The following document has been received:

Receiving: DONNA ENCARNADO
Receipt Date and Time: April 11, 2025 01:32:37 PM

Company Information

SEC Registration No.: 0000052412
Company Name: BELLE CORPORATION
Industry Classification: C11990
Company Type: Stock Corporation

Document Information

Document ID: OST10411202583161544
Document Type: ANNUAL_REPORT
Document Code: SEC_Form_17-A
Period Covered: December 31, 2024
Submission Type: Original Filing
Remarks: WITH FS -CONSO AND FS PARENT

Acceptance of this document is subject to review of forms and contents

From **:** Philippine Stock Exchange
To **:**

Subject **:** Annual Report
Date **:** Friday, April 11, 2025 13:46 PM

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: Belle Corporation
Reference Number: 0011622-2025
Date and Time: Friday, April 11, 2025 13:46 PM Template Name: Annual Report
Report Number: CR02076-2025

Best Regards,
PSE EDGE

The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634.

CR02076-2025

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
   Dec 31, 2024
2. SEC Identification Number
   52412
3. BIR Tax Identification No.
   000-156-011
4. Exact name of issuer as specified in its charter
   BELLE CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   METRO MANILA, PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   5/F Tower A, Two Ecom Center, Palm Coast Avenue, MOA Complex, Pasay City
   Postal Code
   1300
8. Issuer's telephone number, including area code
   (632) 8662-8888
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, Php 1.00 par value	9,696,464,297

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (●) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange, Inc./ Common Shares
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA 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 that the registrant was required to file such reports)

- [x] Yes
- [ ] No

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

- [x] Yes
- [ ] No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

P7.2 Billion

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

- [ ] Yes
- [x] No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

n/a

(b) Any information statement filed pursuant to SRC Rule 20

n/a

(c) Any prospectus filed pursuant to SRC Rule 8.1

n/a

Belle Corporation
BEL

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2024
Currency	PHP (in thousands)

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
Current Assets	12,303,110	11,658,655
Total Assets	57,473,710	55,710,750
Current Liabilities	4,543,008	5,532,205
Total Liabilities	17,676,775	16,294,668
Retained Earnings/(Deficit)	17,324,660	14,985,481
Stockholders' Equity	39,796,935	39,416,082
Stockholders' Equity - Parent	39,404,548	36,526,436
Book Value Per Share	4.06	3.77

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
Gross Revenue	5,890,767	5,601,375
Gross Expense	2,779,735	2,836,828
Non-Operating Income	180,235	341,394
Non-Operating Expense	775,232	539,274
Income/(Loss) Before Tax	2,516,035	2,566,667
Income Tax Expense	90,447	143,482
Net Income/(Loss) After Tax	2,425,588	2,423,185
Net Income/(Loss) Attributable to Parent Equity Holder	2,334,359	1,883,556
Earnings/(Loss) Per Share (Basic)	0.2	0.2
Earnings/(Loss) Per Share (Diluted)	0.2	0.2

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2024	Dec 31, 2023
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	2.71	2.11
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	1.38	1.1
Solvency Ratio	**Total Assets / Total Liabilities**	3.25	3.42
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.13	0.1
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.19	0.15
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	4.06	5.67
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.44	1.41
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.53	0.49
Net Profit Margin	**Net Profit / Sales**	0.41	0.43
Return on Assets	**Net Income / Total Assets**	0.04	0.04
Return on Equity	**Net Income / Total Stockholders' Equity**	0.06	0.06
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	6.64	4.68

Other Relevant Information
n/a

Filed on behalf by:

Name	Aileen Malto
Designation	Chief Financial Officer and Treasurer

COVER SHEET

5 2 4 1 2

S.E.C. Registration Number

BELLE CORPORATION

(Company's Full Name)

5/F, TOWER A, TWO E-COM CENTER
PALM COAST AVENUE, MALL OF ASIA
COMPLEX CBP-1A, PASAY CITY

MICHELLE ANGELI T. HERNANDEZ

Contact Person

(+632) 8662 8888

Company Telephone Number

1 2	3 1	17-A		
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,755

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATON CODE OF THE PHILIPPINES**

1. For the fiscal year ended: **December 31, 2024**

2. SEC Identification Number: **52412**

3. BIR Tax Identification No. **000-156-011-000**

4. Exact name of registrant as specified in its charter: **BELLE CORPORATION**

5. **Metro Manila, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. ________________(SEC Use Only)
   Industry Classification Code

7. **5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Metro Manila, Philippines**
   Address of principal office

   1300
   Postal Code

8. **(02) 8662 - 8888**
   Registrant's telephone number, including area code

9. **28/F, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City**
   Former address

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Outstanding
Common Stock, P 1.00 par value	**9,696,464,297**
	Amount of Debt Outstanding
	Php 7.74 Billion

11. Are any or all of these securities listed on the Philippine Stock Exchange.
    Yes [**x**] No [ ]

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 1(a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
    Yes [**x**] No [ ]

    (b) has been subject to such filing requirements for the past 90 days.
    Yes [**x**] No [ ]

13. Aggregate market value of voting stock held by non-affiliates: **₱7.191 Billion**
    This was computed by multiplying the no. of voting stocks held by non-affiliates (4,332,196,510 shares) by the stock's closing price of ₱1.66 per share on December 27, 2024.

TABLE OF CONTENTS

PART I. BUSINESS AND GENERAL INFORMATION

Item 1. Business

Background

Belle Corporation ("Belle" or the "Company") was incorporated in 1973 as Belle Mining and Oil Exploration, Incorporated ("Belle Resources") and, in 1977, was listed on the Philippine Stock Exchange. In 1989, Belle Resources developed a golf club named Tagaytay Highlands International Golf Club, Incorporated ("Tagaytay Highlands"), which became its initial foray into the property development sector. In 1994, Belle Resources changed its name to Belle Corporation to underscore the shift in its principal activity**.**

In early 2001, Belle spun-off some of its property development assets. The spin-off involved the transfer of approximately 534 hectares of undeveloped land, 70 developed subdivision lots, and 25 finished residential units into a newly formed subsidiary, Highlands Prime, Incorporated ("Highlands Prime"). Highlands Prime was registered with the Securities and Exchange Commission on February 15, 2001, and its shares were listed on the Philippine Stock Exchange on April 23, 2002, at which time Belle sold approximately 64% of its interest in Highlands Prime to investors. In August 2013, Belle exchanged its 809 million shares in Highlands Prime for approximately 109.2 million shares in SM Prime Holdings, Inc. ("SMPH"), pursuant to the tender offer with SM Land, Inc. for the shares of Highlands Prime and SM Development Corporation. Belle sold 47.4 million of its SMPH shares from 2015 to 2017, and held 61.8 million shares after the transactions and holds the same as of December 31, 2024.

On April 14, 2011, Belle acquired all the shares of PremiumLeisure & Amusement, Inc. ("PLAI") through the issuance of 2.7 billion new common shares. Belle and PLAI are part of the consortium granted by the Philippine Amusement and Gaming Corporation ("PAGCOR") with a Regular Casino Gaming License to operate integrated resorts, including casinos ("the License"), specifically the casino located along Aseana Avenue and Roxas Boulevard with the brand name City of Dreams Manila. The License, which was issued by PAGCOR on April 29, 2015 and shall be valid until July 11, 2033, is concurrent with the PAGCOR's Congressional Franchise and renewable for another 25 years by the Philippine Congress. Belle started construction of foundation and structure of the integrated resorts in 2010 on a 6.2-hectare land along the entrance of Entertainment City. In October 2012, Belle and PLAI entered into a Cooperation Agreement with Melco Crown Entertainment Limited, now called Melco Resorts & Entertainment Limited, and its Philippine affiliates (hereinafter, "Melco"). The Cooperation Agreement placed Belle as a co-licensee and the owner of the land and buildings and Melco's Philippine affiliate, Melco Resorts & Entertainment (Philippines) Corporation ("MRP"), as a co-licensee, developer and operator of all facilities within the integrated resort,which was subsequently branded as "City of Dreams Manila". City of Dreams Manila had its soft opening on December 14, 2014 and its Grand Launch on February 2, 2015. Belle, PLAI and MRP fully complied with all the PAGCOR requirements under the License as of the date of the soft opening, and in May 2015, City of Dreams Manila became the first integrated resort in Entertainment City to have its License converted from Provisional to Regular status by PAGCOR.

Development of the Business of the Registrant and its Subsidiaries/Affiliates during the Past 3Years

Belle, the registrant, shifted its principal activity from mining and oil exploration to property development when it developed Tagaytay Highlands in 1989. Its property development projects are located in Tagaytay City and Batangas, and includes the following: Alta Mira, Fairfield, Lakeside Fairways, Lakeview Heights, Nob Hill, Pinecrest Village, Plantation Hills, Tagaytay Highlands International Gold Club, Tagaytay Midlands Golf Club, The Belle View, The Country Club at Tagaytay Highlands, The Parks at Saratoga Hills, The Spa and Lodge at Tagaytay Highlands, The Verandas at Saratoga Hills, The Villas, and The Woodlands.

Lakeside Fairways comprises of Belle's largest development area in Batangas and was introduced by Belle in April 2007. This project consists of subdivision lots located south of the existing 27-hole Tagaytay Midlands golf course in Talisay, Batangas. As of December 31, 2021, Belle's projects in Lakeside Fairways were comprised of Kew Gardens, Terrazas de Alava, Lakeside Enclave and Tivoli Place, Cotswold, Yume, Katsura and Sycamore Heights.

The Grove at Plantation Hills is our latest development within Tagaytay Highlands. A 22-hectare leisure farm community at the Greenlands provides ample green space for nurturing plants and is master-planned to be a residential and farming property-in-one. One that allows both organic and conventional farming practices, it offers picturesque views of the Midlands Golf Course, Batangas countryside, Mount Makiling, and Taal Lake and Volcano.

Pacific Online Systems Corporation (“Pacific Online”), incorporated in 1993, listed its shares on the Philippine Stock Exchange with a successful initial public offering on April 2, 2007. Through the joint venture company, Pinoy Lotto Technologies Corporation, where it has 50% equity interest, Pacific Online leases online betting equipment to the Philippine Charity Sweepstakes Office (“PCSO”) for its lotto operations throughout the Philippines. Belle’s subsidiary, Premium Leisure Corp., owns 50.1% of all issued shares in Pacific Online as of December 31, 2024.

Premium Leisure Corp. (“PLC”) comprises the group’s vehicle for gaming investments. It was originally incorporated as Sinophil Oil Exploration Co., Inc. in 1993 with the primary purpose of engaging in oil and gas exploration and development activities. On June 3, 1997, its name was changed to Sinophil Corporation,with the primary purpose of being an investment holding company. On July 18, 2014, its stockholders approved a further change in its name to Premium Leisure Corp. with the primary purpose being investing in gaming-related businesses. On July 24, 2014, Belle completed transfers to PLC of its 100% stake in PLAI and approximately 102 million shares in Pacific Online (comprising about 34% of issued common shares in Pacific Online), with the Company transferring to Belle various real estate assets and corporate securities. PLC also increased its authorized capital stock from 16.1 billion shares to 43.6 billion shares, with Belle subscribing to 24.7 billion new common shares or approximately 90%. During September and October 2014,Belle, its subsidiaries and affiliates sold a total of approximately 3.5 billion shares in PLC in the secondary market, in order to increase PLC’s public float. These share sales reduced Belle’s consolidated ownership in PLC to 24.9 billion shares or 78.7%. On August 5, 2015,Belle sold its remaining 47.9 million shares in Pacific Online to PLC. On March 11, 2024, the Board of Directors of Belle approved the conduct of a tender offer for the remaining issued and outstanding common stock of PLC. On the same date, the BOD of PLC approved the voluntary delisting of PLC shares from the PSE. During the Tender Offer Period (March 22, 2024 to April 24, 2024), a total of 6.2 billion common shares or approximately 19.8% of the total issued and outstanding common stock of PLC were tendered. On May 9, 2024, the Tender Offer was successfully completed and on July 9, 2024, PLC was delisted from the PSE. As at December 31, 2024, Belle’s ownership in PLC is over 99%.

As the owner of 100% of the outstanding shares of PLAI, PLC directly benefits from PLAI’s share in the gaming operations of City of Dreams Manila. Under the operating agreement between Belle, PLAI and Melco, PLAI will be entitled to receive from MRP agreed-upon monthly payments from the gaming operations in City of Dreams Manila, consisting of the following:

- The higher of (i) one-half of mass market gaming earnings before interest, taxes, depreciation and amortization (after adjusting for certain agreed deductions and for adding back expenses related to the lease agreement with Belle) or (ii) 15% of net mass market gaming revenues (after deductions for PAGCOR’s mass gaming license fees), whichever is higher; and
- The higher of (i) one-half of VIP gaming earnings before interest, taxes, depreciation and amortization (after adjusting for certain agreed deductions and for adding back expenses related to the lease agreement with Belle) or (ii) 5% of net mass market gaming revenues (after deductions for PAGCOR’s VIP gaming license fees, VIP commissions and incentives and VIP bad debts expenses), whichever is higher.

Investment Agreement on PLAI, and Lease and Cooperation Agreement with Melco

On April 14, 2011, Belle acquired all the shares of Premium Leisure & Amusement, Inc. (“PLAI”) through the issuance of 2.7 billion new common shares. Belle and PLAI are part of the consortium granted by the Philippine Amusement and Gaming Corporation (“PAGCOR”) with a Regular Casino Gaming License to operate integrated resorts, including casinos (“the License”), specifically the casino located along Aseana Avenue and Roxas Boulevard with the brand name City of Dreams Manila. The License, which was issued by PAGCOR on April 29, 2015 and shall be valid until July 11, 2033, is concurrent with the PAGCOR’s Congressional Franchise and renewable for another 25 years by the Philippine Congress. On October 16, 2010, the transfer and valuation of Belle and PLAI shares was approved by the Securities and Exchange Commission (“SEC”). the Certificate Authorizing Registration (“CAR”) from the Bureau of Internal Revenue (“BIR”), which triggered the completion of the transfer, was approved on October 4, 2011.

The PAGCOR License stipulates certain requirements and guidelines that licensees will have to achieve by the opening date of their integrated resorts (the “PAGCOR Guidelines”). Among these are:

- Total investment commitment of US$1 billion, with at least US$650 million as of the opening date of the integrated resort (including up to US$150 million in market value of land used for the resort) and the balance of US$350 million within three years of such opening date;
- At least 800 hotel rooms, with an average floor area of at least 40 square meters;

- Total gross floor area of at least 250,000 square meters;
- At least 20,000 square meters of gross floor area available for retail and food / beverage outlets;
- An entertainment feature that costs at least ₱1 billion to construct;
- Total gaming space not to exceed 7.5% of the resort's total gross floor area;
- Maximum number of gaming tables and slot machines / electronic tables games to be set using a formula based on the total number of hotel rooms in the resort and the quality of such rooms.

In October 2012, Belle and PLAI entered into a Cooperation Agreement with Melco, which places Belle as the owner of the land and buildings and Melco's Philippine affiliate MRP as a co-licensee, developer and operator of all the facilities within the resort complex with March 13, 2013 as its effectivity date. As a result, both Belle and MRP were expected to make equal investment contributions to the $1 billion minimum investment for the project.

Melco is the developer and owner of integrated resorts focused on the Macau Market, with its landmark project to date being the highly successful "City of Dreams". On October 25, 2012, the Belle, as a lessor, entered into a lease agreement with MRP for the lease of land and building structures to be used in the integrated casino development project. The lease period started on March 13, 2013 and is co-terminus with the operating agreement between the Company and MRP, which is in turn co-terminus with the License from PAGCOR, and provides for monthly rentals (with annual escalation) to be paid by MRP to Belle in respect of the land and buildings. PLAI and Melco also entered into an operating agreement that is similarly co-terminus with the License from PAGCOR, whereby MRP was given full management discretion on the operation of the integrated resort and PLAI was accorded a share of earnings from gaming operations in the resort.

On October 9, 2013, MRP announced that the integrated resort will be branded as "City of Dreams Manila", the namesake of Melco's flagship integrated resort in Macau. MRP subsequently announced the branding of three hotels in City of Dreams as Nobu, Hyatt and Crown Towers (re-branded as "Nuwa" in 2017). MRP also announced plans for "DreamPlay", City of Dreams Manila's fully immersive, technology-rich, family entertainment center developed in collaboration with DreamWorks Animation, which was the first of its kind in the world.

City of Dreams Manila was substantially completed as of December 14, 2014, with all requirements under the PAGCOR Guidelines being met by Belle and MRP, including the full US$1 billion investment commitment. The resort's soft opening was held on December 14, 2014, on which date most of the resort's facilities, including its mass market gaming operations, were officially open to the public. The Grand Launch of City of Dreams Manila was held on February 2, 2015. In May 2015, City of Dreams Manila became the first integrated resort in Entertainment City to have its License converted from Provisional to Regular status by PAGCOR.

BELLE CORPORATION
CORPORATE STRUCTURE AND MAJOR LINES OF BUSINESS/SUBSIDIARIES
AS OF DECEMBER 31, 2024

Bankruptcy, Receivership or Similar Proceedings

Neither Belle nor any of the companies above are subject of any bankruptcy, receivership, or similar proceedings.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (Not Ordinary)

PinoyLotto Technologies Corporation ("PinoyLotto")

On September 7, 2021, PinoyLotto, a joint venture corporation owned by Pacific Online, Philippine Gaming Management Corp. (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS), was incorporated with the SEC. PinoyLotto was awarded the five years lease of the customized PCSO Lottery System, also known as '2021 PLS Project' with a contract price of P5,800.0 million. PinoyLotto started its commercial operations on October 1, 2023. Pursuant to the requirements of PCSO, 6,500 terminals were installed and are in operation nationwide.

The Group's interest in PinoyLotto was classified as a joint operation. PinoyLotto is 50% owned by POSC and controlled jointly with the other owners. PinoyLotto has been classified as a joint operation because the parties have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners.

Products

Belle is principally engaged in real estate development, gaming (through subsidiaries) and other leisure and resort activities. Since 2010, Belle has allocated significant resources to the development of its mixed-use gaming facility, the City of Dreams Manila integrated resort, which opened its doors to the public on December 14, 2014.

Belle's investments in companies engaged in gaming and gaming-related activities are indicated below. In the Philippines, the gaming industry is relatively untapped by the private sector, creating opportunities for experienced leisure operators. Belle's gaming businesses are undertaken, or will be undertaken, mainly by the following subsidiaries / affiliates:

1. Premium Leisure Corp. ("PLC") is a subsidiary of Belle, which owns more than 99% of its outstanding common shares, with a primary purpose of investing gaming-related businesses. PLC owns 100% of PLAI and approximately 50.1% of issued shares of Pacific Online.

2. PremiumLeisure and Amusement, Inc. ("PLAI"), is a grantee by PAGCOR of Certificate of Affiliates and Provisional License to operate integrated resorts, including casinos, in the vicinity of PAGCOR Entertainment City. The License runs concurrent with PAGCOR's Congressional Franchise, which expires in 2033, renewable for another 25 years by the Philippine Congress. PLAI is a wholly-owned unlisted subsidiary of PLC.

3. Pacific Online Systems Corporation ("Pacific Online"), is a publicly listed subsidiary of PLC. PLC owns a total of 50.1% of all issued shares of Pacific Online.

   Up to September 2023, Pacific Online's primary source of revenue arose from the Equipment Lease Agreement (ELA) with the Philippine Charity Sweepstakes Office (PCSO) for the lease of lotto terminals, which includes central computer, communications equipment, and the right to use the application software and manuals for the central computer system and draw equipment. The ELA was concluded on September 30, 2023.

   On June 21, 2021, PinoyLotto, a joint venture corporation owned by Pacific Online, Philippine Gaming Management Corp. (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS), was incorporated and registered with the SEC primarily to provide software support and online lottery equipment service.

   PinoyLotto was awarded with the five year-lease of the customized PCSO Lottery System (PLS Project) at a contract price of Php5,800.0 million. PinoyLotto commenced its commercial operations on October 1, 2023, and pursuant to the contract, 6,500 terminals have been installed and are in operation nationwide.

   Pacific Online remains committed to looking for opportunities in the gaming industry, including, among others, the Web-based Application Betting Platform (WABP) of PCSO.

Revenues and Other Income

The following are the major revenue items in 2024 and 2023:

	2024		2023	
	Amount in Thousands	% of Total Revenue	Amount in Thousands	% of Total Revenue
Revenues and Other Income				
Lease income	**₱2,418,892**	**42%**	₱1,988,767	36%
Gaming revenue share – net	**2,290,602**	**40%**	2,339,335	42%
Equipment rental	**527,482**	**9%**	599,221	11%
Revenue from property management	**246,012**	**4%**	235,122	4%
Sale of real estate and club shares	**202,859**	**4%**	302,594	5%
Other revenues	**204,920**	**1%**	136,336	2%
Total	**₱5,890,767**	**100%**	₱5,601,375	100%

Distribution Methods of Products

Belle's high-end real estate products are sold principally to the A and B property market segments. The Company has its own in-house staff responsible for marketing and sales of the Company's products, as well as after-sales service. The Company also accredits and taps the services of external brokers to complement its in-house marketing and sales teams.

Status of Projects

Real Estate:

In 2024, Belle's revenues from the real estate development operations came mainly from the sales of The Grove Project, which is its most recent development.

The Grove (Plantation Hills Phase 6): The project was completed in 2024.

Lakeside Fairways: As of December 31, 2022, the first seven phases (Kew Gardens, Terrazas de Alava, Lakeside Enclave, Tivoli Place, Cotswold, Katsura, and Yume) of the project were already 100% completed. In 2011, Belle launched its newest subdivision within Lakeside Fairways, Sycamore Heights, with its first three phases having more than 23 hectares in gross land area, comprising 352 residential lots, averaging to 360 sqm per lot. As of December 31, 2022, Sycamore Heights Phases 1-5 were fully sold and completed.

Nob Hill: The project was completed in 2017.

Fairfield: The project was completed in 2013.

The Parks at Saratoga Hills: The Parks at Saratoga Hills ("The Parks"), located in Tanauan, Batangas, was launched in 2005. As of December 31, 2007, land development for The Parks was fully completed.

