2,705,368	9,281,740	(450,135,153)	(0)
Disposal	-	(19,506,382)	(154,361,826)	(11,861,970)	(2,979,228)	(8,844,147)	(27,683,307)	(155,468)	(225,392,328)
	59,739,201	4,472,486,826	11,246,211,751	212,709,980	115,565,161	350,479,040	388,141,401	907,933,368	17,753,266,728
Accumulated Depreciation									
January 1, 2024	54,845,606	1,576,406,081	5,235,379,719	131,801,439	93,547,340	251,814,875	312,737,581	-	7,656,532,641
Depreciation and amortization	873,897	225,347,429	765,577,722	17,999,173	6,716,383	21,661,772	32,447,476	-	1,070,623,852
Reclassification	-	(46,098)	(2,312,848)	2,356,829	(136,089)	136,089	2,117	-	(0)
Disposal	-	(19,315,978)	(154,198,471)	(11,314,713)	(2,804,711)	(7,505,422)	(27,222,725)	-	(222,362,020)
	55,719,503	1,782,391,434	5,844,446,121	140,842,727	97,322,924	266,107,314	317,964,450	-	8,504,794,474
Carrying Value									
As of September 30, 2024	4,019,698	2,690,095,392	5,401,765,630	71,867,252	18,242,237	84,371,726	70,176,951	907,933,368	9,248,472,254
Cost									
January 1, 2023	59,016,586	3,995,134,439	9,732,262,136	175,040,207	102,718,961	299,827,009	397,897,961	475,830,021	15,237,727,319
Acquisition	-	110,659,974	188,429,934	23,860,402	6,875,031	28,177,664	14,463,874	1,144,900,694	1,517,367,573
Reclassification	722,615	169,872,322	756,421,742	639,236	2,464,061	5,625,166	6,722,603	(942,467,745)	(0)
Disposal	-	(471,067)	(69,575,647)	(13,060,833)	(970,712)	(4,223,883)	(29,805,774)	(180,826)	(118,288,742)
	59,739,201	4,275,195,668	10,607,538,165	186,479,012	111,087,341	329,405,956	389,278,664	678,082,143	16,636,806,150
Accumulated Depreciation									
January 1, 2023 AD	53,649,903	1,318,030,844	4,351,176,660	115,856,293	83,351,838	228,744,854	293,100,469	-	6,443,910,861
Depreciation and amortization	1,195,703	257,931,450	951,635,637	23,669,462	11,450,882	26,551,028	48,645,993	-	1,321,080,155
Reclassification	-	(46,098)	(2,312,848)	2,465,970	(94,960)	(14,181)	2,117	-	(0)
Disposal	-	(447,389)	(65,183,097)	(10,190,286)	(953,777)	(3,466,826)	(29,106,597)	-	(109,347,972)
Others	-	937,274	63,367	-	(206,642)	-	95,599	-	889,598
	54,845,606	1,576,406,081	5,235,379,719	131,801,439	93,547,340	251,814,875	312,737,581	-	7,656,532,641
Carrying Value									
As of December 31, 2023	4,893,595	2,698,789,587	5,372,158,446	54,677,573	17,540,000	77,591,081	76,541,083	678,082,143	8,980,273,509

9. OTHER NON-CURRENT ASSETS

Details of the Group's other non-current assets as of September 30, 2024, and December 31, 2023, are as follows:

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
Deferred Charges	(144,250,340)	675,100
Security deposits	141,449,059	122,535,959
Returnable containers	20,410,585	25,932,432
	17,609,304	149,143,490

Security deposits pertain to the required amounts under the terms of the lease agreements of the Group with certain lessors.

10. LOANS PAYABLE

Details of the Group's loans payable as of September 30, 2024, and December 31, 2023, are as follows:

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
Short term loans payable	1,677,360,791	2,877,360,791
Long term loans payable	3,146,982,518	3,156,982,518
	4,824,343,310	6,034,343,310

11. TRADE AND OTHER PAYABLES

The Group's trade and other payables consist of:

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
Trade payables	3,368,379,248	3,127,867,036
Accrued Payable	10,593,975,045	6,668,243,477
Non trade payables	158,585,391	188,579,757
Vat Output payable - net	338,242,243	224,144,759
Withholding taxes payable	89,298,808	231,587,177
Other current payables	10,777,744	11,820,367
	14,559,258,478	10,452,242,572

Trade payables and non-trade payables are generally on a 30 to 90-day term.