Plantation Hills: The Sanctuary, The Ridge, The Meadows, The Heights(Phases 1, 2, 3, and 5 of Plantation Hills, respectively) were fully sold and completed in December 31, 2007. Plantation Hills is a farm lots subdivision.

Lakeview Heights: The project was completed in 2002.

Tagaytay Midlands Golf Club, Inc.: The golf clubhouse and a 27-hole golf course are fully complete and operational.

The Parks at Saratoga Hills: The Parks at Saratoga Hills ("The Parks"), located in Tanauan, Batangas, was launched in 2005. As of December 31, 2007, land development for The Parks was fully completed.

The Verandas at Saratoga Hills: The Verandas at Saratoga Hills ("The Verandas"), located in

Tanauan, Batangas beside The Parks, was launched in 2006. It was fully completed as of December 31, 2007.

The Spa and Lodge at Tagaytay Highlands: The Spa and Lodge was completed in 2001. The Spa andLodge structure is a hotel-like facility that boasts 25 five-star suites and spa facilities.

Alta Mira: The project was completed in 2000.

The Woodlands: Belle started the delivery of units to homeowners in 1998. The project was completedin 1999.

The Belle View: The project was completed in 1998.

The Country Club at Tagaytay Highlands, Inc.: The project was completed in 1996.

Tagaytay Highlands International Golf Club, Inc. ("THIGCI"): THIGCI comprises a clubhouse with restaurant and conferences facilities; and an 18-hole golf course. It was completed by Belle in 1994.

Gaming

On April 14, 2011, the Company acquired PLAI, which holds a License from PAGCOR, through the issuance of 2.7 billion new common shares, in exchange for 100% of the outstanding capitalstock of PLAI. This marked the Company's strategic entry into the Integrated Resort Industry. In October 2012, the Company entered into a Cooperation Agreement with Melco, which placed Belle as the owner of the land and buildings and Melco's Philippine affiliate MRP as co-licensee, developer and operator of the integrated resort, which was subsequently branded as "City of Dreams Manila". City of Dreams Manila is sited on 6.2 hectares of prime land at the corner of Roxas Boulevard and Aseana Avenue in Parañaque City, at the entrance of PAGCOR's Entertainment City complex. The construction of the integrated resort was substantially complete as of its Grand Launch in February 2, 2015, with approximately 300 hectares of gross floor area containing approximately 2.2 hectares of gaming areas, more than 2 hectares of retail and restaurant facilities, with more than 900 hotel rooms of 4-star, 5-star, and 6-star quality and other entertainment facilities. City of Dreams Manila is only about 1 kilometer away from the Mall of Asia complex.

Competition

Property development has been Belle's historical core business area. Belle believes that its large-scale, self-contained, and community-type leisure developments around its Tagaytay Highlands and Tagaytay Midlands clubs are unique in the Philippines. In general, Belle competes somewhat with the developers such as Ayala Land, Inc., Landco Pacific Corporation and Megaworld Corporation with respect to its residential and subdivision projects. Some of these developers, like Ayala Land, Inc., are bigger in size than Belle. Nevertheless, Belle is able to effectively compete with the above companies primarily on the basis of product quality, reliability to deliver the projects as promised, project location, and high-end property development expertise. Furthermore, Belle has a market base of more than 7,000 wealthy individuals who are existing members of Tagaytay Highlands International Golf Club, The Country Club at Tagaytay Highlands, and Tagaytay Midlands, which provides a marketing advantage.

In gaming, City of Dream Manila competes against casinos operated by PAGCOR and the other three licensees that are already operating – Newport World Resorts of Travelers International Hotel Group, Inc. ("Travelers"), Solaire Resort and Casino of Bloomberry Resorts Corporation, and Okada Manila of Universal Entertainment Corporation. Solaire has expanded and built its casino resort in Quezon City, marking the opening of the second Solaire casino in the Philippines in May 2024. Travelers has also broken ground on its planned Westside City (formerly known as Resorts World Bayshore) project in PAGCOR City, with the opening of the casino estimated to be in the last quarter of 2025.

In lottery equipment leasing, Pacific Online, expects the aggressive push for Small Town Lottery (STL) and the prevalence of illegal gambling particularly in interior towns and remote areas to continue to provide competition to its online lotto revenues.

Suppliers

The Company has a broad base of local and foreign suppliers. As is the case with most property development companies, there is a risk that contractual arrangements with contractors may not meet the Company's performance standards. To serve as safeguards to these eventualities, therefore, performance bonds are normally required for these contractors.

Customers

Belle's market base includes wealthy local and foreign individual and institutional clients. The Company has historically sold its real estate projects (residential units and lots) to its golf or country club members.

City of Dreams Manila's market base spans a diverse range of clients, both local and international. The resort-casino caters to affluent guests seeking exclusive, luxury experiences in gaming, entertainment, fine dining, and world-class amenities.

On the other hand, Pacific Online, through PinoyLotto, has Philippine Charity Sweepstakes Office (PCSO) as its major customer, with which it has Equipment Lease Agreements (ELA). It brokers technology from leading global suppliers of integrated gaming systems and leases to PCSO the equipment for online lottery operations in the Luzon, Visayas and Mindanao regions.

Transactions with and / or Dependence on Related Parties

No director or executive officer or any member of their immediate family, during the last two (2) years, hada direct, or indirect, material interest in a transaction or proposed transaction to which the Company was a party.

Licenses

Belle acquired all the shares of Premium Leisure & Amusement, Inc. ("PLAI") through the issuance of 2.7 billion new common shares. Belle and PLAI are part of the consortium granted by the Philippine Amusement and Gaming Corporation ("PAGCOR") with a Regular Casino Gaming License to operate integrated resorts, including casinos ("the License"), specifically the casino located along Aseana Avenue and Roxas Boulevard with the brand name City of Dreams Manila. The License, which was issued by PAGCOR on April 29, 2015 and shall be valid until July 11, 2033, is concurrent with the PAGCOR's Congressional Franchise and renewable for another 25 years by the Philippine Congress.

Belle started construction of foundation and structure of the integrated resorts in 2010 on a 6.2-hectare land along the entrance of Entertainment City. In October 2012, Belle and PLAI entered into a Cooperation Agreement with Melco Crown Entertainment Limited, now called Melco Resorts & Entertainment Limited, and its Philippine affiliates (collectively, "Melco"). The Cooperation Agreement placed Belle as a co-licensee and the owner of the land and buildings and Melco's Philippine affiliate, Melco Resorts & Entertainment (Philippines) Corporation ("MRP"), as a co-licensee, developer and operator of all facilities within the integrated resort, which was subsequently branded as "City of Dreams Manila". Belle, PLAI and MRP fully complied with all the PAGCOR requirements under the License as of the date of the soft opening, and in May 2015, City of Dreams Manila became the first integrated resort in Entertainment City to have its License converted from Provisional to Regular status by PAGCOR.

Government Approvals / Regulations

As part of its normal course of real estate operation, the Company secures government approvals such as the Environment Compliance Certificate, Development Permits, DAR Clearances, and Licenses to Sell, etc.

The Company is also subject to the regulations of PAGCOR for its Gaming License and Philippine Economic Zone Authority (PEZA) as the developer of the City of Dreams Manila.

Effect of Existing or Probable Government Regulations on the Business

Belle has complied with all the government requirements necessary for its operations. Future government regulations are perceived to have no material impact to the normal operations of the Company.

Amount Spent on Research and Development Activities and Compliance and Environmental Laws

Consultancy fees, engineering and architectural design, surveying, ECC, permits and licenses, etc. are being added to the cost of the project. Generally, these costs represent about 4% of gross revenues.

Number of Employees

As of December 31, 2024, Belle had twenty-nine (29) employees, all of whom are full-time. Belle employees are not subject to Collective Bargaining Agreements. Belle's management has generally not encountered any significant difficulties with its labor force, and no major strikes have ever been staged.

The following are the breakdown of Belle employees as of December 31, 2024 according to type:

Executive	6
Senior Manager	1
Manager	6
Assistant Manager	4
Supervisor	9
Rank and File	3
Total	29

Aside from basic salary and 13th month pay, other supplemental benefits or incentives that are provided by Belle to its employees include: health card, life and accident insurance, retirement plan and salary loan facilities, among others.

Risks

Some of the risks that the Company and its related subsidiaries and affiliates may be exposed to are the following:

Economic and Political Conditions

The Company's business in the development and sale of high-end leisure properties in the Philippines which is generally influenced by the Philippine political and macroeconomic climate. Events and conditions that may negatively impact the Philippine economy as a whole may also adversely affect the Company's ability to sell its real estate projects. The Company's operations within the casino/gaming industry are primarily influenced by changes in statutory regulations, updates to tax policies, economic fluctuations, and shifts in public opinion, all of which can impact revenue and operational performance

Competition

The degree of competition in the property industry varies considerably be sector and geography. In general, Belle may compete with other developers for purchases of land, as well as clientele for its residential and club projects. The degree of competition within the casino/gaming industry is influenced by potential new entrants, evolving customer preferences, and rival casinos, all of which can affect market share

Changes in Local and International Interest Rates

Belle's local and foreign-denominated borrowings may be adversely affected by drastic increasesin interest rates.

Changes in the Value of the Peso

The Company is not exposed to the risk of depreciation of the Peso since it does not have material financial assets and liabilities denominated in foreign currencies.

Contractors and Suppliers

As is the case with most property development companies, there is a risk that contractual arrangements with contractors may not meet the Company's performance standards. To serve as safeguards to these eventualities, therefore, performance bonds are normally required for these contractors.

Government Regulations

Belle's property development business is subject to certain laws and regulations of various branches of the government, such as the local governments, the Department of Environment and Natural Resources ("DENR"), and the Housing and Land Use Regulatory Board ("HLURB"). Belle has complied with the licensing and regulatory requirements necessary for its operations.

Belle's gaming businesses are also subject to certain laws and regulations. Belle's involvement in the lottery run by the PCSO is via its ownership in Pacific Online, which, through PinoyLotto holds an equipment lease agreement with the PCSO for the operation on on-line lottery system nationwide. Belle's subsidiary PLC owns PLAI, which holds a License granted to it by PAGCOR to operate integrated resorts, including casinos, within Entertainment City.

Changes to the Philippine Laws and Regulations

Although laws and regulations are enacted for the common benefit, changes to these laws and regulations may create negative effects to the operating and financial condition of Belle, including its subsidiaries and affiliates.

In order to mitigate the risks mentioned above, the Company will continue to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.

Working Capital

Belle finances its working capital requirements through a combination of internally-generated funds, pre-selling and borrowings.

Credit Risks

Customers who wish to purchase Belle properties on credit terms are subject to credit verification procedures, and receivable balances are monitored to reduce exposure to bad debts.

Information Technology

With the current business environment, Information technology risks are ever increasing. These cover unauthorized access to confidential data, loss or release of critical information, corruption of data, regulatory violation, and possible increase in costs and inefficiencies.

In order to address these risks, Belle has a co-location arrangement with redundant capability and automatic fail-over set-up disaster recovery. It also continues to implement enterprise security solutions to manage external and internal threats. Annual review of technology roadmap to ensure the alignment between the business and information technology is performed.

Data Privacy

Belle may be at risk for breach of data privacy as detailed information is gathered from customers and prospective buyers, suppliers, contactors, and other business partners. The risk is mitigated through company-wide orientation on the Data Privacy Act, the topics of which include legal bases and implementing rules and regulations, rights of the individuals owning the information, exercising breach reporting procedures and other advisories.

Enterprise Risk Management Committee

The Company has an Enterprise Risk Management Committee ("ERMC"), comprised of certain Directors and Department Heads of the Company, which is an oversight committee created to act as the monitoring body for the individual risk management activities of the Corporation. The ERMC has the responsibility of developing a formal framework to assist the Company in managing its risks and is mandated to report regularly to the Risk Oversight Committee of the Board of Directors on any risk concerns.

Item 2. Properties

Belle owns undeveloped properties, mostly in Batangas, for future development into residential properties, recreational clubs, and leisure estates for sale. Belle has complete ownership over these real estate properties classified under “Land held for future development” in its books.

Belle also owns approximately 5.5 hectares of land, with long-term leasehold interests in 2.0 hectares, in Parañaque City. The City of Dreams Manila integrated resort is located on 4.2 hectares it owns and the 2.0 hectares it is leasing is owned by the Social Security System (“SSS”).

The Company may engage in future land banking activities within Paranaque City or its historical market of Tagaytay and Batangas as its resources and the real estate market allow.

PLC has real estate property recorded as investment property. This pertains to an undeveloped land in the City of Tanauan, Province of Batangas, amounting to Php285.5 million. These properties are not subject to mortgage, lien and encumbrances. There are no plans to acquire real properties in the next twelve (12) months.

POSC’s Company Head Office is located in Pasig City POSC has no real properties owned, and there are no plans to acquire them in the next twelve (12) months. The Company, together with its subsidiaries and joint venture, lease all of its data center, logistics centers and hubs, and business offices. These properties are not mortgaged nor are there any liens and encumbrances that limit ownership or usage of the same.

Lease terms for most office and warehouse spaces range from month-to-month basis up to one (1) year. All lease agreements have provisions for renewal subject to terms and conditions mutually agreed upon by all parties concerned. The lease agreements provide for minimum rental commitment with annual rental escalation rates at around 5%.

POSC’s major assets, through PinoyLotto, are lottery equipment, which consists mainly of lottery terminals, data center equipment, software and operating systems.

Item 3. Legal Proceedings

The Company and its major subsidiaries and affiliates are not involved in any material legal proceedings, and that their properties are not subject to any material legal proceedings, that could potentially affect their operations and financial capabilities.

Item 4. Submission of Matters to a Vote of Security Holders

Except for matters taken up during the Annual Stockholders’ Meeting, there were no other matters submitted to a vote of security holders during the period covered by this report.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters

1. Market Information

The principal market where the registrant’s common equity is traded is the Philippine Stock Exchange (“PSE”).

The high and low closing sales prices for each quarter within the last two (2) fiscal years of the registrant’s common shares as quoted on the PSE, are as follows:

Stock Prices in ₱		
	High	**Low**
2024		
First Quarter	1.99	1.14
Second quarter	2.78	1.78
Third Quarter	2.45	1.85
Fourth Quarter	2.00	1.66
2023		
First Quarter	1.49	1.26
Second Quarter	1.23	1.14
Third Quarter	1.29	1.17
Fourth Quarter	1.25	1.15

As of December 31, 2024, Belle's market capitalization amounted to ₱16,096 million based on the closing price of ₱1.66 per share.

2. Security Holders

Belle has 1,735 shareholders as of December 31, 2024. Common shares outstanding as of December 31, 2024 totaled 9,696,464,297.

The top 20 stockholders as of December 31, 2024, with their corresponding shareholdings and percentage thereof to total shares outstanding, are:

BELLE CORPORATION
List of Top 20 Stockholders as of 31 December 2024

STOCKHOLDER'S NAME	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
BELLESHARES HOLDINGS, INC.	2,604,740,622	24.664
PCD NOMINEE CORPORATION (FILIPINO)	2,596,173,411	24.583
PCD NOMINEE CORPORATION (NON-FILIPINO)	1,899,523,255	17.986
SYSMART CORPORATION	1,624,929,505	15.386
SYBASE EQUITY INVESTMENTS CORPORATION	525,073,578	4.972
SOCIAL SECURITY SYSTEM	442,402,788	4.189
JACINTO C. JR. NG	135,860,666	1.286
EASTERN SECURITIES DEV. CORP.	111,730,866	1.058
SINOPHIL CORPORATION	99,987,719	0.947
JACINTO L. SR. NG	88,835,833	0.841
PARALLAX RESOURCES INC.	86,308,131	0.817
SLW DEVELOPMENT CORPORATION	66,082,333	0.626
F. YAP SECURITIES, INC.	57,803,732	0.547
EASTERN SEC. DEVT. CORP.	50,000,000	0.473
WILLY N. OCIER	47,026,709	0.445
JACINTO JR. NG &/OR ANITA C. NG	18,293,333	0.173
LIM SIEW KIM	6,200,000	0.059
JAMES GO	4,816,999	0.046
WILLIAM T. GABALDON	4,000,000	0.038
PACITA K. YAP OR PHILIP K. YAP	3,500,000	0.033

3. Dividends

From 2015-2017, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.095 per share, totaling at least ₱1 billion payable in March of each year. The Company also paid a specialdividend of ₱0.180 per share, totaling ₱1.9 billion, on March 9, 2015.

From 2018-2019, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.120 per share, totaling about ₱1.2 billion, payable in March of each year.

On February 27, 2020, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.120 per share, totaling about ₱1.2 billion, payable on March 27, 2020 to stockholders of record as of March 21, 2020.

On February 28, 2023, the Company's Board of Directors approved the declaration of a regular dividend of ₱0.06 per share, totaling about ₱581.8 million, payable on March 30, 2023 to stockholders of record as of March 15, 2023.

On February 21, 2025, the Parent Company's BOD approved the declaration of cash dividend of ₱0.06 per share amounting to approximately ₱581.8 million to shareholders of record as at March 7, 2025, to be paid on March 21, 2025.

Belle has no set dividend policy, however, historically, it has been declaring dividends of P0.020/share to P0.180/share since 2014, and paused only during the COVID 19 Pandemic years of 2021 to 2022, and in 2024 when it conducted a tender offer for the shares of PLC.

There is no legal restriction that limits or would likely limit Belle's ability to pay dividends, aside from its retained earnings available for such.

Dividend Policy

a. Subject to the discretion of the Board of Directors, all shareholders have the right to receive dividends.
b. Dividends shall be paid to all shareholders within thirty (30) days from declaration.
c. The Company shall be compelled to declare dividends when its retained earnings shall be in excessof 100% of its paid-in capital stock, except:
    1. When justified by definite corporate expansion projects or programs approved by the Board;
    2. When the Company is prohibited from declaring dividends under any loan agreement withany financial institution or creditor, whether local or foreign, without its consent, and suchconsent has not been secured;
    3. When it can be clearly shown that such retention is necessary under special circumstancesobtaining in the Company, such as when there is a need for special reserve for probable contingencies.

4. Recent Sales of Unregistered Securities

The Company did not sell or issue securities within the past three (3) years that were not registered under the Securities Regulation Code.

Item 6. Management Discussion and Analysis of Operating Performance and Financial Condition

December 31, 2024 versus December 31, 2023 Results of Operations (in thousands)

	For the period ended December				Horizontal Analysis		Vertical Analysis	
		2024		2023	Increase (Decrease)		2024	2023
REVENUE								
Lease income	P	**2,418,892**	P	1,988,767	**430,125**	22%	**41%**	36%
Gaming revenue share		**2,290,602**		2,339,335	**(48,733)**	-2%	**39%**	42%
Equipment rental (POSC)		**527,482**		599,221	**(71,739)**	-12%	**9%**	11%
Sale of real estate		**202,859**		302,594	**(99,735)**	-33%	**3%**	5%
Revenue from property management		**246,012**		235,122	**10,890**	5%	**4%**	4%
Others		**204,920**		136,336	**68,584**	50%	**3%**	2%
TOTAL REVENUES		**5,890,767**		5,601,375	**289,392**	5%	**100%**	100%
GENERAL AND ADMINISTRATIVE EXPENSES		**(728,419)**		(770,349)	**41,930**	-5%	**-12%**	-14%
COST OF LEASE INCOME		**(1,358,830)**		(1,355,969)	**(2,861)**	0%	**-23%**	-24%
COST OF LOTTERY SERVICES		**(294,229)**		(260,670)	**(33,559)**	13%	**-5%**	-5%
COST OF PROPERTY MANAGEMENT SERVICES		**(178,066)**		(170,064)	**(8,002)**	5%	**-3%**	-3%
COST OF GAMING OPERATIONS		**(153,836)**		(137,774)	**(16,062)**	12%	**-3%**	-2%
COST OF REAL ESTATE SOLD		**(66,355)**		(142,002)	**75,647**	-53%	**-1%**	-3%
TOTAL COSTS AND EXPENSES		**(2,779,735)**		(2,836,828)	**57,093**	-2%	**-47%**	-51%
INCOME FROM OPERATIONS		**3,111,032**		2,764,547	**346,485**	13%	**53%**	49%
UNREALIZED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		**(952)**		54,078	**(55,030)**	-102%	**0%**	1%
INTEREST EXPENSE AND OTHER FINANCE CHARGES		**(774,280)**		(536,971)	**(237,309)**	44%	**-13%**	-10%
INTEREST INCOME		**144,303**		59,283	**85,020**	143%	**2%**	1%
DIVIDEND INCOME		**21,821**		15,012	**6,809**	45%	**0%**	0%
NET FOREIGN EXCHANGE LOSS		**199**		(2,303)	**2,502**	-109%	**0%**	0%
OTHER INCOME (CHARGES)		**13,912**		213,021	**(199,109)**	-93%	**0%**	4%
INCOME BEFORE INCOME TAX		**2,516,035**		2,566,667	**(50,632)**	-2%	**43%**	46%
PROVISION FOR INCOME TAXES								
Current		**153,422**		149,570	**(3,852)**	-3%	**3%**	3%
Deferred		**(62,975)**		(6,088)	**56,887**	-934%	**-1%**	0%
		90,447		143,482	**53,035**	37%	**2%**	3%
NET INCOME	P	**2,425,588**	P	2,423,185	**2,403**	0%	**41%**	43%

-

Belle Corporation ("Belle" or the "Company") realized net income of ₱2,425.6 million for the twelve months ended December 31, 2024, which is about the same level as the ₱2,423.2 million net income in the same period for 2023. Higher operating performance compensated for the increased financing charges.

Revenues

Total consolidated revenues of ₱5,890.8 million for the period ended December 31, 2024 were higher by ₱289.4 million (5%), compared to ₱5,601.4 million for the period ended December 31, 2023.

Belle's revenues from real estate operations increased by ₱409.9 million (15%), to ₱3,072.7 million as of 2024 from ₱2,662.8 million as of 2023. Lease revenues from the land and buildings comprising the City of Dreams Manila ("CODM") amounted to ₱2,418.9 million, which was ₱430.1 million (22%) higher than the ₱1,988.8 million recorded in 2023. Meanwhile, real estate sales and property management activities at the Tagaytay Highlands complex contributed revenues of ₱653.8 million in 2024, which was ₱20.3 million (3%) lower than its revenues of ₱674.1 million in 2023.

PLC's share in the gaming revenue at CODM decreased by ₱48.7 million (2%), to ₱2,290.6 million in 2024 from ₱2,339.3 million in 2023. Pacific Online's revenue from leasing online betting equipment for the lottery operations of PCSO, posted a decrease of ₱71.7 million (12%), to ₱527.5 million in 2024 from ₱599.2 million in 2023.

Cost of Lease Income
Costs of lease income in respect of the CODM property increased by ₱2.9 million, to ₱1,358.8 million in 2024 from ₱1,356.0 million in 2023, mainly due to contractual rate escalation.

Cost of Lottery Services
Cost of lottery services at Pacific Online increased by ₱33.6 million (13%), to ₱294.2 million in 2024 from ₱260.7 million in 2023.

Cost of Property Management Services
Cost of property management services increased by ₱8.0 million (5%), to ₱178.1 million for the current period, from ₱170.1 million for the prior period, due to higher consumption.

Cost of Gaming Operations
Cost of gaming operations increased by ₱16.1 million (12%) in 2024 to ₱153.8 million from ₱137.8 million in 2023.

Cost of Real Estate sold
Cost of real estate sold decreased by ₱75.6 million (53%) to ₱66.4 million in 2024, from ₱142.0 million in 2023 mainly due to lesser number of units sold.

General and Administrative Expenses
General and administrative expenses decreased by ₱41.9 million (5%), to ₱728.4 million for the current period from ₱770.3 million for the 2023 period mainly due to lower variable expenses.

Financial Income (Expense)
Interest expense and other finance charges increased by ₱237.3 million (44%) to ₱774.3 million in 2024, from ₱537.0 million in 2023. The increase is mainly due to additional loans drawn during the period. Debt outstanding amounted to ₱7,743.0 million as of December 31, 2024, an increase of ₱1,917.4 million (33%) from ₱5,825.6 million as of December 31, 2023.

Interest income increased by ₱85.0 million (143%), to ₱144.3 million in the current period from ₱59.3 million in the 2023 period, mainly due to higher average yields on investments.

Unrealized Gain (Loss) on Financial Asset Through Profit or Loss
Unrealized gain (loss) on financial asset through profit or loss decrease is mainly due to the disposal of listed shares as well as decrease in the net market value of listed shares held by Pacific Online.

Dividend Income
Dividend income increased due to higher payout declared on shares held by the Company, mainly SM Prime Holdings, Inc. and SM Investments Corporation.

Other Income
Other income decreased by ₱199.1 million (93%), to ₱13.9 million in the current period from ₱213.0 million in the 2023 period mostly due to gains on investments in marketable securities recognized in 2023.

Provision for Income Taxes
The Company's consolidated provision for income taxes decreased by ₱53.0 million (37%) in 2024, to ₱90.4 million from ₱143.5 million in 2023.

Net Income
As a result of the foregoing, the Company realized consolidated net income of ₱2,425.6 million for the period ended December 31, 2024, which was higher by ₱2.4 million compared to the ₱2,423.2 million consolidated net income recorded for the period ended December 31, 2023.

December 31, 2024 vs December 31, 2023 Statement of Financial Position (in thousands)

		Audited December 2024		Audited December 31 2023	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2024	Vertical Analysis 2023
ASSETS								
Current Assets								
Cash and cash equivalents	**P**	**2,357,017**	P	2,172,205	184,812	9%	**4%**	4%
Financial assets at fair value through profit or loss		**42,745**		100,013	(57,268)	-57%	**0%**	0%
Receivables		**3,847,523**		3,826,351	21,172	1%	**7%**	7%
Real estate for sale		**311,573**		155,656	155,917	100%	**1%**	0%
Land held for future development		**3,037,326**		3,035,959	1,367	0%	**5%**	5%
Other current assets		**2,706,926**		2,368,471	338,455	14%	**5%**	4%
		12,303,110		11,658,655	644,455	6%	**21%**	21%
Noncurrent Assets								
Contract assets - net of noncurrent portion		**753,783**		1,053,079	(299,296)	-28%	**1%**	2%
Financial assets at fair value through other comprehensive income		**13,098,696**		10,018,341	3,080,355	31%	**23%**	18%
Intangible asset		**3,886,036**		4,001,870	(115,834)	-3%	**7%**	7%
Investment properties		**22,553,515**		23,712,268	(1,158,753)	-5%	**39%**	43%
Goodwill		**926,008**		926,008	-	0%	**2%**	2%
Property and equipment		**747,230**		786,328	(39,098)	-5%	**1%**	1%
Investments in and advances to associates - net		**119,745**		122,003	(2,258)	-2%	**0%**	0%
Deferred tax asset		**399**		3,249	(2,850)	-88%	**0%**	0%
Right of Use		**2,663,414**		2,719,462	(56,048)	-2%	**5%**	5%
Other noncurrent assets		**421,774**		709,487	(287,713)	-41%	**1%**	1%
		45,170,600		44,052,095	1,118,505	3%	**79%**	79%
TOTAL ASSETS	**P**	**57,473,710**	P	55,710,750	1,762,960	3%	**100%**	100%
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other current liabilities	**P**	**1,689,573**	P	1,751,419	(61,846)	-4%	**3%**	3%
Loans payable		**300,017**		1,300,017	(1,000,000)	-77%	**1%**	2%
Current portion of:								
Long-term debt		**2,130,235**		2,087,824	42,411	2%	**4%**	4%
Lease Liability - current		**423,183**		392,945	30,238	8%	**1%**	1%
		4,543,008		5,532,205	(989,197)	-18%	**8%**	10%
Noncurrent portion of:								
Long-term debt		**5,312,706**		2,437,765	2,874,941	118%	**9%**	4%
Lease Liability - noncurrent		**4,990,690**		5,448,569	(457,879)	-8%	**9%**	10%
Deferred tax liabilities		**2,413,188**		2,479,013	(65,825)	-3%	**4%**	4%
Other noncurrent liability		**417,183**		397,116	20,067	5%	**1%**	1%
		13,133,767		10,762,463	2,371,304	22%	**23%**	19%
TOTAL LIABILITIES		**17,676,775**		16,294,668	1,382,107	8%	**31%**	29%
Equity								
Attributable to equity holders of parent:								
Common stock		**10,561,000**		10,561,000	-	0%	**18%**	19%
Additional paid-in capital		**5,503,731**		5,503,731	-	0%	**10%**	10%
Treasury stock		**(2,565,359)**		(2,565,359)	-	0%	**-4%**	-5%
Equity share in cost of Parent Company shares		**-**						
held by associates		**(2,501)**		(2,501)	-	0%	**0%**	0%
Cost of Parent Company common and preferred shares shares held by subsidiaries		**(1,154,409)**		(1,154,409)	-	0%	**-2%**	-2%
Other reserves		**9,737,426**		9,198,493	538,933	6%	**17%**	17%
Retained Earnings		**17,324,660**		14,985,481	2,339,179	16%	**30%**	27%
Total equity attributable to equity holders of the Parent		**39,404,548**		36,526,436	2,878,112	8%	**69%**	66%
Non-controlling interests		**392,387**		2,889,646	(2,497,259)	-86%	**1%**	5%
TOTAL EQUITY		**39,796,935**		39,416,082	380,853	1%	**69%**	71%
TOTAL LIABILITIES AND EQUITY	**P**	**57,473,710**	P	55,710,750	1,762,960	3%	**100%**	100%

ASSETS
Total assets of the Company increased by ₱1,763.0 million to ₱57,473.7 million as of December 31, 2024, from ₱55,710.8 million as of December 31, 2023.

Cash and Cash equivalents
Cash and cash equivalents increased by ₱184.8 million (9%), to ₱2,357.0 million as of December 31, 2024 from ₱2,172.5 million as of December 31, 2023, mainly due to cash flows generated from operations, net of payments of expenses for the period.

Financials Assets at Fair Value through Profit or Loss ("FVTPL")
The Company's financial assets at FVTPL decreased by ₱57.3 million (57%), to ₱42.7 million as of December 31, 2024 from ₱100.0 million as of December 31, 2023, due to the sale of listed shares held by Pacific Online.

Receivables and Contract Assets
Receivables and Contract Assets decreased by ₱278.1 million (6%), to ₱4,601.3 million as of December 31, 2024 from ₱4,879.4 million as of December 31, 2023, because of the Company's collection of receivables.

Real Estate for Sale
Real estate for sale increased by ₱155.9 million (100%) to ₱311.6 million as of December 31, 2024 from ₱155.7 million as of December 31, 2023 due to units repossessed during the period.

Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI")
The Company's FVOCI increased by ₱3,080.4 million (31%), to ₱13,098.7 million as of December 31, 2024 from ₱10,018.3 million as of December 31, 2023, due to the increase market values of its investments. As at December 31, 2024, the Company's FVOCI consists of investments in SM Prime Holdings, Inc., SM Investments Corporation, and club shares of Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc. and The Spa and Lodge at Tagaytay Highlands, Inc.

Intangible Asset
This pertains to the license from PAGCOR to operate integrated resorts under the brand name City of Dreams Manila. Amortization of the intangible asset started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations. Amortization expense for the period ended December 31, 2024 amounted to ₱115.8 million.

Investment Properties
This account consists mainly of the carrying value of the CODM land and buildings in PAGCOR Entertainment City in Paranaque City. The ₱1,158.8 million (5%) decrease during the period 2024 is due to depreciation.

Property and Equipment
This account consists mainly of lottery equipment, leasehold improvements, office furniture, fixtures and transportation equipment. The ₱39.1 million decrease (5%) is due to depreciation expense recognized during the period.

Goodwill
The Company's goodwill amounted to ₱926.0 million as of December 31, 2024 and 2023, arising from the investment in Pacific Online.

Right-of-Use Assets
Right-of-use assets (or "ROU Assets") represent a lessee's right to operate, hold, or occupy leased property or equipment during the lease term. This includes the property leased in Clark for future expansion. The ₱56.0 million (2%) decrease during the period ended 2024 is due to amortization.

Deferred Tax Asset (Liabilities)
Decrease in deferred tax asset (liabilities) of ₱63 million (3%) is mainly due to lower taxable differences recognized during the period.

Other Assets
Other assets increased by ₱50.7 million (2%), to ₱3,128.7 million as of December 31, 2024 from ₱3,078.0 million as of December 31, 2023, due to increase in prepaid expenses.

LIABILITIES
Total liabilities increased by ₱1,382.1 million, to ₱17,676.8 million as of December 31, 2024, from ₱16,294.7 million as of December 31, 2023.

Trade and Other Current Liabilities
Trade and other current liabilities decreased by ₱61.8 million to ₱1,689.6 million as of December 31, 2024 from ₱1,751.4 million as of December 31, 2023.

Loans Payable and Long-Term Debt
Total consolidated debt, amounting to ₱7.743.0 million as of December 31, 2024, consists of Peso-denominated borrowings from various local financial institutions, of both Belle and PinoyLotto. Belle's average interest rate is at approximately 5.82% per annum during the period ended December 31, 2024. The outstanding amount of total debt increased by ₱1,917.4 million (33%), from ₱5,825.6 million as of December 31, 2023, due to drawdowns from credit facilities.

Lease Liabilities
Lease liabilities represent the present value of future lease payments that the Company is obligated to pay. Decrease of ₱428 million (7%) is due to lease payments made during the period.

EQUITY
The Company's shareholders' equity as of December 31, 2024 of ₱39,796.9 million was higher by ₱380.9 million (1%), compared to its shareholders' equity of ₱39,416.1 million as of December 31, 2023, because of the net income earned for the period and the increase in market values of the financial assets at FVOCI of the Company. Share of non-controlling interests decreased by 86% resulting from the tender offer of PLC shares.

Below are the comparative key performance indicators of the Company and its subsidiaries:

Belle Corporation (consolidated)

	December 31, 2024	December 31, 2023
Asset to equity ratio	**1.44 : 1.00**	1.41 : 1.00
Current or Liquidity ratio	**2.71 : 1.00**	2.11 : 1.00
Debt-to-equity ratio	**0.19 : 1.00**	0.15 : 1.00
Net debt-to-equity ratio	**0.14 : 1.00**	0.09 : 1.00
Interest rate coverage ratio	**4.06 : 1.00**	5.67 : 1.00
Return on assets	**4.3%**	4.5%
Return on equity	**6.1%**	6.4%

Premium Leisure Corp. (consolidated)

	December 31, 2024	December 31, 2023
Asset to equity ratio	**1.07 : 1.00**	1.07 : 1.00
Current or Liquidity ratio	**5.84 : 1.00**	5.91 : 1.00
Debt-to-equity ratio	**0.03 : 1:00**	0.03 : 1:00
Interest rate coverage ratio	**51.75**	124.09
Return on assets	**11.54%**	13.16%
Return on equity	**12.37%**	13.99%

Pacific Online Systems Corporation (consolidated)

	December 31, 2024	December 31, 2023
Asset to equity ratio	**1.58 : 1.00**	1.62 : 1.00
Current or Liquidity ratio	**3.06 : 1.00**	3.02 : 1.00
Debt-to-equity ratio	**0.38 : 1.00**	0.40 : 1.00
Interest rate coverage ratio	**1.49 : 1.00**	19.20 : 1.00
Return on assets	**1%**	18%
Return on equity	**1%**	26%

The above performance indicators are calculated as follows:

Current Ratio	Current Asset / Current Liabilities
Debt to Equity Ratio	Interest-bearing debt / Total Equity
Asset-to-equity Ratio	Total Assets / Total Equity
Return on Equity	Net Income / Average equity during the period
Return on Assets	Net Income / Average assets during the period
Interest Coverage Ratio	Income Before Interest & Tax / Interest Expense
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents / Total Equity

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of December 31, 2024, consolidated total debt of the Company of ₱7,743.0 million was comprised of borrowings from amortizing term loans from banks. Belle has real estate projects, lease agreements and investments from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be compliant with the terms and covenants of all its debt obligations.

As of December 31, 2024, except for what has been noted in the preceding, there were no material events or uncertainties known to management that has a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;

- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

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

- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:

- Any Known Trends, Events or Uncertainties (Material Impact on Sales)

- Any Significant Elements of Income or Loss (from continuing operations)

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

December 31, 2023 versus December 31, 2022 Results of Operations (in thousands)

	For the period ended December		Horizontal Analysis		Vertical Analysis	
	2023	2022	Increase (Decrease)		2023	2022
REVENUE						
Gaming revenue share	P 2,339,335	P 1,560,845	778,490	50%	42%	29%
Lease income - land and building	1,988,767	2,054,273	(65,506)	-3%	36%	38%
Equipment rental (POSC)	599,221	519,051	80,170	15%	11%	10%
Sale of real estate	302,594	862,889	(560,295)	-65%	5%	16%
Revenue from property management	235,122	211,548	23,574	11%	4%	4%
Others	136,336	210,667	(74,331)	-35%	2%	4%
TOTAL REVENUES	5,601,375	5,419,273	182,102	3%	100%	100%
COST OF LEASE INCOME	(1,355,969)	(1,337,666)	(18,303)	1%	-24%	-25%
COST OF LOTTERY SERVICES	(260,670)	(247,548)	(13,122)	5%	-5%	-5%
COST OF PROPERTY MANAGEMENT SERVICES	(170,064)	(139,612)	(30,452)	22%	-3%	-3%
COST OF REAL ESTATE SOLD	(142,002)	(443,407)	301,405	-68%	-3%	-8%
COST OF GAMING OPERATIONS	(137,774)	(136,346)	(1,428)	1%	-2%	-3%
GENERAL AND ADMINISTRATIVE EXPENSES	(770,349)	(766,549)	(3,800)	0%	-14%	-14%
TOTAL COSTS AND EXPENSES	(2,836,828)	(3,071,128)	234,300	-8%	-51%	-57%
INCOME FROM OPERATIONS	2,764,547	2,348,145	416,402	18%	49%	43%
UNREALIZED GAIN (LOSS) ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS	54,078	(372)	54,450	-14637%	1%	0%
INTEREST EXPENSE AND OTHER FINANCE CHARGES	(536,971)	(516,342)	(20,629)	4%	-10%	-10%
INTEREST INCOME	59,283	22,831	36,452	160%	1%	0%
NET FOREIGN EXCHANGE LOSS	(2,303)	(1,658)	(645)	39%	0%	0%
OTHER INCOME (CHARGES)	228,033	14,557	213,476	1466%	4%	0%
INCOME BEFORE INCOME TAX	2,566,667	1,867,161	699,506	37%	46%	34%
PROVISION FOR INCOME TAXES						
Current	149,570	28,585	120,985	423%	3%	1%
Deferred	(6,088)	128,119	(134,207)	-105%	0%	2%
	143,482	156,704	(13,222)	-8%	3%	3%
NET INCOME	P 2,423,185	P 1,710,457	712,728	42%	43%	32%

Belle Corporation ("Belle" or the "Company") realized net income of ₱2,423.2 million for the year ended December 31, 2023, showing an increase of ₱712.7 million (42%) compared to the ₱1,710.5 million recorded net income for 2022. This increase in bottom line figures is mainly attributable to the improved operation of the Group's gaming business units for the period. Belle recognized consolidated revenues of ₱5,601.4 million for the year ended December 31, 2023, higher by 3% from consolidated revenues of ₱5,419.3 million for the year ended December 31, 2022. The increase in revenues was mainly brought about by the improvements in the Group's gaming business units due to a more open economy in 2023 and the lifting of quarantine and capacity restrictions as the Covid-19 situation in the country became more controlled and manageable.

The share in gaming revenue at CODM of Belle's subsidiary, Premium Leisure Corp. ("PLC"), increased by ₱778.5 million (50%), from ₱1,560.8 million as of 2022 to ₱2,339.3 million as of 2023. Pacific Online Systems Corporation ("Pacific Online"), which leases online betting equipment to the Philippine Charity Sweepstakes Office ("PCSO") for their lottery operations, also showed improvements during the period. Pacific Online, which is 50.1%-owned by PLC, posted an increase in revenue of ₱80.2 million (15%), from ₱519.1 million in 2022 to ₱599.2 million in the current period.

Belle's revenues from real estate operations decreased by ₱676.6 million (20%), from ₱3,339.4 million as of 2022 to ₱2,662.8 million as of 2023. Of the 2023 real estate revenues, ₱1,988.8 million was derived from Belle's lease of the land and buildings comprising City of Dreams Manila "CODM" to Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), which was ₱65.5 million (3%) lower than its revenues in the prior period of ₱2,054.3 million. Belle's real estate sales and property management activities at its Tagaytay Highlands complex contributed revenues of ₱674.1 million as of 2023, which was ₱611.1 million (48%) lower than its revenues as of 2022 of ₱1,285.1 million.

Revenues
Total consolidated revenues of ₱5,601.4 million for 2023 were higher by ₱182.1 million (3%), compared to ₱5,419.3 million for 2022. Revenues from the CODM lease decreased by ₱65.5 million (3%) from ₱2,054.3 million for the 2022 period to ₱1,988.8 million for the current period. Revenue from the share of PLC in gaming earnings of CODM increased by ₱778.5 million (50%), from ₱1,560.8 million for the 2022 period to ₱2,339.3 million for the current period. Revenues from real estate development and management activities decreased by ₱611.1 million (48%), from ₱1,285.1million in the 2022 period to ₱674.1 million in the current period. Revenues of Pacific Online increased by ₱80.2 million (15%), from ₱519.1 million in the 2022 period to ₱599.2 million in the current period.

Costs of Lease Income
Costs of lease income in respect of the CODM property increased by ₱18.3 million (1%), to ₱1,356.0 million in 2023 from ₱1,337.7 million in 2022, mainly due to higher costs incurred for maintenance works done for the building.

Costs of Lottery Services
Costs of lottery services at Pacific Online increased by ₱13.1 million (5%), to ₱260.7 million in 2023 from ₱247.5 million in 2022.

Costs of Gaming Operations
The costs of gaming operations at PLC was virtually unchanged, from ₱136.3 million for 2022 to ₱137.8 million for 2023. PLAI has a direct economic participation in the gaming operations at CODM, by virtue of an operating agreement with MRP that accords PLAI a share of gaming revenue or earnings. MRP is a Philippine Corporation controlled by Melco Resorts and Entertainment Limited ("Melco"), a Hong Kong-based corporation which develops, owns and operates gaming and entertainment facilities around the world, mostly in Macau.

Costs of Real Estate sold
Costs of real estate sold decreased by ₱301.4 million (68%) to ₱142.0 million in 2023, from ₱443.4 million in 2021, due to lower number of units sold during the period.

Costs of Property Management Services
Costs of property management services increased by ₱30.5 million (22%), to ₱170.1 million for 2023, from ₱139.6 million for 2022, due to higher utilities consumption arising from increased activities in the estate.

General and Administrative Expenses
General and administrative expenses slightly increased by ₱3.8 million, to ₱770.3 million for 2023 from ₱766.5 million for 2022.

Financial Income (Expense)
Interest expense and other finance charges increased by ₱20.6 million (4%) to ₱537.0 million for 2023, from ₱516.3 million for 2022. Increase is mainly due to increasing interest rates in the market and additional debt incurred in the current period to fund the increase in operating activities. Debt outstanding amounted to ₱5,825.6 million as of December 31, 2023, increasing by ₱438.1million (8%) compared to ₱5,387.5 million as of December 31, 2022.

Other Income
Other income increased by ₱213.5 million, to ₱228.0 million in the current period from ₱14.6 million in the 2022 period mostly due to the realized and unrealized gains pertaining to the Company's marketable securities.

Provision for Income Taxes
The Company's consolidated provision for income taxes decreased by ₱13.2 million (8%), to ₱143.5 million from ₱156.7 million in 2022.

Net Income
As a result of the foregoing, the Company realized consolidated net income of ₱2,423.2 million for 2023, showing an increase of ₱712.7 million (42%) from its 2022 consolidated net income of ₱1,710.5 million.