No interest is charged on trade and non-trade payables. Accrued expenses are non-interest bearing and are normally settled within one year. The Group has financial risk management policies in place to ensure that all payables are paid within the credit period.

12. RELATED PARTY TRANSACTIONS

In the normal course of business, the Group transacts with companies which are considered related parties under PAS 24, *Related Party Disclosures*.

The outstanding balances as of September 30, 2024, and December 31, 2023, are presented as follows:

Related Party Category	Amount of Transactions during the year		Outstanding Receivable/Payable		Terms and Condition
	2024	2023	2024	2023	
Ultimate Parent Company					
Service fee	2,997,929	7,817,011	1,792,790	8,079,465	On demand; non interest bearing; unsecured
Cost reimbursement	-	27,532	-	-	On demand; non interest bearing; unsecured
Rental expense	50,730,399	75,775,843	(11,187,341)	(7,760,457)	On demand; non interest bearing; unsecured
Dividends	1,071,072,000	892,560,000	-	-	On demand; non interest bearing; unsecured
Miscellaneous Deposit	-	-	18,681,880	18,681,880	On demand; non interest bearing; unsecured
Fellow Subsidiaries & Associates					
Shared services fee	1,590,030	2,473,380	3,987,739	508,556	On demand; non interest bearing; unsecured
Sale of inventories	170,496,716	340,119,571	153,379,348	222,325,109	On demand; non interest bearing; unsecured
Purchase of inventories	8,610,178	9,634,237	(14,931,771)	(15,261,099)	On demand; non interest bearing; unsecured
Service fee	3,423,741	8,653,155	5,297,488	8,190,250	On demand; non interest bearing; unsecured
Purchase of service	-	19,359,800	-	-	On demand; non interest bearing; unsecured
Cost reimbursements	52,548,886	70,436,733	(11,934,417)	(6,856,779)	On demand; non interest bearing; unsecured
Rental expense	5,684,935	7,487,544	(676,575)	(667,639)	On demand; non interest bearing; unsecured
Miscellaneous Deposit	-	-	849,150	849,150	On demand; non interest bearing; unsecured
Royalty Fee	810,571	1,183,446	-	-	On demand; non interest bearing; unsecured
Due from Related Parties			183,988,395	258,634,411	
Due to Related Parties			(38,730,104)	(30,545,974)	

13. SHARE CAPITAL

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
Authorized Capital :		
6,000,000,000 ordinary shares at P1 par value	6,000,000,000	6,000,000,000
Issued and subscribed	3,542,258,595	3,542,258,595

The Group has one class of common shares which carry one vote per share and a right to dividends.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Amount in Php For the Period Ended September 30, 2024
Income for the Period	5,276,635,106
Weighted Average Number of Shares	3,542,258,595
Basic and Diluted Earnings Per Share	1.49

As of September 30, 2024, the Company has no potential dilutive shares. Accordingly, the basic earnings per share of P1.49 is the same as the diluted earnings per share.

15. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The fair values of the Group's financial assets and financial liabilities are shown below:

	As of September 30, 2024		As of December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	2,763,650,573	2,763,650,573	5,050,017,194	5,050,017,194
Trade and Other Receivables - net	11,541,904,071	11,541,904,071	9,386,654,691	9,386,654,691
Due from Related Parties	183,988,395	183,988,395	258,634,411	258,634,411
Security deposits	141,449,059	141,449,059	122,535,959	122,535,959
	14,631,211,420	14,631,211,420	14,817,842,254	14,817,842,254
Financial Liabilities				
Notes Payable	1,677,360,791	1,677,360,791	2,877,360,791	2,877,360,791
Trade and Other Payables	14,559,258,478	14,559,258,478	10,452,242,572	10,452,242,572
Due to Related Parties	38,730,104	38,730,104	30,545,975	30,545,975
	16,275,349,373	16,275,349,373	13,360,149,338	13,360,149,338

Note: The amount does not include government liabilities which are not considered financial liabilities.

Due to the short-term maturities of cash and cash equivalents, trade and other receivables, due from related parties, security deposits, trade and other payables, and due to related parties, their carrying amounts approximate their fair values.

The loans payable is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments.

Financial Risk Management

The Group is exposed to certain financial risks which result from both their operating and investing activities. The Group's risk management is coordinated with their Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor do they write options. The most significant financial risks to which the Group is exposed to are described below.

Market risk

The Group is exposed to market risk through their use of financial instruments and specifically interest risk which result from both their operating and financing activities.

Interest rate risk

The Group has limited exposure to changes in market interest rates through their interest-bearing loans and cash, which are subject to variable interest rates. These financial instruments have historically shown small or measured changes in interest rates.

Credit Risk

Credit risk is the risk that the counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from selling goods to customers, including related parties, providing security deposits to lessors, and placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into their credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the combined statements of financial position (or in the detailed analysis provided in the notes to combined financial statements), as summarized below.

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
Cash and cash equivalents	2,763,650,573	5,050,017,194
Trade and Other Receivables - net	11,541,904,071	9,386,654,691
Due from Related Parties	183,988,395	258,634,411
Security deposits	141,449,059	122,535,959
	14,631,211,420	14,817,842,254

As part of the Group’s policy, bank deposits are only maintained with reputable financial institutions. Cash in banks which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of (P500,000) per depositor per banking institution, as provided for under Republic Act No. 9576, Charter of PDIC, are still subject to credit risk.

The Group’s Management considers that all the above financial assets that are not impaired or past due for each reporting period are of good credit quality.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The aging analysis of the Group’s financial assets that are not impaired as of September 30, 2024, is as follows:

	As of September 30, 2024			
	Past Due Accounts but Not Impaired			
	0 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due
Cash and cash equivalents	2,763,650,573	-	-	-
Trade and Other Receivables - net	11,541,904,071	-	-	-
Due from Related Parties	183,988,395	-	-	-
Security deposits	-	-	-	141,449,059
	14,489,543,040	-	-	141,449,059

The aging analysis of the Group’s individual receivables as of September 30, 2024, and December 31, 2023, is as follows:

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
	60 to 90 days	11,541,904,071
	11,541,904,071	9,386,654,691

Liquidity Risk

The ability of the Group to finance their operations and to meet obligation as these become due is extremely crucial to its viability as a business entity. The Companies adopt a prudent liquidity risk management where they maintain sufficient cash to meet trade and other short term payables as they fall due.

The Group manages their liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The following table details the Group’s remaining contractual maturities for its non-derivative financial liabilities:

	Amount in Php		Total
	Within One Year	More than One Year	
As of September 30, 2024			
Loans payable	1,677,360,791		1,677,360,791
Trade and other payables	14,559,258,478		14,559,258,478
Due to related parties	38,730,104		38,730,104
	16,275,349,373	-	16,275,349,373
As of December 31, 2023			
Loans payable	2,877,360,791		2,877,360,791
Trade and other payables	10,452,242,572		10,452,242,572
Due to related parties	30,545,975		30,545,975
	13,360,149,338	-	13,360,149,338

Note: The amount does not include government liabilities which are not considered financial liabilities.

16. CAPITAL MANAGEMENT RISK

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the profits of the shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes loans, trade and other payables and due to related parties as offset by cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The debt to equity ratio of the Group at each reporting period is within the acceptable range as the Group regularly reviews its financials to ensure compliance with this capital requirement.

	Amount in Php	
	As of September 30, 2024	As of December 31, 2023
Debt	21,752,218,259	18,691,564,944
Less : Cash and cash equivalents	2,763,650,573	5,050,017,194
Net debt	18,988,567,686	13,641,547,751
Equity	34,723,245,968	32,850,529,359
Net Debt to equity ratio	0.55:1	0.42:1