December 31, 2023 vs December 31, 2022 Statement of Financial Position (in thousands)

		Audited December 31 2023		Audited December 31 2022	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2023	Vertical Analysis 2022
ASSETS								
Current Assets								
Cash and cash equivalents	**P**	**2,172,205**	P	1,873,922	298,283	16%	**4%**	4%
Financial assets at fair value through profit or loss		**100,013**		72,682	27,331	38%	**0%**	0%
Receivables		**3,826,351**		3,848,556	(22,205)	-1%	**7%**	7%
Real estate for sale		**155,656**		163,189	(7,533)	-5%	**0%**	0%
Land held for future development		**3,035,959**		3,025,976	9,983	0%	**5%**	6%
Other current assets		**2,368,471**		3,945,435	(1,576,964)	-40%	**4%**	7%
		11,658,655		12,929,760	(1,271,105)	-10%	**21%**	25%
Noncurrent Assets								
Contract assets - net of noncurrent portion		**1,053,079**		1,197,151	(144,072)	-12%	**2%**	2%
Financial assets at fair value through other comprehensive income		**10,018,341**		9,321,093	697,248	7%	**18%**	18%
Intangible asset		**4,001,870**		4,117,704	(115,834)	-3%	**7%**	8%
Investment properties		**26,367,457**		23,239,249	3,128,208	13%	**47%**	44%
Goodwill		**926,008**		926,008	-	0%	**2%**	2%
Property and equipment		**786,328**		73,864	712,464	965%	**1%**	0%
Investments in and advances to associates - net		**122,003**		119,272	2,731	2%	**0%**	0%
Pension asset		**4,098**		4,508	(410)	-9%	**0%**	0%
Deferred tax asset		**3,249**		-	3,249		**0%**	0%
Right of Use		**64,273**		77,226	(12,953)	-17%	**0%**	0%
Other noncurrent assets		**705,389**		751,886	(46,497)	-6%	**1%**	1%
		44,052,095		39,827,961	4,224,134	11%	**79%**	75%
TOTAL ASSETS	**P**	**55,710,750**	P	52,757,721	2,953,029	6%	**100%**	100%
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other current liabilities	**P**	**1,751,419**	P	1,733,781	17,638	1%	**3%**	3%
Loans payable		**1,300,017**		450,017	850,000	189%	**2%**	1%
Current portion of:								
Long-term debt		**2,087,824**		29,000	2,058,824	7099%	**4%**	0%
Lease Liability - current		**392,945**		403,241	(10,296)	-3%	**1%**	1%
		5,532,205		2,616,039	2,916,166	111%	**10%**	5%
Noncurrent portion of:								
Long-term debt		**2,437,765**		4,908,500	(2,470,735)	-50%	**4%**	9%
Lease Liability - noncurrent		**5,448,569**		5,842,907	(394,338)	-7%	**10%**	11%
Pension liability		**21,755**		17,903	3,852	22%	**0%**	0%
Deferred tax liabilities		**2,479,013**		2,483,336	(4,323)	0%	**4%**	5%
Other noncurrent liability		**375,361**		376,174	(813)	0%	**1%**	1%
		10,762,463		13,628,820	(2,866,357)	-21%	**19%**	26%
TOTAL LIABILITIES		**16,294,668**		16,244,859	49,809	0%	**29%**	31%
Equity								
Attributable to equity holders of parent:								
Common stock		**10,561,000**		10,561,000	-	0%	**19%**	20%
Additional paid-in capital		**5,503,731**		5,503,731	-	0%	**10%**	10%
Treasury stock		**(2,565,359)**		(2,565,359)	-	0%	**-5%**	-5%
Equity share in cost of Parent Company shares held by associates		**(2,501)**		(2,501)	-	0%	**0%**	0%
Cost of Parent Company common and preferred shares shares held by subsidiaries		**(1,154,409)**		(1,154,409)	-	0%	**-2%**	-2%
Other reserves		**8,946,453**		7,763,073	1,183,380	15%	**16%**	15%
Excess of net asset value of an investment over cost		**252,040**		252,040	-	0%	**0%**	0%
Retained Earnings		**14,985,481**		13,501,329	1,484,152	11%	**27%**	26%
Total equity attributable to equity holders of the Parent		**36,526,436**		33,858,904	2,667,532	8%	**66%**	64%
Non-controlling interests		**2,889,646**		2,653,958	235,688	9%	**5%**	5%
TOTAL EQUITY		**39,416,082**		36,512,862	2,903,220	8%	**71%**	69%
TOTAL LIABILITIES AND EQUITY	**P**	**55,710,750**	P	52,757,721	2,953,029	6%	**100%**	100%

ASSETS

Total assets of the Company increased by ₱2,953.0 million (6%) to ₱55,710.8 million as of December 31, 2023, from ₱52,757.7 million as of December 31, 2022.

Cash and Cash equivalents

Cash and cash equivalents increased by ₱298.3 million (16%), to ₱2,172.2 million as of December 31, 2023 from ₱1,873.9 million as of December 31, 2022, due mainly to improved collections coming from higher revenues as well as of proceeds from sale of investments held for trading, net of payments of expenses during the period.

Financials Assets at Fair Value through Profit or Loss ("FVTPL")

The Company's financial assets at FVTPL increased by ₱27.3 million (38%), to ₱100.0 million as of December 31, 2023, from ₱72.7 million as of December 31, 2022, due to the net increase in market prices of listed shares held by Pacific Online.

Receivables and Contract Assets

Receivables and Contract Assets decreased by ₱166.3 million (3%), to ₱4,879.4 million as of December 31, 2023 from ₱5,045.7 million as of December 31, 2022, because of the Company's collection of receivables.

Real Estate for Sale

Real estate for sale decreased by ₱7.5 million (5%) to ₱155.7 million as of December 31, 2023 from ₱163.2 million as of December 31, 2022 due to the real estate units sold during the period.

Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI")

The Company's FVOCI increased by ₱697.2 million (7%), to ₱10,018.3 million as of December 31, 2023 from ₱9,321.1 million as of December 31, 2022, due to the mark to market increase in value of its investments, net of disposals for the period. As at December 31, 2023, the Company's FVOCI consists of investments in SM Prime Holdings, Inc., SM Investments Corporation, and club shares of Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc. and The Spa and Lodge at Tagaytay Highlands, Inc.

Intangible Asset

This pertains to the license from the Philippine Amusements and Gaming Corporation ("PAGCOR") to operate integrated resorts which was granted to PremiumLeisure and Amusement, Inc. ("PLAI"). Belle and MRP are Co-Licensees under PLAI's PAGCOR license. Amortization of the intangible asset started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations granted by PAGCOR. Amortization expense for the year ended December 31, 2023 amounted to ₱115.8 million.

Investment Properties

This account consists mainly of the carrying value of the CODM land and buildings in PAGCOR Entertainment City in Paranaque City. It also includes property located in Clark. The ₱3,128.2 million increase is due to the newly purchased lots in Aseana City, Paranaque and lease rights for a lot in Clark, Pampanga, net of depreciation of the CODM building.

Goodwill

The Company's goodwill amounted to ₱926.0 million as of both December 31, 2023 and December 31, 2022, as a result of consolidating Pacific Online.

Right-of-Use Assets

Right-of-use assets (or "ROU Assets") represent a lessee's right to to operate, hold, or occupy leased property or equipment during the lease term. The ₱13.0 million (17%) decrease is due to the amortization of ROU Assets for the period.

Other Assets

Other assets decreased by ₱1,623.5 million (35%), to ₱3,073.9 million as of December 31, 2023 from ₱4,697.3 million as of December 31, 2022.

LIABILITIES
Total liabilities was virtually unchanged by ₱49.8 million, to ₱16,294.7 million as of December 31, 2023, from ₱16,244.9 million as of December 31, 2022.

Trade and Other Current Liabilities
Trade and other current liabilities increased by ₱17.6 million to ₱1,751.4 million as of December 31, 2023 from ₱1,733.8 million as of December 31, 2022.

Loans Payable and Long-Term Debt
Total consolidated debt, amounting to ₱5,825.6 million as of December 31, 2023, consists of Peso-denominated borrowings from various local financial institutions, of both Belle and PinoyLotto Technologies Corp., a joint venture company which is 50%-owned by Pacific Online. Belle's average interest rate is at approximately 5.11% per annum during the period ended December 31, 2023. The outstanding amount of total debt increased by ₱ 438.1 million (8%), from ₱5,387.5 million as of December 31, 2022, due to additional loans drawn by PinoyLotto for its operations.

EQUITY
The Company's shareholders' equity as of December 31, 2023 of ₱39,416.1 million was higher by ₱2,903.2 million (8%), compared to its shareholders' equity of ₱36,512.9 million as of December 31, 2022, because of the net income earned net of the dividends paid, for the twelve months ended December 31, 2023 and the increase in market value of the financial assets at FVOCI of the Company.

Below are the comparative key performance indicators of the Company and its subsidiaries:

Belle Corporation (consolidated)

	December 31, 2023	December 31, 2022
Asset to equity ratio	**1.41 : 1.00**	1.44 : 1.00
Current or Liquidity ratio	**2.11 : 1.00**	4.94 : 1.00
Debt-to-equity ratio	**0.15 : 1.00**	0.15 : 1.00
Net debt-to-equity ratio	**0.09 : 1.00**	0.10 : 1.00
Interest rate coverage ratio	**5.67 : 1.00**	4.57 : 1.00
Return on assets	**4.5%**	3.3%
Return on equity	**6.4%**	4.9%

Premium Leisure Corp. (consolidated)

	December 31, 2023	December 31, 2022
Asset to equity ratio	**1.07 : 1.00**	1.05 : 1.00
Current or Liquidity ratio	**5.91 : 1.00**	8.20 : 1.00
Debt-to-equity ratio	**0.03 : 1:00**	0.00 : 1:00
Interest rate coverage ratio	**124.09**	5,187.27
Return on assets	**13.16%**	7.37%
Return on equity	**13.99%**	7.71%

Pacific Online Systems Corporation (consolidated)

	December 31, 2023	December 31, 2022
Asset to equity ratio	**1.62 : 1.00**	1.19 : 1.00
Current or Liquidity ratio	**3.02 : 1.00**	6.49 : 1.00
Debt-to-equity ratio	**0.40 : 1.00**	0.07 : 1.00
Interest rate coverage ratio	**19.20 : 1.00**	974.66 : 1.00
Return on assets	**18%**	19%
Return on equity	**26%**	23%

The above performance indicators are calculated as follows:

Current Ratio	Current Asset / Current Liabilities
Debt to Equity Ratio	Interest-bearing debt / Total Equity
Asset-to-equity Ratio	Total Assets / Total Equity
Return on Equity	Net Income / Average equity during the period
Return on Assets	Net Income / Average assets during the period
Interest Coverage Ratio	Income Before Interest & Tax / Interest Expense
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents / Total Equity

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of December 31, 2023, consolidated total debt of the Company of ₱5,825.6 million was comprised of borrowings from renewable short-term bank lines of ₱1,300. million and amortizing term loans from banks of ₱4,525.6 million. Belle has real estate projects, lease agreements and investments from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of December 31, 2023, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitmentsfor capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)

December 31, 2022 versus December 31, 2021 Results of Operations (in thousands)

		2022		2021	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2022	Vertical Analysis 2021
REVENUE								
Lease income	**P**	**2,054,273**	P	807,921	**1,246,352**	154%	**38%**	24%
Gaming revenue share		**1,560,845**		1,300,291	**260,554**	20%	**29%**	38%
Sale of real estate		**862,889**		587,812	**275,077**	47%	**16%**	17%
Equipment rental (POSC)		**519,051**		426,346	**92,705**	22%	**10%**	12%
Revenue from property management		**211,548**		179,618	**31,930**	18%	**4%**	5%
Others		**210,686**		118,946	**91,740**	77%	**4%**	3%
TOTAL REVENUES		**5,419,292**		3,420,934	**1,998,358**	58%	**100%**	100%
COST OF LEASE INCOME		**(1,337,666)**		(1,294,948)	**(42,718)**	3%	**-25%**	-38%
COST OF REAL ESTATE SOLD		**(443,407)**		(301,406)	**(142,001)**	47%	**-8%**	-9%
COST OF LOTTERY SERVICES		**(247,548)**		(374,204)	**126,656**	-34%	**-5%**	-11%
COST OF PROPERTY MANAGEMENT SERVICES		**(139,612)**		(113,574)	**(26,038)**	23%	**-3%**	-3%
COST OF GAMING OPERATIONS		**(136,346)**		(135,895)	**(451)**	0%	**-3%**	-4%
GENERAL AND ADMINISTRATIVE EXPENSES		**(766,549)**		(693,103)	**(73,446)**	11%	**-14%**	-20%
TOTAL COSTS AND EXPENSES		**(3,071,128)**		(2,913,130)	**(157,998)**	5%	**-57%**	-85%
INCOME FROM OPERATIONS		**2,348,164**		507,804	**1,840,360**	362%	**43%**	15%
INTEREST EXPENSE AND OTHER FINANCE CHARGES		**(516,342)**		(603,832)	**87,490**	-14%	**-10%**	-18%
INTEREST INCOME		**22,831**		24,981	**(2,150)**	-9%	**0%**	1%
UNREALIZED LOSS ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		**(372)**		(23,623)	**23,251**	-98%	**0%**	-1%
NET FOREIGN EXCHANGE LOSS		**(1,658)**		750	**(2,408)**	-321%	**0%**	0%
OTHER INCOME (CHARGES)		**14,538**		310,493	**(295,955)**	-95%	**0%**	9%
INCOME BEFORE INCOME TAX		**1,867,161**		216,573	**1,650,588**	762%	**34%**	6%
PROVISION FOR INCOME TAXES								
Current		**28,585**		12,656	**15,929**	126%	**1%**	0%
Deferred		**128,119**		(541,285)	**669,404**	-124%	**2%**	-16%
		156,704		(528,629)	**685,333**	-130%	**3%**	-15%
NET INCOME	**P**	**1,710,457**	P	745,202	**965,255**	130%	**32%**	22%

Belle Corporation ("Belle" or the "Company") realized consolidated revenues of ₱5,419.3 million for 2022, higher by 58% than consolidated revenues of ₱3,420.9 million in 2021 as the Company's performance continues to gain ground, driven by higher lease income and real estate sales. Gaming-related revenues (gaming revenue share and betting equipment rental) also increased year on year, brought about by the continuously progressing economy.

Belle's revenues from real estate operations increased by ₱1,645.1 million (97%), from ₱1,694.3 million in 2021 to ₱3,339.4 million for the period December 31, 2022. Of the 2022 real estate revenues, ₱2,054.3 million was derived from Belle's lease of the land and buildings comprising City of Dreams Manila "CODM" to Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), which was ₱1,246.4 million (154%) higher than its revenues in the prior period of ₱807.9 million. Belle's real estate sales and property management activities at its Tagaytay Highlands complex contributed revenues of ₱1,285.1 million for the period December 31, 2022, which was ₱398.7 million (45%) higher than its revenues in December 31, 2021 of ₱886.4 million.

The share in gaming revenue at CODM of Belle's subsidiary, Premium Leisure Corporation ("PLC"), increased by ₱260.6 million (20%), from ₱1,300.3 million for the period December 31, 2021 to ₱1,560.8 million for the period December 31, 2022.

Pacific Online Systems Corporation ("Pacific Online"), which leases online betting equipment to the Philippine Charity Sweepstakes Office ("PCSO") for their lottery operations, also showed improvement during the period despite the nonrenewal of KENO operations effective April 1, 2022. Pacific Online, which is 50.1%-owned by PLC, posted an increase in revenue of ₱92.7 million (22%), from ₱426.3 million in 2021 period to ₱519.1 million in the current period.

The Company realized consolidated net income of ₱1,710.5 million for the period December 31, 2022, which was higher by ₱965.3 million compared to consolidated net income of ₱745.2 million in December 2021, due mainly to the improvements in the operational results of all the business units, offset partially by a nonrecurring tax adjustment in 2021 of ₱495.0 million resulting from the delayed implementation of the CREATE bill which lowered the marginal tax rate from 30% to 25% effective July 2020 (but was only passed in 2021). Taking out the effect of this nonrecurring tax adjustment, Belle's consolidated recurring net income would have increased by ₱1,460.3 million from a net income of ₱250.2 million in December 2021 to net income of ₱1,710.5 million in December 2022.

Revenues

Total consolidated revenues of ₱5,419.2 million for 2022 were higher by ₱1,998.3 million (58%), compared to ₱3,420.9 million for 2021. Revenues from the CODM lease increased by ₱1,246.4 million (154%) from ₱807.9 million for the 2021 period to ₱2,054.3 million for the current period. Revenue from the share of PLC in gaming earnings of CODM increased by ₱260.6 million (20%), from ₱1,300.3 million for the 2021 period to ₱1,560.8 million for the current period. Revenues from real estate development and management activities increased by ₱398.7 million (45%), from ₱886.4 million in the 2021 period to ₱1,285.1 million in the current period. Revenues of Pacific Online increased by ₱92.7 million (22%), from ₱426.3 million in the 2021 period to ₱519.1 million in the current period.

Costs of Lease Income

Costs of lease income in respect of the CODM property increased by ₱42.7 million (3%), to ₱1,337.6 million in 2022 from ₱1,294.9 million in 2021, mainly due to rent escalation for the year.

Costs of Lottery Services

Costs of lottery services at Pacific Online decreased by ₱126.7 million (34%), to ₱247.5 million in 2022 from ₱374.2 million in 2021, mainly due to the cost efficiency measures of the Company and the termination of KENO operation effective April 1, 2022.

Costs of Gaming Operations

The costs of gaming operations at PLC was virtually unchanged, from ₱135.9 million for 2021 to ₱136.3 million for 2022. PLAI has a direct economic participation in the gaming operations at CODM, by virtue of an operating agreement with MRP that accords PLAI a share of gaming revenue or earnings. MRP is a Philippine Corporation controlled by Melco Resorts and Entertainment Limited ("Melco"), a Hong Kong-based corporation which develops, owns and operates gaming and entertainment facilities around the world, mostly in Macau.

Costs of Real Estate sold

Costs of real estate sold increased by ₱142.0 million (47%) to ₱443.4 million in 2022, from ₱301.4 million in 2021, due to the higher revenue therefrom recognized during the period.

Costs of Property Management Services

Costs of property management services increased by ₱26.0 million (23%), to ₱139.6 million for 2022, from ₱113.6 million for 2021, due to higher utilities consumption arising from increased activities in the estate.

General and Administrative Expenses

General and administrative expenses increased slightly by ₱73.4 million (11%), to ₱766.5 million for 2022 from ₱693.1 million for 2021, due to recognition of general provisions offset by cost reduction efforts.

Financial Income (Expense)

Interest expense and other finance charges decreased by ₱87.5 million (14%) to ₱516.3 million for 2022, from ₱603.8 million for 2021. The lower interest expense incurred by the Company, despite the increasing interest rates in the market, was due to the Company's focus of repaying debt during the current year. Debt outstanding amounted to ₱5,387.5 million as of December 31, 2022, decreasing by ₱1,492.5 million (22%) compared to ₱6,880.0 million as of December 31, 2022.

Other Income

Other income decreased by ₱296.0 million (95%) mostly due to the reversal of general provisions amounting to about ₱281.1 million in 2021.

Provision for Income Taxes

The Company's consolidated provision for income taxes increased by ₱685.3 million (130%) in 2022, to income tax expense of ₱156.7 million from income tax benefit of ₱528.6 million in 2021, due to higher operating income in 2022 and a nonrecurring adjustment arising from the lower income tax rate per the CREATE bill (from 30% to 25%) in 2021.

Net Income

As a result of the foregoing, the Company realized consolidated net income of ₱1,710.5 million for 2022, showing an increase of ₱965.3 million (130%) from its 2021 consolidated net income of ₱745.2 million.

December 31, 2022 vs December 31, 2021 Statement of Financial Position (in thousands)

	December 31		Horizontal Analysis		Vertical Analysis	
	2022	2021	Inc (Dec)	%	2022	2021
ASSETS						
Current Assets						
Cash and cash equivalents	P **1,873,922**	P 2,082,301	(208,379)	-10%	**4%**	4%
Financial assets at fair value through profit or loss	**72,682**	73,054	(372)	-1%	**0%**	0%
Receivables	**3,844,556**	4,219,351	(374,795)	-9%	**7%**	8%
Contract assets	**4,000**	70,319	(66,319)	-94%	**0%**	0%
Real estate for sale	**163,189**	351,120	(187,931)	-54%	**0%**	1%
Land held for future development	**3,025,976**	3,021,120	4,856	0%	**6%**	6%
Other current assets	**3,945,435**	2,426,928	1,518,507	63%	**7%**	5%
	12,929,760	12,244,193	685,567	6%	**25%**	24%
Noncurrent Assets						
Contract assets - net of noncurrent portion	**1,197,151**	941,115	256,036	27%	**2%**	2%
Investment properties	**23,239,249**	24,371,435	(1,132,186)	-5%	**44%**	48%
Financial assets at fair value through other comprehensive income	**9,321,093**	7,270,420	2,050,673	28%	**18%**	14%
Intangible asset	**4,117,704**	4,233,538	(115,834)	-3%	**8%**	8%
Goodwill	**926,008**	926,008	-	0%	**2%**	2%
Investments in and advances to associates - net	**119,272**	119,688	(416)	0%	**0%**	0%
Right of Use	**77,226**	54,812	22,414	41%	**0%**	0%
Property and equipment	**73,864**	86,082	(12,218)	-14%	**0%**	0%
Deferred tax asset	-	21,399	(21,399)	-100%	**0%**	0%
Other noncurrent assets	**756,394**	758,887	(2,493)	0%	**1%**	1%
	39,827,961	38,783,384	1,044,577	3%	**75%**	76%
TOTAL ASSETS	P **52,757,721**	P 51,027,577	1,730,144	3%	**100%**	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other current liabilities	P **1,733,781**	P 1,809,301	(75,520)	-4%	**3%**	4%
Loans payable	**450,017**	1,995,017	(1,545,000)	-77%	**1%**	4%
Current portion of:						
Long-term debt	**29,000**	15,000	14,000	93%	**0%**	0%
Lease Liability - current	**403,241**	345,679	57,562	17%	**1%**	1%
	2,616,039	4,164,997	(1,548,958)	-37%	**5%**	8%
Noncurrent portion of:						
Long-term debt	**4,908,500**	4,870,000	38,500	1%	**9%**	10%
Lease Liability - noncurrent	**5,842,907**	6,196,415	(353,508)	-6%	**11%**	12%
Deferred tax liabilities	**2,483,336**	2,377,323	106,013	4%	**5%**	5%
Other noncurrent liability	**394,077**	409,409	(15,332)	-4%	**1%**	1%
	13,628,820	13,853,147	(224,327)	-2%	**26%**	27%
TOTAL LIABILITIES	**16,244,859**	18,018,144	(1,773,285)	-10%	**31%**	35%
Equity						
Attributable to equity holders of parent:						
Common stock	**10,561,000**	10,561,000	-	0%	**20%**	21%
Additional paid-in capital	**5,503,731**	5,503,731	-	0%	**10%**	11%
Treasury stock	**(2,565,359)**	(2,476,697)	(88,662)	4%	**-5%**	-5%
Equity share in cost of Parent Company shares held by associates	**(2,501)**	(2,501)	-	0%	**0%**	0%
Cost of Parent Company common and preferred shares shares held by subsidiaries	**(1,154,409)**	(1,464,322)	309,913	-21%	**-2%**	-3%
Other reserves	**7,763,073**	5,715,643	2,047,430	36%	**15%**	11%
Excess of net asset value of an investment over cost	**252,040**	252,040	-	0%	**0%**	0%
Retained Earnings	**13,501,329**	12,175,075	1,326,254	11%	**26%**	24%
Total equity attributable to equity holders of the Parent	**33,858,904**	30,263,969	3,594,935	12%	**64%**	59%
Non-controlling interests	**2,653,958**	2,745,464	(91,506)	-3%	**5%**	5%
TOTAL EQUITY	**36,512,862**	33,009,433	3,503,429	11%	**69%**	65%
TOTAL LIABILITIES AND EQUITY	P **52,757,721**	P 51,027,577	1,730,144	3%	**100%**	100%

ASSETS
Total assets of the Company increased by ₱1,730.1 million (3%) to ₱52,757.7 million as of December 31, 2022, from ₱51,027.6 million as of December 31, 2021.

Cash and Cash equivalents
Cash and cash equivalents decreased by ₱208.4 million (10%), to ₱1,873.9 million as of December 31, 2022 from ₱2,082.3 million as of December 31, 2021, due mainly to the payment of short-term borrowings during the period, offset in part by the increase in collections due to higher revenues.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")
The Company's FVTPL minimally decreased to ₱72.7 million as of December 31, 2022 from ₱73.1 million as of December 31, 2021, due to the decrease in share prices of the Company's investments. As at December 31, 2022, the Company's consolidated FVTPL consists of investments of Pacific Online in listed shares of Leisure and Resorts World Corporation, Vantage Equities, Inc., and PLDT, Inc. as well as warrants from Black Spade Acquisition, Inc. held by PLC through a subsidiary.

Receivables and Contract Assets
Receivables and Contract Assets decreased by ₱185.1 million (4%), to a total of ₱5,045.7 million as of December 31, 2022 from ₱5,230.8 million as of December 31, 2021.

Real Estate for Sale
Real estate for sale decreased by ₱187.9 million (54%), to ₱163.2 million as of December 31, 2022 from ₱351.1 million as of December 31, 2021, due to sale of real estate properties.

Investment Properties
This account consists mainly of carrying value of the CODM property and right of use assets for leases in Paranaque City. The ₱1,132.2 million (5%) decrease of Investment Properties, from ₱24,371.4 million as of December 31, 2021 to ₱23,239.2 million as of December 31, 2022, was due to the depreciation expense on the CODM building as well as amortization of right of use assets.

Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI")
The Company's FVOCI increased by ₱2,050.7 million (28%), to ₱9,321.1 million as of December 31, 2022 from ₱7,270.4 million as of December 31, 2021, due the increase in the market values of the said investments.

Intangible Asset
This pertains to the cost of the License to operate integrated resorts that was granted by the Philippine Amusement and Gaming Corp ("PAGCOR") to PLAI. Belle and MRP are Co-Licensees under PLAI's PAGCOR License. Amortization of the intangible asset on the License commenced on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations granted by PAGCOR. Intangible assets decreased by ₱115.8 million (3%), from ₱4,233.5 million as of December 31, 2021 to ₱4,117.7 million as of December 31, 2022 because of the amortization expense on the PAGCOR License.

Goodwill
Goodwill arose due to the business combination and consolidation of POSC under PLC in 2015 through the pooling of interest method. Goodwill remains to be at ₱926.0 million as at December 31, 2022 and 2021.

Right of Use Assets
Right of use assets increased by ₱22.4 million (41%) from ₱54.8 million as of December 31, 2021 to ₱77.2 million as of December 31, 2022, mainly due to renewal of the contracts adopting PFRS 16 (Leases).

Other Assets
Other assets increased by ₱1,516.0 million (48%), to ₱4,701.8 million as of December 31, 2022 from ₱3,185.8 million as of December 31, 2021, mainly due to increases in prepaid taxes and down payments made for land acquisitions.

LIABILITIES
Total liabilities decreased by ₱1,773.3 million (10%), to ₱16,244.9 million as of December 31, 2022 from ₱18,018.1 million as of December 31, 2021, mainly due to the prioritization of the Company to pay down its debt given the increasing market borrowing rates.

Trade and Other Current Liabilities
Trade and other current liabilities decreased from ₱1,809.3 million as of December 31, 2021 to ₱1,733.8 million as of December 31, 2022.

Loans Payable and Long-Term Debt
Total consolidated debt, amounting to ₱5,387.5 million as of December 31, 2022, consists of Peso-denominated borrowings of Belle and POSC from various local financial institutions, with an average interest rate of approximately 4.48% per annum during 2022. The outstanding amount of total debt decreased by ₱1,492.5 million (22%) from ₱6,880.0 million as of December 31, 2021, due to the payment of debt from local banks.

Other Liabilities
Other Liabilities decreased by ₱311.3 million (4%) to ₱6,640.2 million as of December 31, 2022, from ₱6,951.5 million as of December 31, 2021, mainly due to decrease in liabilities from long-term operating leases.

EQUITY
The Company's shareholders' equity as of December 31, 2022 of ₱36,512.9 million was higher by ₱3,503.4 million (11%), compared to its shareholders' equity of ₱33,009.4 million as of December 31, 2021, mainly due to the increases in market value of financial assets at fair value through other comprehensive income of ₱2,047.4.0 million (36%) and Company's consolidated net income of ₱1,710.5 million for 2022.

Below are the comparative key performance indicators of the Company and its subsidiaries:

Belle Corporation (consolidated)

	December 31, 2022	December 31, 2021
Asset to equity ratio	**1.44 : 1.00**	1.55 : 1.00
Current or Liquidity ratio	**4.94 : 1.00**	2.94 : 1.00
Debt-to-equity ratio	**0.15 : 1.00**	0.21 : 1.00
Net debt-to-equity ratio	**0.10 : 1.00**	0.15 : 1.00
Interest rate coverage ratio	**4.57 : 1.00**	1.32 : 1.00
Return on assets	**3.3%**	1.5%
Return on equity	**4.9%**	2.3%

Premium Leisure Corp. (consolidated)

	December 31, 2022	December 31, 2021
Asset to equity ratio	**1.05 : 1.00**	1.04 : 1.00
Current or Liquidity ratio	**8.20 : 1.00**	9.18 : 1.00
Debt-to-equity ratio	**0.00 : 1:00**	0.00 : 1:00
Interest rate coverage ratio	**5,187.27**	1,633.17
Return on assets	**7.37%**	6.44%
Return on equity	**7.71%**	6.81%

Pacific Online Systems Corporation (consolidated)

	December 31, 2022	December 31, 2021
Asset to equity ratio	**1.19 : 1.00**	1.19 : 1.00
Current or Liquidity ratio	**6.49 : 1.00**	4.64 : 1.00
Debt-to-equity ratio	**0.07 : 1.00**	0.00 : 1.00
Interest rate coverage ratio	**974.66 : 1.00**	(140.05): 1.00
Return on assets	**19%**	-14%
Return on equity	**23%**	-18%

The above performance indicators are calculated as follows:

Current Ratio	Current Asset / Current Liabilities
Debt to Equity Ratio	Interest-bearing debt / Total Equity
Asset-to-equity Ratio	Total Assets / Total Equity
Return on Equity	Net Income / Average equity during the period
Return on Assets	Net Income / Average assets during the period
Interest Coverage Ratio	Income Before Interest & Tax / Interest Expense
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents / Total Equity

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of December 31, 2022, consolidated total debt of the Company of ₱5,387.5 million was comprised of borrowings from renewable short-term bank lines of ₱1,492.5 million and amortizing term loans from banks of ₱6,880.0 million.Belle has real estate projects, lease agreements and investments from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of December 31, 2022, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitmentsfor capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)
- Any seasonal aspects that had a material effect on the financial condition or results of operations.

Financial Risk Management Objectives and Policies

The Group's principal financial liabilities are composed of trade and other current liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include cash and cash equivalents, receivables and installment receivables. The Group also holds financial assets at FVPL, financial assets at FVOCI, advances to associates, refundable deposits and construction bonds, guarantee deposits, loans payable, long-term debt and lease liability.

The main risks arising from the Group's financial assets and financial liabilities are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. The Group's BOD and management review and agree on the policies for managing each of these risks and these are summarized below.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial assets and financial liabilities. The Group's exposure to interest rate risk relates primarily to the Group's long-term debt which are subject to cash flow interest rate risk.

The Group's policy is to manage its interest cost by limiting its borrowings and entering only into borrowings at fixed and variable interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with other variables held constant of the Group's income before income tax:

	(In Thousands)	
	2024	2023
Increase (decrease) in basis points:		
100	**(₱700,925)**	(₱183,294)
(100)	**700,925**	183,294
50	**(350,463)**	(91,647)
(50)	**350,463**	91,647

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

As at December 31, 2024 and 2023, foreign currency-denominated financial asset and financial liability in US dollars, translated into Philippine peso at the closing rate:

	(in Thousands)			
	2024		2023	
	USD	**Peso Equivalent**	USD	Peso Equivalent
Cash and cash equivalents	$66.2	₱3,832	$1,028	₱56,899
Consultancy and software license fee payable*	–	–	(161)	(8,898)
Net foreign currency-denominated financial assets	$66.2	₱3,832	$867	₱48,001

***Presented under "Trade and other current liabilities" account in the consolidated statement of financial position.*

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was ₱57.85 and ₱55.37 to US$1.0 as at December 31, 2024 and 2023, respectively.

It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Group seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rates, with all other variables held constant, of the Group's consolidated income before income tax as at December 31, 2024 and 2023. There is no other impact on the Group's equity other than those already affecting the profit or loss in the consolidated statement of comprehensive income.

	2024		2023	
	Increase in US$ Rate	**Decrease in US$ Rate**	Increase in US$ Rate	Decrease in US$ Rate
Change in US$ rate*	5%	(5%)	19%	19%
Effect on income before income tax (in thousands)	₱125	(₱125)	₱9,120	(₱9,120)

The increase in US$ rate means stronger US dollar against peso while the decrease in US$ means stronger peso against the US dollar.

Equity Price Risk. Equity price risk is the risk that the fair value of financial assets at FVPL and FVOCI consisting of listed equities decreases as a result of changes in the value of individual stock. The Group's exposure to equity price risk relates primarily to the Group's investments held for trading. The Group monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Group's 2024 and 2023 consolidated total comprehensive income before income tax:

	(In Thousands)	
Increase (Decrease) in Equity Price	**2024**	2023
Impact in profit or loss		
5%	**₱2,137**	₱5,000
(5%)	**(2,137)**	(5,000)
Impact in comprehensive income		
5%	**₱654,935**	₱500,917
(5%)	**(654,935)**	(500,917)

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

In the Group's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Group and retain ownership of the property. The Group has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. The Group's primary target customers are high-income individuals and top corporations, in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Trade receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. Receivables from sale of club shares are secured by the shares held by the Group. For other receivables, since the Group trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from the financial assets of the Group, which comprise of cash and cash equivalents, receivables, advances to associates, deposits, refundable deposits and construction bonds, and guarantee deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

The table below shows the Group's aging analysis of financial assets.

	(In Thousands)						
	2024						
	Neither	Past Due but not Impaired					
	Past Due nor Impaired	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
Cash and cash equivalents*	**₱2,356,951**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,356,951**
Receivables	**4,550,026**	**2,927**	**13,606**	**1,003**	**33,744**	**470,020**	**5,071,326**
Advances to associates***	**609**	**–**	**–**	**–**	**–**	**130,254**	**130,863**
Refundable deposits and construction bond****	**100,082**	**–**	**–**	**–**	**–**	**–**	**100,082**
Guarantee deposits*****	**79,000**	**–**	**–**	**–**	**–**	**–**	**79,000**
	₱7,086,668	**₱2,927**	**₱13,606**	**₱1,003**	**₱33,744**	**₱600,274**	**₱7,738,222**

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*

*****Presented under "Other current assets" account in the consolidated statement of financial position.*

	(In Thousands)						
	2023						
	Neither	Past Due but not Impaired					
	Past Due nor Impaired	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
Cash and cash equivalents*	₱2,171,692	₱–	₱–	₱–	₱–	₱–	₱2,171,692
Receivables	4,737,998	4,188	8,764	1,183	127,297	699,428	5,578,858
Advances to associates***	527	–	–	–	–	130,254	130,781
Refundable deposits and construction bond****	130,022	–	–	–	–	–	130,022
Guarantee bonds*****	91,201	–	–	–	–	–	91,201
	₱7,131,440	₱4,188	₱8,764	₱1,183	₱127,297	₱829,682	₱8,102,554

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*

*****Presented under "Other current assets" account in the consolidated statement of financial position.*

Financial assets are considered past due when collections are not received on due date.

Past due accounts which pertain to trade receivables from sale of real estate units and club shares are recoverable since the legal title and ownership of the real estate units and club shares will only be transferred to the customers upon full payment of the contract price.

Credit Quality of Financial Assets
The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Group's financial assets are as follows:

	(In Thousands)			
	2024			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Cash and cash equivalents*	**₱2,356,951**	**₱–**	**₱–**	**₱2,356,951**
Receivables	**4,601,306**	**–**	**470,020**	**5,071,326**
Advances to associates**	**609**	**–**	**130,254**	**130,863**
Refundable deposits and construction bonds***	**100,082**	**–**		**100,082**
Guarantee deposits****	**79,000**	**–**		**79,000**
Gross Carrying Amount	**₱7,137,948**	**₱–**	**₱600,274**	**₱7,738,222**

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
*****Presented under "Other current assets" account in the consolidated statement of financial position.*

	(In Thousands)			
	2023			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Cash and cash equivalents*	₱2,171,692	₱–	₱–	₱2,171,692
Receivables	4,868,880	10,550	699,428	5,578,858
Advances to associates**	527		130,254	130,781
Refundable deposits and construction bonds***	130,022	–	–	130,022
Guarantee deposits****	91,201	–	–	91,201
Gross Carrying Amount	₱7,262,322	₱10,550	₱829,682	₱8,102,554

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
*****Presented under "Other current assets" account in the consolidated statement of financial position.*

Liquidity Risk. Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Group considers obtaining borrowings as the need arises.

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted cash flows.

	(In Thousands)					
	2024					
	On Demand	**< 6 Months**	**6 Months to 1 Year**	**1–3 Years**	**> 3 Years**	**Total**
Trade and other current liabilities*	**₱1,402,370**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,402,370**
Loans payable	**17**	**300,000**	**–**	**–**	**–**	**300,017**
Long-term debt			**2,130,235**	**2,312,706**	**3,000,000**	**7,442,941**
Lease liability**	**–**	**382,290**	**335,516**	**2,151,831**	**3,729,598**	**6,599,235**
Refundable deposit***	**–**	**–**	**–**	**–**	**249,495**	**249,495**
	₱1,402,387	**₱682,290**	**₱2,465,751**	**₱4,464,537**	**₱6,979,093**	**₱15,994,058**

**Excluding withholding and output tax payable, unearned income and customers' deposits.*
***based on undiscounted payments*
****Presented under "Other noncurrent liabilities" account in the consolidated statement of financial position.*

	(In Thousands)					
	2023					
	On Demand	< 6 Months	6 Months to 1 Year	1–3 Years	> 3 Years	Total
Trade and other current liabilities*	₱1,453,386	₱–	₱–	₱–	₱–	₱1,453,386
Loans payable	–	1,300,017	–	–	–	1,300,017
Long-term debt	–	2,058,824	29,000	2,437,765	–	4,525,589
Lease liability**	–	543,291	327,645	2,284,580	4,465,705	7,621,221
Refundable deposit***	–	–	–	–	138,139	138,139
	₱1,453,386	₱3,902,131	₱356,645	₱4,722,345	₱4,603,844	₱15,038,352

**Excluding withholding and output tax payable, unearned income and customers' deposits.*
***based on undiscounted payments*
****Presented under "Other noncurrent liabilities" account in the consolidated statement of financial position.*

The Group expects to settle its maturing obligations on long-term debt from its gaming revenues from casino operations, rental income on land and casino building and expected profits from real estate development operations.

Capital Management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and adjusts the same, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2024 and 2023.

The Group considers the following as its capital:

(In Thousands)

	2024	2023
Common stock	**₱10,561,000**	₱10,561,000
Additional paid-in capital	**5,503,731**	5,503,731
Treasury stock	**(2,565,359)**	(2,565,359)
Cost of Parent Company common shares held by subsidiaries	**(1,154,409)**	(1,154,409)
Equity share in cost of Parent Company shares held by associates	**(2,501)**	(2,501)
Retained earnings	**17,324,660**	14,985,481
	₱29,667,122	₱27,327,943

Fair Value of Assets and Financial Liabilities

Set out below is a comparison by category and by class of carrying values and fair values of the Group's assets and financial liabilities:

	(In Thousands)				
	2024				
	Carrying Value	**Fair Value**	**Quoted (Unadjusted) Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets					
Assets measured at fair value:					
Financial assets at FVOCI	**₱13,098,696**	**₱13,098,696**	**₱12,975,745**	**₱–**	**₱122,951**
Financial assets at FVPL	**42,745**	**42,745**	**42,745**	**–**	**–**
Assets for which fair value is disclosed - Investment properties (see Note 13)	**22,553,515**	**41,782,462**	**–**	**–**	**41,782,462**
Liabilities					
Liabilities for which fair value is disclosed:					
Refundable deposits	**249,495**	**249,495**	**–**	**–**	**249,495**
Long-term debt	**7,442,941**	**8,613,279**	**–**	**–**	**8,613,279**

	(In Thousands)				
	2023				
	Carrying Value	Fair Value	Quoted (Unadjusted) Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Assets measured at fair value:					
Financial assets at FVOCI	₱10,018,341	₱10,018,341	₱9,883,994	₱–	₱134,347
Financial assets at FVPL	100,013	100,013	100,013	–	–
Assets for which fair value is disclosed - Investment properties (see Note 13)	23,712,268	41,782,462	–	–	41,782,462
Liabilities					
Liabilities for which fair value is disclosed:					
Refundable deposits	237,225	237,225	–	–	237,225
Long-term debt	4,525,589	4,578,903	–	–	4,578,903

The Group has no financial liabilities measured at fair value as at December 31, 2024 and 2023. There were no transfers between fair value measurements in 2024 and 2023.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:

Cash and Cash Equivalents, Advances to Associates, Receivables, Loans Payable and Trade and Other Current Liabilities. The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of financial assets at FVPL and financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. *There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.*

Refundable Deposits and Guarantee deposits. The carrying value of refundable deposits and guaranteed deposit approximates fair value as at December 31, 2024 and 2023 due to unavailability of information as to the repayment date that would provide reasonable basis for the fair value measurement.

Long-term Debt. The fair value of long-term debt is determined by discounting the obligations' expected future cash flows using the discount rate of 5.89% to 8.63% in 2024 and 4.75% to 7.13% in 2023.

Other Required Disclosures

A. The attached financial reports were prepared in accordance with accounting standards generally accepted in the Philippines.
B. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the period.

C. There were no material changes in estimates of amounts reported in prior periods that have material effects in the current period.

D. Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities. There were no changes in the composition of the Company during the period such as business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, and discontinued operations, except for the accounting for the PinoyLotto Technologies Corporation as a joint operation as discussed above.

E. There were no material events subsequent to December 31, 2022 up to the date of this report that needs disclosure herein.

F. There were no changes in contingent liabilities or contingent assets since December 31, 2023, as of the date of this report

G. There exist no material contingencies affecting the current period.

2025 Plan of Operations

Cognizant of the Company's commitment to enhance shareholder value as it explores and pursues related ventures and high-growth opportunities in the gaming space, the gaming-focused investment companies of Premium Leisure Corp. (PLC), a Belle subsidiary, has applied for a gaming license with PAGCOR to develop an integrated resort in Clark, Pampanga, a former American air base.

For the Company's real estate business, plans for the expansion of its Japanese-themed subdivision, Yume, are underway. A total 22 residential lots with sizes of approximately 600 square meters, boast scenic views of the Tagaytay Midlands fair ways with select lots offering view corridors of Taal Lake. In addition, another development in Midlands West, Trealva (Phase 2), set to be launched in 2025, fosters sustainable living through eco-centric principles. This project offers breathtaking views of Taal Lake, majestic mountains of Makiling and Banahaw, and the impressive Batangas landscape. Furthermore, with the completion of The Grove of our Plantation Hills development, hand-over of the lots to their buyers has commenced in the first quarter of 2025.

The Company through its corporate social responsibility arm, Belle Kaagapay, remains committed to uplifting the lives, and empowering the communities where its businesses are situated. Programs and initiatives on education, health, environment and livelihood take precedence.

With full economic reopening after the Covid-19 pandemic, the Company continues to rely on good risk assessment and responsive actions to safeguard its operations. The Company prioritizes the safety of its employees and other stakeholders, and concentrates on the sustainability of its businesses. Belle shall pursue cost-cutting programs to help preserve future profitability, and put emphasis on the minimization of waste and maximization of operating efficiency to help support the Company's consistent growth.

The Company remains fully committed to the principles of good corporate governance, ensuring that all its businesses adhere to the highest standards of transparency and accountability.

ANNEX TO MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) SECTION

Events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of obligation

None. The Company does not foresee and events that may trigger material financial obligation to the Company, including default or acceleration of an obligation.

All material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other personscreated during the reporting period

None. There were no material off-balance sheet transactions, arrangement, obligations, and other relationships of the Company with unconsolidated entities or other persons that the Company is aware ofduring the reporting period.

Item 7. Financial Statements

Please see attached consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

Item 8. Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

There have been no disagreements with any accountant or any matter of accounting principles or practices, financial statement disclosure or auditing scope of procedure.

Independent Public Accountants, External Audit Fees, and Services

Reyes Tacandong & Co. (RT&Co.) will be recommended for appointment as external auditor for 2025.

Representatives of Reyes Tacandong & Co. which performed the audit of the Company's 2024 financial statements are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

Over the past five (5) years, there was no event where previous external auditor or RT & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, disclosure of financial statements or auditing scope of procedure.

In compliance with SRC Rule 68, paragraph 3 (b) and (ix) (Rotation of External Auditors), the Company beginning audit year 2021 engaged the services of a new external auditor, Reyes Tacandong and Co. ("RT&Co."), to replace the former external auditor Sycip Gorres Velayo & Co. ("SGV"). The engagement partner for Belle from RT&Co., Ms. Belinda B. Fernando, will only be on her fourth year as such in 2024.

The Company paid RT&Co. for external audit services amounting to ₱1,650,000 for both 2024 and 2023. For each of the last two (2) fiscal years, RT&Co. did not render services for tax accounting, planning, compliance, advice, or any other professional services for which it billed the Company the corresponding professional fees.

The Audit Committee, composed of Mr. Laurito E. Serrano. as Chairman, and Mr. Jacinto C. Ng, Jr. and Ms. Maria Gracia P. Tan as Members, recommends to the Board of Directors the appointment of the external auditors. The Board of Directors and the stockholders approve the Audit Committee's recommendation. The Executive Committee approves the audit fees as recommended by the Audit Committee.

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

1. Directors and Executive Officers

The names and ages of all the incumbent Directors elected on May 31, 2024 during the Annual Stockholders' Meeting and are to serve for a term on one (1) year until their successors shall have been duly elected and qualified, and the Executive Officers are:

Directors:

Directors' Name	Type [Executive Director (ED), Non-Executive (NED) or Independent Director (ID)]	Age	Date of first election	Date last elected (if ID, state the number of years served as ID)	Elected when (Special/ Annual Meeting)	No. of years and months served as Director / Officer
Willy N. Ocier	NED	68	06/24/1999	05/31/2024	Annual	25 yrs. and 6 mos.
Armin Antonio B. Raquel Santos	ED	57	04/28/2022	05/31/2024	Annual	2 yr. and 8 mos.
Jacinto C. Ng, Jr.	NED	55	07/08/2000	05/31/2024	Annual	24 yrs. and 4 mos.
Gregory L. Domingo	NED	70	05/31/2024	05/31/2024	Annual	7 mos.
Maria Gracia P. Tan	ID	69	06/25/2021	05/31/2024	Annual	3 yrs. and 6 mos.
Paquito N. Ochoa, Jr.	ID	64	05/31/2024	05/31/2024	Annual	7 mos.
Laurito E. Serrano	ID	64	05/31/2024	05/31/2024	Annual	7 mos.

Executive Officers:

Names of Directors and Officers	Citizenship	Age as of 12.31.2024	Position
Armin Antonio B. Raquel Santos	Filipino	57	Director / President, and CEO
Aileen M. Malto*	Filipino	56	CFO and Treasurer
Jason C. Nalupta	Filipino	53	Corporate Secretary
Arthur A. Sy	Filipino	55	Asst. Corporate Secretary
Anna Josefina G. Esteban	Filipino	57	Chief Audit Executive
Michelle Angeli T. Hernandez	Filipino	53	Vice President for Governance, Chief Risk Officer, Compliance Officer

* appointed effective August 15, 2024

Board of Directors

The information on the business affiliations and experiences of the following directors and officers are current as of December 31, 2024 and within the past five (5) years.

WILLY N. OCIER

Mr. Ocier, 68, Filipino, is a Non-Executive Director and the Chairman of the Board of Belle Corporation. He is likewise the Chairman and Director of APC Group, Inc., Premium Leisure Corp., its subsidiaries PremiumLeisure and Amusement, Inc., Pacific Online Systems Corporation and Total Gaming and Technologies, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and Vice Chairman of Tagaytay Highlands International Golf Club, Inc. and Highlands Prime, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc. and Director of DigiPlus Interactive Corp. *(until March 17, 2025).* He also sits as a Director of the following unaffiliated corporations, IVantage Equities, Philequity Management, Inc., Abacore Capital Holdings, Inc. and Toyota Corporation Batangas. He was formerly President and Chief Operating Officer of Eastern Securities Development Corporation.

Mr. Ocier graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics. In recognition of Mr. Ocier's corporate leadership and role in providing employment opportunities to Filipinos, the University of Batangas conferred him a degree in Doctor of Humanities, honoris causa

ARMIN ANTONIO B. RAQUEL SANTOS

Mr. Raquel Santos, 57, Filipino, is the Executive Director and the President and Chief Executive Officer of Belle Corporation. He is the Executive Director, President and Chief Executive Officer of Premium Leisure Corp. and its subsidiaries, PremiumLeisure and Amusement, Inc. and Pacific Online Systems Corporation. He is also a Director of APC Group, Inc., Pinoy Lotto Technologies Corporation, Sagittarius Mines, Inc., Tagaytay Highlands International Golf Club, Inc., Manila Golf and Country Club and member of the Board of Trustees of Melco Resorts (Philippines) Foundation Corporation. Formerly, he was Chief Finance Officer of Aboitizland, Inc., Cebu Industrial Park, Inc. and Mactan Economic Zone II and First Philippine Electric Company. He was also former Governor of the Board of Investments (BOI), served as Assistant Secretary with the Department of Trade and Industry (DTI), Vice Chairman and CEO of Philippine Retirement Authority (PRA), Executive Vice President of Philippine International Trading Corporation (PITC), and Deputy Administrator of Subic Bay Metropolitan Authority (SBMA). His experience includes stints with multinational companies; Securities 2000 Inc. (Singapore Technologies Group) and First Chicago Trust Company of New York.

Mr. Raquel Santos holds a Master of Arts in Liberal Studies from Dartmouth College, U.S.A. and Bachelor of Science in Business Administration Major in Finance from Iona College, U.S.A.

JACINTO C. NG, JR.

Mr. Ng, Jr., 55, Filipino, is a Non-Executive Director of Belle Corporation since August 2000. He is a member of the Executive, and Compensation and Remuneration Committees. He was a member of the Risk Oversight Committee until May 31, 2024.

He was elected as a Non-Executive Director of Premium Leisure Corp. on April 22, 2024. He is likewise the Group Executive Officer of the Joy~Nostalg Group, Founder and Chairman of the Joy~Nostalg Foundation, Chairman of Joy~Nostalg Hearth Corporation, a member of the Rebisco Foundation, XS86 Men for Others Foundation, Inc., Xavier School Educational Trust Fund and Xavier School Inc.'s Board of Trustees. He is also a director of Tagaytay Midlands Golf Club, Inc. and Rayvanes Realty Corporation.

Mr. Ng, Jr. holds a Bachelor of Science degree in Architecture from the University of the Philippines.

GREGORY L. DOMINGO

Mr. Domingo, 70, Filipino, is currently a Non-Executive Director of Belle Corporation. He is also a Non-Executive Director of Premium Leisure Corp. He is likewise a Board Adviser to SM Investments Corporation, a Board Director of BDO Private Bank, the private bank subsidiary of Philippine's largest bank, an Independent Director of Alternergy Holdings Corporation and OceanaGold Philippines, Inc. and a Board Director for a few other corporations. He worked in the private sector for the last 40 years and served twice in the Philippine government – once as Secretary of the Department of Trade and Industry from July 2010 to December 2015 and the other as Head of the Board of Investments from May 2001 to April 2004. During his stint in the government, he chaired the National Development Council, Philippine Economic Zone Authority and served as a board member of various government corporations. Mr. Domingo also served as Chairman of the Asia-Pacific Economic Cooperation Trade Ministers in 2015 and as a Vice Chairperson of the 10th World Trade Organization Ministerial meeting in Nairobi in 2015. He is credited as a key person in the takeoff of the business process outsourcing industry in the Philippines.

He had a distinguished banking career in the U.S spanning 15 years with institutions such as First Boston, Drexel Burnham Lambert and Mellon Bank eventually becoming a Managing Director in the Treasury group of Chemical Bank before deciding to return to the Philippines in the mid 1990s.
He holds a master's degree in Business Administration from the Asian Institute of Management and a Master of Science in Operations Research from the Wharton School of the University of Pennsylvania. He obtained his Bachelor of Science in Management Engineering at the Ateneo de Manila University.

MARIA GRACIA P. TAN*

Atty. Tan, 69, Filipino, is the Lead Independent Director of the Company. She is likewise the Lead Independent Director of Premium Leisure Corp. and Pacific Online Systems Corporation. She is also a Director of Palm Concepcion Power Corporation, Peak Power Energy, Inc. and Trifels, Inc. She is currently a Trustee of the Justice George A. Malcolm Foundation, Inc., and a member of the Tax Faculty of the Philippine Judicial Academy. She is also an arbitrator for the Construction Industry Authority of the Philippines and the Philippine Center for Dispute Resolution, Inc.; a professional lecturer of the University of the Philippines Law Center; a member of the Philippine Institute of Construction Arbitrators and Mediators, Inc., Society of Construction Law Philippines, Dispute Resolution Board Foundation, Office of Alternative Dispute Resolution, International Tax Specialist Group, and the Philippine Institute of Arbitrators.

Atty. Tan is the first woman Chairperson of the Commission on Audit. She also served as Undersecretary of Finance, Commissioner of the Presidential Commission on Good Government, and Chairman of the United Nations Independent Audit Advisory Committee, the first Filipino to have been elected to this 5-member Committee. She is also a professor at the University of the Philippines for Mandatory Continuing Legal Education.

Backed by four decades of professional work in the Philippines and abroad as a private law and accounting practitioner, government official, arbitrator and international consultant. She is an expert in the fields of legal, finance, audit, governance, dispute resolution and administration.

She graduated from the University of the Philippines in 1976 with a degree in Bachelor of Science in Business Administration and Accountancy and in 1981 with Juris Doctor. In 1987, she obtained her Master of Laws (Tax) from the New York University. She is a lawyer and Certified Public Accountant.

PAQUITO N. OCHOA, JR. *

Atty. Ochoa, 64, Filipino, is an Independent Director of Belle Corporation. He is likewise an Independent Director of Premium Leisure Corp and 2Go. He founded PNO Management and Legal Consulting in September 2016 after completing his term as a government official. He is currently the President of Manuel L. Quezon University (MLQU) from October 2020.

He was a founding member and partner of Marcos Ochoa Serapio Tan Law Firm from 2006 to 2010 and a partner in De Mesa & Ochoa Law Offices from 1995 to 2001.

Atty. Ochoa served as Executive Secretary (Office of the President, Republic of the Philippines) from July 2010 to June 2016. During this period, he also chaired various national government committees among which were, the National Organizing Committee of the 2015 Asia-Pacific Economic Cooperation (APEC), and National Organizing Committee on the Visit of His Holiness Pope Francis in January 2015. He is the longest serving Executive Secretary to date and the only individual to serve the full term of a President.

He also served as City Administrator of the Quezon City Local Government from January 2003 to June 2010 during which period, he introduced prudent spending practices which together with improved revenue collection, allowed the City Government to balance its budget and achieve unprecedented increase in income.

After his career in public administration (from 2016 to present), Atty. Ochoa focused on leading a team that provides advisory services in two major areas: 1) financial advisory services which include conduct of customary financial due diligence; analysis of business operations, financial condition, and prospects; evaluation of debt capacity and capital structure alternatives; financial restructuring; pre acquisition and post-acquisition evaluation; negotiations leading to Transactions (BOT or JV); and 2) legal and regulatory compliance which include legal due diligence; preparation of contracts and other documents covering Transactions, including negotiations; and compliance with government rules and regulations.

Atty. Ochoa holds a Bachelor of Laws degree from the Ateneo De Manila University (class of 1985). He completed his Bachelor of Arts degree in Economics from the University of Santo Tomas in 1981.

LAURITO E. SERRANO*

Mr. Serrano, 64, Filipino, is an Independent Director of the Company. He concurrently serves as Independent Director of Premium Leisure Corp., Rizal Commercial Banking Corporation, Axelum Resources Corp., Anglo-Philippine Holdings, Inc. and Century Peak Holdings Corporation. He is also a Director in RCBC Trust Corporation, Malayan Insurance Company, and MRT Development Corporation.

As independent director in the above entities, Mr. Serrano serves as Chairman or member of such companies' audit, compliance, and risk oversight committees. Mr. Serrano is a former partner of the Corporate Finance Consulting Group of SGV & Co. and was likewise associated, among others, with the Metro Rail Transit Group, Fil-Estate Group, Resorts World Manila, Atlas Mining & Development Corporation, Sagittarius Mines, United Paragon Mining Corporation, 2Go Group Inc., and Philippine Veterans Bank.

He is a Philippine Certified Public Accountant and has a Master's degree in Business Administration from the Harvard Graduate School of Business. His area of specialization is Financial Advisory and Corporate Finance in a broad range of clients and industry sectors.

***Independent Directors**

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors, which have been adopted and made part of the Corporation's By-Laws.

The Corporate Governance Committee, composed of Atty. Paquito N. Ochoa, Jr. (Chairman), Atty. Maria Gracia P. Tan and Mr. Laurito E. Serrano., determine that the nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forthin the Company's Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

All new directors undergo an orientation program soon after date of election. This is intended to familiarize the new directors on their statutory / fiduciary roles and responsibilities in the Board and its Committees, Belle's strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Business Conduct and Ethics and the Revised Manual on Corporate Governance. Mr. Gregory L. Domingo, Mr. Laurito E. Serrano and Atty. Paquito N. Ochoa had their onboarding sessions in June 2024.

All directors are also encouraged to participate in continuing education programs annually at Belle's expense to promote relevance and effectiveness and to keep them abreast of the latest developments in corporate directorship and good governance. The directors and key officers attended their annual continuing education program in July, August and November 2024.

Last Name	First Name	Middle	Designation	Training Provider	Date	Topics
Ocier	Willy	N.	Director, Chairman	Instiute of Corporate Directors (ICD)	8/27/2024	Global Economic and Geopolitical Outlook / Artificial Intelligence / Cybersecurity
Raquel Santos	Armin Antonio	B.	Director, President & CEO			
Ng	Jacinto Jr.	C.	Director			
Ochoa	Paquito Jr.	N.	Independent Director			
Serrano	Laurito	E.	Independent Director			
Domingo	Gregory	L.	Director	BDO Unibank, Inc.	7/26/2024	Updated Retail Banking Trends with Generative AI / Cyber Threat Landscape / Risk Managing Cyber Risk
Tan	Maria Gracia	P.	Independent Director	SEC-PSE	11/28/2024	Corporate Governance

Executive Officers

ARMIN ANTONIO B. RAQUEL SANTOS

Please refer to Mr. Raquel Santos' profile under "Board of Directors."

AILEEN M. MALTO

Ms. Malto, 56, Filipino, is the Chief Financial Officer (CFO) and Treasurer of the Company.

She is a certified Public Accountant with an extensive career on finance spanning over two decades. She was the Chief Finance Officer of SteelAsia Manufacturing Corporation and St. Luke's Medical Center.

Ms. Malto holds a degree in Bachelor of Science in Business Administration-Accounting from Bicol University.

JASON C. NALUPTA

Atty. Nalupta, 53, Filipino, is the Corporate Secretary of the Company. He is also currently the Corporate Secretary of listed firms A. Brown Company, Inc., Asia United Bank, Pacific Online Systems Corporation, and Crown Asia Chemicals Corporation. He is also a Director and/ or Corporate Secretary or Assistant Corporate Secretary of private companies, Mercury Ventures, Inc., Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Development Corporation, Belle Infrastructure Holdings, Inc. (Formerly: Metropolitan Leisure & Tourism Corporation), Belle Bay Plaza Corporation, Glypthstudios, Inc., Grabagility, Inc., Loto Pacific Leisure Corporation, Stage Craft International, Inc., FHE Properties, Inc., Stanley Electric Philippines, Inc., Sta. Clara International Corporation and PinoyLotto Technologies Corp. He is a Partner at Tan Venturanza Valdez Law Offices specializing on corporate, securities, and business laws. Atty. Nalupta earned his Juris Doctor degree, as well as his Bachelor of Science degree in Management (major in Legal Management), from the Ateneo de Manila University in 1996 and 1992, respectively. Atty. Nalupta was admitted to the Philippine Bar in 1997.

ARTHUR A. SY

Atty. Sy, 55, Filipino, is the Assistant Corporate Secretary of the Company. He is also the Senior Vice President for Legal Department of SM Investments Corporation, where he also serves as the Assistant Corporate Secretary. He is likewise the Assistant Corporate Secretary of SM Prime Holdings, Inc., Premium Leisure Corp. and 2GO Group, Inc. and the Corporate Secretary of various major companies within the SM Group and the National University.

A member of the New York Bar, Atty. Sy holds a Juris Doctor degree from the Ateneo de Manila University, School of Law.

ANNA JOSEFINA G. ESTEBAN

Ms. Esteban, 57, Filipino, is the Chief Audit Executive of the following publicly listed companies: (i) Belle Corporation; (ii) Premium Leisure Corp; (iii) Pacific Online Systems Corporation; and (iv) APC Group, Inc. Prior to joining the Belle Group, she served as Treasurer and Chief Finance Officer of Miriam (formerly Maryknoll) College Foundation, Inc. and worked at the Asian Development Bank for 18 years as Senior Officer at the Office of the Treasurer, Office of the Auditor General and Operations Evaluation Office. Earlier on, she was the Head of the Finance Systems and Audit Unit of Magnolia Nestle Corporation (a joint venture of San Miguel Corporation and Nestle S.A.). She was an auditor and management consultant at Carlos J. Valdes & Co. and was an accounting/finance professor at the College of St. Benilde and the Graduate School of Business of De La Salle University (DLSU). Ms. Esteban is a Certified Public Accountant, Certified Information Systems Auditor and Certified Data Privacy Auditor. She earned her Bachelor of Science degree in Accounting at the College of the Holy Spirit, Manila and her Master in Business Administration (with distinction) at DLSU.

MICHELLE T. HERNANDEZ

Ms. Hernandez, 53, Filipino, is the Compliance Officer, Chief Risk Officer and Vice President for Governance, in which capacity she is mainly responsible for developing, implementing and managing various strategies, processes and policies related to Corporate Governance, Enterprise Risk Management and Corporate Affairs for the Company and its subsidiaries. She is also Premium Leisure Corp.'s Compliance Officer and Chief Risk Officer, Pacific Online Systems Corporation's Compliance Officer and APC Group, Inc.'s Chief Risk Officer. She has a bachelor's degree in Tourism from the University of Sto. Tomas.

Period of Officership:

Name	Office	Period Served
Armin Antonio B. Raquel Santos	President and CEO	May 31, 2024 to Present
Aileen M. Malto	Chief Finance Officer and Treasurer	August 15, 2024 to present
Jason C. Nalupta	Corporate Secretary	March 26, 2021 to present
Arthur A. Sy	Asst. Corporate Secretary	April 2010 to present
Anna Josefina G. Esteban	Chief Audit Executive	September 2018 to February 10, 2025
Michelle Angeli T. Hernandez	VP for Governance Chief Risk Officer Compliance Officer	March 2015 to Present June 2021 to Present April 2022 to Present

The following will be nominated as Officers at the Organizational meeting of the Board of Directors:

	Name	Office
1	Armin Antonio B. Raquel Santos	President and CEO
2	Aileen M. Malto	CFO and Treasurer
3	Jason C. Nalupta	Corporate Secretary
4	Arthur A. Sy	Asst. Corporate Secretary
5	Michelle Angeli T. Hernandez	Vice President for Governance, Compliance Officer, Chief Risk Officer

a. Directorships in Other Publicly Listed Companies:

As of December 31, 2024, the following are directorships held by Directors and Officers in other reporting companies in the last five years:

Directors' and Officers' Names	Name of Listed Company	Type of Directorship [Executive Director (ED), Non-Executive (NED) or Independent Director (ID)] Indicate if Director is also the Chairman
Willy N. Ocier	Pacific Online Systems Corporation	Chairman, NED
	APC Group, Inc.	NED
	AbaCore Capital Holdings, Inc *(until 17 March 2025)*	NED
	DigiPlus Interactive Corp.	NED
	Vantage Equities, Inc.	NED

Armin Antonio B. Raquel Santos	Pacific Online Systems Corporation APC Group, Inc.	ED, President & CEO NED
Maria Gracia P. Tan	Pacific Online Systems Corporation	ID
Gregory L. Domingo	Alternergy Holdings Corporation OceanaGold (Philipines), Inc.	ID ID
Laurito E. Serrano	Rizal Commercial Banking Corporation Axelum Resources Corporation Anglo-Philippine Holdings Corporation Century Peak Holdings Corporation	ID ID ID ID

2. Significant Employees

There are no other significant employees.

3. Family Relationships

All directors and officers are not related either by consanguinity or affinity.

4. Involvement in Certain Legal Proceedings

The Company is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

a. any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of the bankruptcyor within two years prior to that time;

b. any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

c. any order, judgement, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarilyenjoining, barring, suspending or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and

d. any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated securities or commodities law, and the judgement has not been reversed, suspended or vacated.

Further, the Company is not involved in or aware of any material legal proceedings that may significantly affect the Company, or any of its subsidiaries or affiliates.

Item 10. Executive Compensation

Summary Compensation Table (Annual Compensation)

Name	Position	Year	Salary/ Per Diem Allowance	Bonus
Armin Antonio B. Raquel Santos	President and CEO			
Michelle Angeli T. Hernandez	VP - Governance			
Anna Josefina G. Esteban	Chief Audit Executive			
Mary Grace W. Buban	AVP - Treasury			
Gina G. Diolina	AVP - Accounting			
President and 4 Most Highly		2025 (ESTIMATE)	13,838,500	1,064,500
Compensation Executive Officers		2024	13,838,500	1,064,500
		2023	13,707,200	1,054,400
All other Officers and directors as a group unnamed		2025 (ESTIMATE)	26,626,900	
		2024	26,626,900	
		2023	30,637,100	

Compensation of Directors

Each member of the Board of Directors received the following as Directors for the year 2024. The amounts represent their per diem for the meetings attended and all other responsibilities undertaken for the Company.

Directors	Per diem in 2024 (Php)
Maria Gracia P. Tan (ID)	3,480,000.00
Laurito E. Serrano* (ID)	2,030,000.00
Paquito N. Ochoa Jr.* (ID)	2,030,000.00
Amando M. Tetangco, Jr.** (ID)	1,875,000.00
Joseph T. Chua** (ID)	1,450,000.00
Willy N. Ocier (NED)	1,260,000.00
Armin Antonio B. Raquel Santos (ED)	1,260,000.00
Jacinto C. Ng, Jr. (NED)	1,260,000.00
Gregory L. Domingo* (NED)	735,000.00
Elizabeth Anne C. Uychaco** (NED)	450,000.00
Virginia A. Yap** (NED)	450,000.00
Jackson T. Ongsip** (ED)	450,000.00

** elected on May 31, 2024*

*** tenure ended on May 31, 2024*

As of December 31, 2024, there were no outstanding warrants or options held by any of the Company's directors and officers.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There was no compensatory plan or arrangement with respect to named executive officers that resulted or will result from the resignation, retirement or termination of such executive officer or from a change-in-control in the Company.

Stock Warrants and Options Outstanding

There were no outstanding stock warrants and options held by directors and officers as of December 31, 2024.

Pursuant to Section 5.2. of the Amended Stock Option Plan, the number of shares granted under the Plan shall be correspondingly adjusted in the event of any merger, consolidation, reorganization, recapitalization, reclassification of stock, stock dividends, splits, rights, or any other change in the corporate structure or capitalization of the Company's common stock as presently consulted.

The Company will not be taking any action as regards its existing Stock Option Plan.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

The following persons or groups are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5) of the Company's voting securities as of December 31, 2024:

Title of Class	**Name and Address of Record Owner and Relationship with Issuer**	**Name and Address of Beneficial Ownerand Relationship with Record Owner**	**Citizenship**	**No. of Shares Held** (D: direct / I: indirect)	**Percent**
Common	Belleshares Holdings, Inc.[1] Makati Stock Exchange Building, Ayala Avenue, Makati City	Belleshares Holdings, Inc.	Filipino	2,604,740,622	26.86
Common	PCD Nominee Corporation[2] GF Makati Stock Exchange, 6767 Ayala Avenue, Makati City	(see footnote)	Filipino	2,596,173,411	26.77
Common	PCD Nominee Corporation[2] GF Makati Stock Exchange, 6767 Ayala Avenue, Makati City	(see footnote)	Non-Filipino	1,899,523,255	19.59
Common	Sysmart Corporation[3] Makati Stock Exchange Building, Ayala Avenue, Makati City	Sysmart Corporation	Filipino	1,624,929,505 (D) 4,695,964 (I)	16.81
Common	Sybase Equity Investments Corporation[3] Makati Stock Exchange Building, Ayala Avenue, Makati City	(see footnote)	Filipino	525,073,578 (D) 6,246,999 (I)	5.48

[1] Belleshares Holdings, Inc. is a wholly-owned subsidiary of SM Investments Corporation, a publicly-listed corporation controlled by the members of the Sy Family.

[2] PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PDCNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead, the participants have the power to decide how the PCD shares in Belle are to be voted.

[3] Based on publicly-available information, Sysmart Corporation and Sybase Equity Investments Corporation are beneficially-owned by the following:
1. *Sysmart Corporation: Sycamore Pacific Corporation (38%)*
2. *Sybase Equity Investment Corporation: Tesece Corp. (15.6%), Somerset Bay Holdings, Inc. (15.6%), September High, Inc. (15.6%), Rockhampton Holdings, Inc. (15.6%), Stockmore Holdings Corp. (15.6%), HSBB, Inc. (15.6%).*

The shares held by Belleshares Holdings, Inc., Sysmart Corporation and Sybase Equity Investments Corp., Citibank N.A., BDO SecuritiesCorporation, and The Hong Kong Shanghai Business Corporation – Clients' Account, shall be voted or disposed by *the persons who shall be duly authorized by these record or beneficial shareholders for the purpose. The natural person/s that has/have the power to vote on the shares of the foregoing companies shall be determined upon the submission of its proxy from the Company, which is not later than seven (7) business days before the date of the meeting.*

Apart from the foregoing, there are no other persons holding more than 5% of the Company's outstanding capital stock.

2. Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of December 31, 2024:

Title of Class	Name of Beneficial Owner	Citizenship	Direct		Indirect		Total	
			No.	%	No.	%	No.	%
Common	Willy N. Ocier	Filipino	83,913,702	0.87%	126,408,900	1.30%	210,322,602	2.17%
Common	Armin Antonio B. Raquel Santos	Filipino	8,000	0.00%	-	0.00%		0%
Common	Jacinto C. Ng, Jr.	Filipino	135,860,666	1.40%	-	0.00%		1.4%
Common	Gregory L. Domingo	Filipino	1,001	0.00%	-	0.00%		0%
Common	Maria Gracia P. Tan	Filipino	666	0.00%	-	0.00%		0%
Common	Paquito N. Ochoa, Jr.	Filipino	1	0.00%	-	0.00%		0%
Common	Laurito E. Serrano	Filipino	10,000	0.00%	-	0.00%		0%
Common	Aileen M. Malto	Filipino	-	s	-	0.00%		0%
Common	Jason C. Nalupta	Filipino	-	0.00%	-	0.00%		0%
Common	Arthur A. Sy	Filipino	-	0.00%	-	0.00%		0%
Common	Anna Josefina G. Esteban	Filipino	-	0.00%	-	0.00%		0%
Common	Michelle Angeli T. Hernandez	Filipino	-	0.00%	-	0.00%		0%

3. Voting Trust Holders of 5% or More

There is no party known to the Company as holding any voting trust or any similar arrangement for five percent (5%) or more of the Company's voting securities.

4. Changes in Control

There is no arrangement that may result in a change in control of the Company.

Item 12. Certain Relationship and Related Transactions

No director or executive officer or any member of their immediate family has, during the last two (2) years, had a direct, or indirect, material interest in a transaction or proposed transaction to which the Company was a party.

PART IV. CORPORATE GOVERNANCE

Corporate Objectives:

1. **Deliver the finer things in life to our customers.**
   - Identify trends and opportunities in tourism and leisure industries.
   - Forge partnerships with world-class organizations: Belle has always looked for business partners with a proven track record, domain expertise, similar values.
   - Enhance and launch prime leisure amenities and developments.

2. **Enhance shareholder value.**
   - Realize sustained recurring earning growth year on year.
   - Endeavor to model global good governance best practices, and continue to be one of thetop 100 Philippine publicly-listed companies scoring above 100 points in the annual ASEAN Corporate Governance Scorecard.
   - Pay consistent dividends to shareholders.

3. **Establish a culture of sustainability across our business.**
   - Embed sustainability in its operations: Sustainability is a core value of Belle Corporation and working with the communities we operate in is a priority for our operations, includingprograms to lower use of fossil fuels, achieve more efficient waste management, care for the environment, and uplift the lives of the less privileged in our communities.
   - Establish social partnerships: Belle Kaagapay partners with a number of non-government organizations to expand the reach of its community initiatives.

The company remains focused on insuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

Board Attendance

Regular meetings of the Board are scheduled at the beginning of the year and are held at least six (6) times annually. Special meetings may also be called by the Chairman, the President or Corporate Secretary. The Board and Committee Meetings for 2024 and 2025 were scheduled during the Board Meeting in October 2023 and November 2024, respectively. A director's absence or non-participation in more than 50% of all meetings in a year is a ground for temporary disqualification in the succeeding election. During 2024, each of the Company's Directors have complied with the requirements. Below table shows the attendance of each board member in the meetings conducted during the year:

ATTENDANCE TO 2024 BELLE CORPORATION BOARD OF DIRECTORS' MEETINGS

Members of the Board	22-Feb-24	28-Feb-24	11-Mar-24	20-Mar-24	25-Apr-24	31-May-24[1]	31-May-24[2]	8-Aug-24	7-Nov-24	5-Dec-24	Total	%
Ocier, Willy N.	√	√	√	√	√	√	√	√	√	√	10/10	100
Uychaco, Elizabeth Anne C.[3]	√	√	√	√	√	√	n/a	n/a	n/a	n/a	6/6	100
Ongsip, Jackson T.[3]	√	√	√	√	√	√	n/a	n/a	n/a	n/a	6/6	100
Ng, Jacinto C. Jr.	-	√	√	√	√	√	√	√	√	√	9/10	90
Raquel Santos, Armin Antonio B.	√	√	√	√	√	√	√	√	√	√	10/10	100
Yap, Virginia A.[3]	√	√	√	√	√	√	n/a	n/a	n/a	n/a	6/6	100
Tetangco, Amando M. Jr.[3]	√	√	√	√	-	√	n/a	n/a	n/a	n/a	5/6	83
Chua, Joseph T.[3]	√	√	√	√	√	√	n/a	n/a	n/a	n/a	6/6	100
Tan, Maria Gracia P.	√	√	√	√	√	√	√	√	√	√	10/10	100
Domingo, Gregory L.[4]			n/a	n/a	n/a	n/a	√	√	√	√	4/4	100
Serrano, Laurito E.[4]			n/a	n/a	n/a	n/a	√	√	-	√	3/4	75
Ochoa, Paquito N. Jr.[4]			n/a	n/a	n/a	n/a	-	√	√	√	3/4	75

[1] - Annual Stockholders' Meeting

[2] - Organizational Meeting

[3] -End of tenure effective May 31, 2024

[4] -Tenure Commencement effective May 31, 2024

Board Performance Evaluation

The Company, through its Corporate Governance Committee, conducts annual performance evaluations of the Board of Directors, its individual members and Board Committees to ensure optimum Board performance. The evaluation seeks to assess the effectiveness and collective performance of the Board through a self-assessment in this evaluation process. In this evaluation process, the directors identify the areas for improvement, such as:

a. the timelines and integrity of information given to them,

b. Directors' access to management, the Corporate Secretary and Board Advisors, and

c. Other form of assistance as needed. The Board reviews the results of these evaluations and agrees on clear action plans to address anyissues raised.

The details Board Evaluation Form can be found in the Company's website. Directors are asked to rate the performance of the collective Board, the Board, Committees, themselves as directors, the Company's Chairman of the Board, the Chief Executive Officer, and key officers.

Criteria for Board and Management ratings are as follows:

1. Collective Board Rating – relates to:

    - Board Composition – related to how the Board members assess the Board as a whole based on their balance/diversity, knowledge/competencies, qualifications/background and experience;
    - Board Efficiency and Importance – related to how the Board members assess the Board's overall performance, oversight over Management's activities, discussion on short- and long-term goals, business strategies and plans, risk and regulation, follow up of business plan and strategy, objective and budget, promotion of good governance principles, policies and mechanisms, and promotion of continuing education and/or training;
    - Board Meetings and Participation – relates to how Board members assess frequency of Board meetings, if they were given chance to fully and positively participate, were provided quality materials and sufficient time for study, provided easy and timely access to information or inputs and whether there is efficient use of the time allocated for each meeting.

2. Board Committee Rating – relates to how the Committee members and Management rate the performance of the following Committees for the past year;

    - Executive Committee
    - Audit Committee
    - Risk Oversight Committee
    - Corporate Governance Committee
    - Related Party Transactions Committee
    - Compensation and Remuneration Committee

2. Individual Directors' Self-rating – related to how the Directors assess their independence, participation and expertise

3. Officers Rating – relates to how well the Chairman of the Board and the President/CEO demonstrates leadership, integrity, diligence and adherence to corporate governance principles and practices as well as the assessment of the following key officers for their over-all performance:

- Chief Audit Executive
- Chief Risk Officer
- Compliance Officer

The Board reviews the results of this evaluation and greed on clear action plans to address any issues raised. In line with governance best practices, the Company also ensures that board evaluations shall be facilitated by a third-party independent assessor every three (3) years reckoned from January 1, 2017 (effectivity date of the 2016 Code of Corporate Governance for Publicly Listed Companies).

The annual Board performance evaluation for 2024 was conducted in February 2025. The results of the evaluation, which found the Board to be functioning well to its mandate, will be discussed and presented to the Board through the Corporate Governance Committee.

Continuing Education Programs

The Board identifies areas of continuing education on corporate governance topics they require. To keep the Board and key officers well-informed of governance related developments, regular annual education programs are conducted in coordination with SM Investments Corporation and training providers duly accredited by the Securities and Exchange Commission.

Last Name	First Name	Middle	Designation	Training Provider	Date	Topics
Ocier	Willy	N.	Director, Chairman	Instiute of Corporate Directors (ICD)	27-Aug-24	Global Economic and Geopolitical Outlook / Artificial Intelligence / Cybersecurity
Raquel Santos	Armin Antonio	B.	Director, President & CEO			
Ng	Jacinto Jr.	C.	Director			
Ochoa	Paquito Jr.	N.	Independent Director			
Serrano	Laurito	E.	Independent Director			
Domingo	Gregory	L.	Director	BDO Unibank, Inc.	26-Jul-24	Updated Retail Banking Trends with Generative AI / Cyber Threat Landscape / Risk Managing Cyber Risk
Tan	Maria Gracia	P.	Independent Director	SEC-PSE	28-Nov-24	Corporate Governance

Malto	Aileen	M	Chief Financial Officer and Treasurer	Instiute of Corporate Directors (ICD)	27-Aug-24	Global Economic and Geopolitical Outlook / Artificial Intelligence / Cybersecurity
Nalupta	Jason	C.	Corporate Secretary			
Sy	Arthur	A.	Assistant Corporate Secretary			
Esteban	Anna Josefina	G.	Chief Audit Executive			
Hernandez	Michelle	T.	Compliance Officer and Chief Risk Officer			

Manual on Corporate Governance

In compliance with the initiative of the Securities and Exchange Commission ("SEC"), BELLE submitted its Manual on Corporate Governance (the "Manual") to the SEC. This manual institutionalizes the principles of good corporate governance in the entire Company. The Company believes that corporate governance,the framework of rules, systems, and processes governing the performance of the Board of Directors and Management of their respective duties and responsibilities, and from which the organization's values andethics emerge, is of utmost importance to the Company's shareholders and other stakeholders, which include, among others, clients, employees, suppliers, financiers, government, and community in which it operated. The Company undertakes every effort possible to create awareness throughout the entire organization.

The Board approved on February 24, 2021 the Revised Corporate Governance Manual and has been posted in the Company's website:

https://www.bellecorp.com/sites/default/files/governance/Amended%20MCG%2002242021%20-%20WEBSITE.pdf

Board Committees

Even prior to the submission of its Manual, however, the Company already created various Board-level committees. These committees were comprised of:

1. **Executive Committee** – oversees the management of the Company and is responsible for the Company's finances, goals, and policies. Further, it is also tasked to foster the long-term success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders through sound strategic directions and policies, guidelines and programs that can sustain the Company's long-term viability and strength;

2. **Audit Committee** – directly interfaces with the internal and external auditors in the conduct of their duties and responsibilities. Its mandate includes the review of the Company's financial reports and subsequent recommendation to the Board for approval. The Committee also reviews the Company's **Internal Control System**, its audit plans and audit processes, and the Internal Audit Charter;

3. **Compensation and Remuneration Committee** oversees the development and implementation of policies on salaries and benefits, as well as promotions and other forms of career advancement. The Committee also reviews existing human resource policies to ensure the continued growth and development of the Company's workforce;

4. **Risk Oversight Committee** reviews and assesses the effectiveness of the Company's risk management system in the mitigation of financial and non-financial risks.

Subsequently, the following Board Committees were created:

5. **Related Party Transactions Committee** assists the Board in assessing material agreements with a related party to determine whether to approve, ratify, disapprove or reject a RPT. The Committee takes into account whether the RPT is entered into on terms favorable to the Corporation than terms generally available to an unaffiliated third party under the same or similar circumstances;

6. **Corporate Governance Committee** advises and assists the Board of Directors in performing its responsibilities with regard to corporate governance compliance in relation to the Company's Manual on Corporate Governance, PSE's rules on disclosures and corporate governance guidelines of the SEC. Likewise, it is also responsible for monitoring the trends on corporate governance and for making the appropriate recommendations to the Board of Directors.

Below is the summary of Board Committee meetings in 2024:

ATTENDANCE TO 2024 BELLE CORPORATION EXECUTIVE COMMITTEE MEETINGS

	EXECUTIVE COMMITTEE	4-Mar-24	19-Sep-24	%
Chairman	Ocier, Willy N.	√	√	100
Member	Uychaco, Elizabeth Anne C.[1]	√	n/a	100
Member	Ongsip, Jackson T.[1]	√	n/a	100
Member	Ng, Jacinto C. Jr.	√	√	100
Member	Raquel Santos, Armin Antonio B.	√	√	100
Member	Yap, Virginia A[1]	√	n/a	100
Member	Domingo, Gregory L.[2]	n/a	√	100

[1] -End of ternure effective May 31, 2024

[2] -Tenure Commencement effective May 31, 2024

ATTENDANCE TO 2024 BELLE CORPORATION AUDIT COMMITTEE MEETINGS

	AUDIT COMMITTEE	20-Feb-24	22-Apr-24	7-Aug-24	06-Nov-24	%
Chairman	Tetangco, Amando M. Jr. (ID)[1]	√	√	n/a	n/a	100
Member	Ng, Jacinto C. Jr.	-	√	√	√	75
Member	Tan, Maria Gracia P. (ID)	√	√	√	√	100
Chairman	Serrano, Laurito E (ID)[2]	n/a	n/a	√	√	100

[1] -End of tenure effective May 31, 2024

[2] -Tenure Commencement effective May 31, 2024

ATTENDANCE TO 2024 BELLE CORPORATION CORPORATE GOVERNANCE COMMITTEE MEETINGS

	CORPORATE GOVERNANCE COMMITTEE	20-Feb-24	6-Nov-24	%
Chairman	Chua, Joseph T. (ID)[1]	√	n/a	100
Member	Tan, Maria Gracia P. (ID)	√	√	100
Member	Tetangco, Amando M. (ID)[1]	√	n/a	100
Chairman	Ochoa, Paquito N. Jr. (ID)[2]	n/a	√	100
Member	Serrano, Laurito E. (ID)[2]	n/a	√	100

[1] -End of tenure effective May 31, 2024

[2] -Tenure Commencement effective May 31, 2024

ATTENDANCE TO 2024 BELLE CORPORATION COMPENSATION AND REMUNERATION COMMITTEE MEETINGS				
	COMPENSATION AND REMUNERATION COMMITTEE	20-Feb-24	5-Dec-24	%
Chairperson	Uychaco, Elizabeth Anne C.[1]	√	n/a	100
Member	Tetangco, Amando M. Jr. (ID)[1]	√	n/a	100
Member	Ongsip, Jackson T.[1]	√	n/a	100
Chairman	Willy N. Ocier[2]	n/a	√	100
Member	Armin Antonio B. Raquel Santos[2]	n/a	√	100
Member	Jacinto C. Ng, Jr.[2]	n/a	√	100

[1] -End of ternure effective May 31, 2024

[2] -Tenure Commencement effective May 31, 2024

ATTENDANCE TO 2024 BELLE CORPORATION RISK OVERSIGHT COMMITTEE MEETINGS				
	RISK OVERSIGHT COMMITTEE	20-Feb-24	6-Nov-24	%
Chairperson	Tan, Maria Gracia P. (ID)	√	√	100
Member	Tetangco, Amando M. Jr. (ID)[1]	√	n/a	100
Member	Ng, Jacinto C. Jr.[1]	√	n/a	100
Member	Serrano, Laurito E. (ID)[2]	n/a	√	100
Member	Domingo, Gregory L.[2]	n/a	√	100

[1] -End of ternure effective May 31, 2024

[2] -Tenure Commencement effective May 31, 2024

ATTENDANCE TO 2024 BELLE CORPORATION RELATED PARTY TRANSACTIONS COMMITTEE MEETINGS					
	RELATED PARTY TRANSACTIONS COMMITTEE	20-Feb-24	20-Mar-24	6-Nov-24	%
Chairman	Chua, Joseph T. (ID)[1]	√	√	n/a	100
Member	Tan, Maria Gracia P. (ID)	√	√	√	100
Member	Tetangco, Amando M. Jr. (ID)[1]	√	√	n/a	100
Chairman	Ochoa, Paquito N. Jr. (ID)[2]	n/a	n/a	√	100
Member	Serrano, Laurito E. (ID)[2]	n/a	n/a	√	100

[1] -End of ternure effective May 31, 2024

[2] -Tenure Commencement effective May 31, 2024

Risk Oversight Committee

The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.

The Risk Oversight Committee ("ROC") evaluates the effectiveness of the Company's risk management system on an annual basis. The Board of Directors, through the ROC, has reviewed the Company's risk management system for 2024 and has found the same effective and adequate.

The Audit Committee

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors' review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management's responses, to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.

The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the Company's internal control system, including the information technology security controls. Effective and adequate internal control mechanisms are in place, implemented and properly complied with for the year 2024.

Code of Business Conduct and Ethics

The Company remains committed to align with the best corporate governance practices following the release of the 2016 Code of Corporate Governance for Publicly Listed Companies. In addition to the Manual on Corporate Governance (Manual), the Company's Code of Business Conduct and Ethics (CBCE) defines good governance, ethics and compliance practices expected throughout the organization. The Manual and CBCE are communicated to directors, officers and employees to ensure familiarity and adherence. These documents are also made public through the Company's corporate website.

Sustainability

The Company's reporting framework for sustainability for 2024 makes use of the Integrated Reporting Framework developed by the International Integrated Reporting Council (IIRC), which merged with Sustainability Accounting Standards Board (SASB) to form the Value Reporting Foundation (VRF). Entitled "Future Forward" the report identifies Belle's economic, operational, environmental and social performance, and governance responsibilities in 2024. It also contains the progress throughout the year in review and overview of its value creation and adoption of integrated thinking across the Group.

On March 24, 2025, the Belle Board of Directors reviewed, approved and authorized the publication of the 2024 Integrated Report.

The Company identified the topics which are material to its strategy through its stakeholder and materiality assessment, which sought to help address the areas of concern, and create positive impacts in all aspects of its businesses. Belle actively engages with its stakeholders, crafts broader plans, and initiates actions and strategies, which are responsive and appropriate so concerns are addressed and goals are met.

Governance Policies

Company policies on governance were developed, submitted to and approved by the Board to protect the interests and rights of the shareholders and stakeholders and to promote transparency and accountability. Such governance related policies are shown below and may be viewed through the BELLE Corporate website: https://www.bellecorp.com/corporate-governance/company-policies These policies and procedures are initially cascaded throughout the organization via email blast, intranet portal and annual corporate governance trainings.

1. Accountability, Integrity, and Vigilance (Whistle-Blowing)
2. Alternative Dispute Resolution
3. Board Diversity
4. Conflict of Interest
5. Corporate Disclosures
6. Data Privacy Act (Records Management)
7. Directors' Board Seats Held in Other Companies
8. Employees' Safety, Health and Welfare
9. Gifts / Hospitality / Entertainment
10. Guidelines of Placing of Advertisements
11. Insider Trading
12. Material Related Party Transactions
13. Safeguarding Creditors' Rights

14. Succession Planning and Retirement Age for Directors and Key Officers
15. Tenure of Independent Directors
16. Vendor Accreditation and Selection

Employees' Safety, Health, and Welfare

Belle Corporation recognizes its employees as one of its most important resource, hence, the Company endeavors to attract, inspire and retain people who demonstrate competencies and attributes that are aligned with Belle's strategies. Some of Belle's non-financial performance indicators, such as those shown below, identify relevant measures on how effectively the Company is achieving business objectives in the area of human resources.

Board Diversity

The Company values and promotes a diversity policy in the composition of our Company's Board of Directors to reinforce its effectiveness in providing strategic direction, oversight, and compliance with laws and regulations.

The Belle Board matrix below demonstrates compliance with this policy.

Belle Board Skill Set Matrix as of 31 December 2024				INDUSTRY EXPERIENCE / EXPERTISE / COMPETENCIES																	
NAME and DESIGNATION	**AGE**	**GENDER**	**EDUCATIONAL BACKGROUND**	Accounting / Audit	Anti-Money Laundering	Banking	Construc-tion	Corp. Gov.	Econo-mics	Finance	Hospitality / Leisure	IT / Comm	Insu-rance	Invest-ment	Internal Control	Law	Manage-ment	Mining	Real Estate	Risk Mgmt.	Sales & Mktg.
Willy N. Ocier Chairman Non-Executive Director	68	M	Bachelor of Arts in Economics		✓		✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓
Armin Antonio B. Raquel Santos President and CEO Executive Director	57	M	Bachelor of Science in Business Administration Major in Finance Master of Arts in Liberal Studies	✓	✓		✓	✓	✓	✓	✓			✓	✓		✓	✓	✓	✓	✓
Jacinto C. Ng, Jr. Non-Executive Director	55	M	Bachelor of Science Degree in Architecture	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓		✓	✓	✓
Ma. Gracia P. Tan Lead Independent Director	69	F	Bachelor of Science-Business Administration and Accounting, and Bachelor of Laws Masters in Law (Tax)	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	
Laurito E. Serrano Independent Director	64	M	Masters in Business Administration Certified Public Accountant	✓	✓	✓		✓	✓	✓		✓		✓	✓		✓	✓	✓	✓	✓
Paquito N. Ochoa Independent Director	64	M	AB Economics Degree and Bachelor of Laws	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓			✓	
Gregory L. Domingo Director	70	M	Bachelor of Science in Management Engineering Master in Business Administration Master of Science in Operations Research	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓

Insider Trading Policy

Belle Corporation prohibits the Company's directors, officers, and employees from using privileged company information for personal gain.

Directors' disclosures on self-dealing and related party transactions.

All business decisions and actions must be based on the best interests of the Company and not motivated by personal considerations or relationships which may interfere with the exercise of independent judgment.

The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.

All Directors, Officers and Employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.

All Directors, Officers and Employees are required to disclose in writing to the Management, within forty- eight (48) hours, any financial or personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of Management.

Directors shall inhibit themselves from participating in any discussion, deliberation and decision-making concerning any issue or transaction where they may be conflicted.

The Company shall not extend loans to Directors and Officers unless these grants are conducted at arms- length basis and at prevailing market rates.

Directors, Officers and Employees are prohibited from buying or selling (trading) shares of stock of Belle Corp. using material non-public information and obtained by reason of position, contact within or other relationship with the Company. They are also prohibited from passing on such information to someone else who then buys or sells the Company's shares of stock.

Trading Restriction Period – Directors, Officers and Employees and covered persons mentioned above are prohibited from trading in Belle shares within the period five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results and any other material information.

This is pursuant to Section 13.2 of the PSE Disclosure Rules – "A Director or Principal Officer of an Issuer must not deal in the Issuer's securities during the period within which a material non-public information isobtained and up to two full trading days after the price sensitive information is disclosed."

Reporting Requirements – Directors, Officers and Employees are required to report to the Governance, Corporate Affairs and Investor Relations (GCAIR) Department all dealings in Belle shares within three (3) business days from the date of trading. All Directors and Key Officers covered by the SEC and PSE's reporting requirements with regard to their shareholdings in the Company shall do so immediately and correctly.

Below table shows the shareholdings of Belle Directors and Officers as of December 31, 2024:

Name of Beneficial Owner	Number of Shares Held as of 12.31.23	Acquisition (+)	Disposition (-)	Number of Shares Held as of 1.31.25	% of Ownership
Willy N. Ocier	83,913,702	127,762,900	-	211,676,603	2.18
Armin Antonio B. Raquel Santos	8,000	-	-	8,000	0
Jacinto C. Ng, Jr.	135,860,666	-	-	135,860,666	1.4
Gregory L. Domingo*	-	1,001	-	1,001	0
Maria Gracia P. Tan	666	-	-	666	0
Paquito N. Ochoa, Jr.*	-	1	-	1	0.0
Laurito E. Serrano*	-	10,000	-	10,000	0
	220,072,034	**127,773,902**	**-**	**346,202,938**	**3.58**

* *elected on May 31, 2024*

Directorships of Non-Executive Directors in Other Listed Companies

In February 2018, the Board of Directors has approved the setting of a maximum limit of five (5) publicly- listed corporations, including Belle Corporation, for Non-Executive Directors to simultaneously hold at any given time.

Tenure of Independent Directors

Further, the Board has approved the setting of maximum tenure of nine (9) years with year 2012, or from the commencement of their term assuming it is later than January 2012, as reckoning date. The Independent Director (ID) may serve as a Non-Executive Director after his term as an ID.

Compliance Officer

The Company, through its Compliance Officer, stresses full compliance with applicable laws and adherence to ethical practices as stated in the Code of Business Conduct and Ethics (CBCE) and the Manual on Corporate Governance (Manual).

The Board established the major goals, policies, and objectives of the Company, as well as the means to monitor and evaluate the performance of Management. The Board also ensures that adequate internal control mechanisms are implemented and properly complied in all levels.

The Company is not aware of any non-compliance with its Manual on Corporate Governance, by any of its directors, officers or employees.

PART V. EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports in SEC Form 17-C

a. Exhibits

The following exhibit is filed as a separate section of this report:Subsidiaries of the Registrant

The other exhibits are either not applicable to the Registrant or require no answer.

b. Reports on SEC Form 17-C

Date Filed	Item No.	Matter
Feb. 29, 2024	9	Audited Financial Statements for the period ended December 31, 2023
Mar. 11, 2024	9	Tender Offer of Premium Leisure Corp. Shares
Mar. 20, 2024	9	Terms and Conditions of Belle's Tender Offer of Premium Leisure Corp. Shares
Mar. 20, 2024	9	Notice of 2024 Annual Stockholders' Meeting
May 23, 2024	9	Amendment of Articles of Incorporation
May 31, 2024	9	Results of Annual Stockholders' Meeting
May 31, 2024	9	Results of Organizational Meeting of the Board of Directors
August 8, 2024	4	Resignation of Chief Finance Officer (CFO), and appointment of new CFO
Feb 21, 2025	9	Audited Financial Statements for the period ended December 31, 2024

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasay on ____ day of APR 1 1 2025 2025.

By:

WILLY N. OCIER Chairman of the Board	ARMIN ANTONIO B. RAQUEL SANTOS President and Chief Executive Officer
AILEEN M. MALTO Chief Financial Officer/ Treasurer	ATTY. JASON C. NALUPTA Corporate Secretary

APR 1 1 2025

SUBSCRIBED AND SWORN to before me this ____ th day of __________ 2025 affiants exhibiting to me their ______________________________, as follows:

NAME	PASSPORT/ DRIVER'S LICENSE/ TIN NO.	EXPIRATION DATE	PLACE OF ISSUE
WILLY N. OCIER			
ARMIN ANTONIO B. RAQUEL SANTOS			
AILEEN M. MALTO			
ATTY. JASON C. NALUPTA			

DOC NO. 376
PAGE NO. 77
BOOK NO. 12
SERIES OF 2025

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2025
Appointment No. M-032 (2024-2025)
PTR No. 10466008 Jan. 2, 2025/Makati City
IBP No. 488534 Dec. 27, 2024
MCLE NO. VII-0027570 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

BELLE CORPORATION

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A, Item 7

Consolidated Financial Statements

Securities Regulation Code Rule 68 Schedules

Report of Independent Public Accountants on Supplementary Schedules

1) Supplementary Schedules
    A. Financial Assets
    B. Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (other than related parties)
    C. Amounts Receivable from related parties which are eliminated during consolidation of financial statements
    D. Long-Term Debt
    E. Indebtedness to Related Parties
    F. Guarantees of Securities of Other Issuers
    G. Capital Stock
    H. Reconciliation of Retained Earnings Available for Dividend Declaration
    I. Key Financial Ratios

2) Schedule of all the effective standards and interpretations
3) Schedule of external auditor fee-related information
4) Map of the relationships of the companies within the group

BELLE
CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Belle Corporation and Subsidiaries (the Company)** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, for the periods December 31, 2024 and 2023 have audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

WILLY N. OCIER
Chairman of the Board

ARMIN ANTONIO B. RAQUEL SANTOS
President and Chief Executive Officer

AILEEN M. MALTO
Chief Finance Officer / Treasurer

Signed this 21st day of February 2025

FEB 2 1 2025

SUBSCRIBED AND SWORN to before me this ____ day of ________2025 affiants exhibiting to me their Passport and Tax Identification Numbers, as follows:

NAME	PASSPORT/ DRIVER'S LICENSE/ TAX IDENTIFICATION NUMBER	DATE OF EXPIRY	PLACE OF ISSUE
WILLY N. OCIER			
ARMIN ANTONIO B. RAQUEL SANTOS			
AILEEN M. MALTO			

DOC NO. : 467
PAGE NO. : 95
BOOK NO. : 11
SERIES OF : 2025.

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2025
Appointment No. M-032 (2024-2025)
PTR No. 10466008 Jan. 2, 2025/Makati City
IBP No. 488534 Dec. 27, 2024
MCLE NO. VII-0027570 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 5 2 4 1 2

COMPANY NAME

BELLE CORPORATION AND SUBSIDIARIES

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

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	Not Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@bellecorp.com	(02) 8662-8888	Not Applicable

No. of Stockholders	Annual Meeting	Calendar Year (Month / Day)
1,753	4th Monday of April	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number	Mobile Number
Michelle Angeli T. Hernandez	info@bellecorp.com	(02) 8662-8888	+63917-5691734

CONTACT PERSON'S ADDRESS

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City

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

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Belle Corporation and Subsidiaries
5th Floor, Tower A, Two E-Com Center
Palm Coast Avenue, Mall of Asia Complex
CPB-1A, Pasay City

Opinion

We have audited the consolidated financial statements of Belle Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2024, 2023 and 2022, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023 and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Leases – The Group as Lessor
In 2021 to 2023, the Parent Company, as lessor, agreed to provide a series of concessions to its lessee, after considering the effects of the downturn in the economic and business conditions brought about by the pandemic, which started in 2020. This resulted in significant reductions in contractual cash flows on its lease revenues. Accordingly, the Group recognized its lease income only to the extent collectible during those years. In 2024, following the improvement in the lessee's ability and intention to pay the lease consideration, including the agreed-upon escalation rate and bonus rents, the Group reverted to the recognition of lease income on a straight-line basis. The Group's accounting for leases is significant to our audit because the recorded amounts are material to the consolidated financial statements and involve the application of significant judgment and estimates.

We obtained an understanding of the management's considerations and evaluated management's judgment in reverting to the straight-line amortization including new favorable developments in the business conditions and impact on the terms of the lease contract. We also reviewed management's calculation and assumptions used in the straight-line accounting for leases, and assessed the adequacy of the related disclosures in Note 3, Significant Judgments, Accounting Estimates and Assumptions, Note 13, Investment Properties, and Note 34, Lease Commitments, to the consolidated financial statements.

Assessing Recoverability of Goodwill
The Group is required to assess at each reporting date the recoverability of goodwill. As at December 31, 2024, the carrying amount of goodwill arising from the acquisition of Pacific Online Systems Corporation (POSC) amounted to ₱926.0 million. This matter is considered significant to our audit because the assessment of the recoverability of goodwill involves the exercise of significant management judgment and estimates such as the determination of forecasted cash flows and discount rate, among others. These judgment and estimates are based on assumptions that are subject to uncertainty brought about by current economic conditions and changes in the operations and sources of cash flows of POSC.

Our audit procedures include, among others, assessing management's assessment of the recoverable amount of goodwill considering the potential impact of regulatory processes and decisions, changes in business strategies and expected market or economic conditions. We evaluated the appropriateness of the assumptions used by the Group in the impairment assessment, in particular those involving the forecasted cash flows from existing and committed contracts, discount rate and other areas to which the outcome of the impairment test is most sensitive. We also reviewed the adequacy of the Group's related disclosures in Note 2, Summary of Material Accounting Policy Information, Note 3, Significant Judgments, Accounting Estimates and Assumptions and Note 15, Goodwill, to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Belinda B. Fernando.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782/P-005; Valid until June 6, 2026
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10467126
Issued January 2, 2025, Makati City

February 21, 2025
Makati City, Metro Manila

BELLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	Note	**December 31**	
		2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	6	**₱2,357,017**	₱2,172,205
Investments held for trading	7	**42,745**	100,013
Receivables	8	**3,847,523**	3,826,351
Real estate for sale - at cost	9	**311,573**	155,656
Land held for future development - at cost	9	**3,037,326**	3,035,959
Other current assets	10	**2,706,926**	2,368,471
Total Current Assets		**12,303,110**	11,658,655
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	11	**13,098,696**	10,018,341
Installment receivables - net of current portion	8	**753,783**	1,053,079
Investments in and advances to associates - net	12	**119,745**	122,003
Investment properties	13	**22,553,515**	23,712,268
Property and equipment	16	**747,230**	786,328
Right-of-use assets	34	**2,663,414**	2,719,462
Intangible assets	14	**3,886,036**	4,001,870
Goodwill	15	**926,008**	926,008
Deferred tax assets - net	33	**399**	3,249
Other noncurrent assets	17	**421,774**	709,487
Total Noncurrent Assets		**45,170,600**	44,052,095
		₱57,473,710	₱55,710,750
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other current liabilities	18	**₱1,689,573**	₱1,751,419
Loans payable	19	**300,017**	1,300,017
Current portion of:			
Long-term debt	20	**2,130,235**	2,087,824
Lease liabilities	34	**423,183**	392,945
Total Current Liabilities		**4,543,008**	5,532,205

(Forward)

		December 31	
	Note	**2024**	2023
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term debt	20	**₱5,312,706**	₱2,437,765
Lease liabilities	34	**4,990,690**	5,448,569
Deferred tax liabilities - net	33	**2,413,188**	2,479,013
Other noncurrent liabilities	21	**417,183**	397,116
Total Noncurrent Liabilities		**13,133,767**	10,762,463
Total Liabilities		**17,676,775**	16,294,668
Equity			
Common stock	22	**10,561,000**	10,561,000
Additional paid-in capital		**5,503,731**	5,503,731
Treasury stock - at cost	22	**(2,565,359)**	(2,565,359)
Cost of Parent Company shares held by subsidiaries	22	**(1,154,409)**	(1,154,409)
Equity share in cost of Parent Company shares held by associates	12	**(2,501)**	(2,501)
Other equity reserves	11, 22	**9,737,426**	9,198,493
Retained earnings		**17,324,660**	14,985,481
Equity Attributable to Equity Holders of the Parent Company		**39,404,548**	36,526,436
Noncontrolling interests		**392,387**	2,889,646
Total Equity		**39,796,935**	39,416,082
		₱57,473,710	₱55,710,750

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except for Earnings per Share)

		Years Ended December 31		
	Note	**2024**	2023	2022
REVENUES				
Lease income	34	**₱2,418,892**	₱1,988,767	₱2,054,273
Gaming revenue share - net	23	**2,290,602**	2,339,335	1,560,845
Equipment rental	34	**527,482**	599,221	519,051
Revenue from property management		**246,012**	235,122	211,548
Sale of real estate		**202,859**	302,594	862,889
Others	24	**204,920**	136,336	210,667
		5,890,767	5,601,375	5,419,273
COSTS AND EXPENSES				
Cost of lease income	25	**(1,358,830)**	(1,355,969)	(1,337,666)
Cost of lottery services	26	**(294,229)**	(260,670)	(247,548)
Cost of services for property management	27	**(178,066)**	(170,064)	(139,612)
Cost of gaming operations	28	**(153,836)**	(137,774)	(136,346)
Cost of real estate sold	29	**(66,355)**	(142,002)	(443,407)
General and administrative expenses	30	**(728,419)**	(770,349)	(766,549)
		(2,779,735)	(2,836,828)	(3,071,128)
OTHER INCOME (CHARGES)				
Interest expense	31	**(774,280)**	(536,971)	(516,342)
Interest income	31	**144,303**	59,283	22,831
Unrealized gain (loss) on investments held for trading	7	**(952)**	54,078	(372)
Net foreign exchange gain (loss)		**199**	(2,303)	(1,658)
Others - net	32	**35,733**	228,033	14,557
		(594,997)	(197,880)	(480,984)
INCOME BEFORE INCOME TAX		**2,516,035**	2,566,667	1,867,161
PROVISION FOR (BENEFIT FROM) INCOME TAX	33			
Current		**153,422**	149,570	28,585
Deferred		**(62,975)**	(6,088)	128,119
		90,447	143,482	156,704
NET INCOME		**2,425,588**	2,423,185	1,710,457
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent periods:				
Unrealized valuation gain on financial assets at FVOCI	11	**3,052,646**	1,405,019	2,087,382
Remeasurement gain (loss) on pension asset/liability - net of tax		**2,582**	(9,236)	2,116
		3,055,228	1,395,783	2,089,498
TOTAL COMPREHENSIVE INCOME		**₱5,480,816**	₱3,818,968	₱3,799,955

		Years Ended December 31		
	Note	**2024**	2023	2022
Net income attributable to:				
Equity holders of the Parent Company		**₱2,334,359**	₱1,883,556	₱1,395,751
Noncontrolling interests		**91,229**	539,629	314,706
		₱2,425,588	₱2,423,185	₱1,710,457
Total comprehensive income attributable to:				
Equity holders of the Parent Company		**₱5,389,511**	₱3,249,320	₱3,466,004
Noncontrolling interests		**91,305**	569,648	333,951
		₱5,480,816	₱3,818,968	₱3,799,955
Basic/Diluted Earnings Per Share	38	**₱0.247**	₱0.199	₱0.148

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

		Years Ended December 31		
	Note	**2024**	2023	2022
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
COMMON STOCK	22	**₱10,561,000**	₱10,561,000	₱10,561,000
ADDITIONAL PAID-IN CAPITAL		**5,503,731**	5,503,731	5,503,731
TREASURY STOCK - at cost	22			
Balance at beginning of year		**(2,565,359)**	(2,565,359)	(2,476,697)
Purchase of treasury shares		**–**	–	(88,662)
Balance at end of year		**(2,565,359)**	(2,565,359)	(2,565,359)
COST OF PARENT COMPANY SHARES HELD BY SUBSIDIARIES	22			
Balance at beginning of year		**(1,154,409)**	(1,154,409)	(1,464,322)
Sale of Parent Company shares by a subsidiary		**–**	–	309,913
Balance at end of year		**(1,154,409)**	(1,154,409)	(1,154,409)
EQUITY SHARE IN COST OF PARENT COMPANY SHARES HELD BY ASSOCIATES	12	**(2,501)**	(2,501)	(2,501)
OTHER EQUITY RESERVES				
Balance at beginning of year		**9,198,493**	8,015,113	5,967,683
Unrealized valuation gain on financial assets at FVOCI	11	**3,052,570**	1,374,064	2,073,126
Excess of acquisition cost over the carrying amount of noncontrolling interest acquired	5	**(2,511,399)**	–	–
Realized gain on sale of financial assets at FVOCI transferred to retained earnings	11	**(4,820)**	(182,384)	(18,585)
Remeasurement gain (loss) on retirement asset/ liability - net of tax		**2,582**	(8,300)	(2,873)
Reclassification of remeasurement gain on retirement asset/ liability to retained earnings		**–**	–	(4,238)
Balance at end of year		**9,737,426**	9,198,493	8,015,113
RETAINED EARNINGS				
Balance at beginning of year		**14,985,481**	13,501,329	12,175,075
Net income		**2,334,359**	1,883,556	1,395,751
Realized gain transferred to retained earnings	11	**4,820**	182,384	18,585
Dividends declared	22	**–**	(581,788)	–
Sale of Parent Company shares by a subsidiary		**–**	–	(93,733)
Reclassification of retirement liability		**–**	–	5,651
Balance at end of year		**17,324,660**	14,985,481	13,501,329
		39,404,548	36,526,436	33,858,904

(Forward)

	Note	Years Ended December 31 **2024**	2023	2022
NONCONTROLLING INTERESTS				
Balance at beginning of year		**₱2,889,646**	₱2,653,958	₱2,745,464
Noncontrolling interest acquired		**(2,576,184)**	–	–
Net income		**91,229**	539,629	314,706
Share in dividends declared by a subsidiary	5	**(12,380)**	(333,960)	(297,939)
Share in unrealized valuation gain on financial assets at FVOCI	11	**76**	30,955	14,256
Share in remeasurement gain (loss) on retirement asset/liability - net of tax		**–**	(936)	4,989
Sale of Parent Company shares by a subsidiary		**–**	–	(127,518)
Balance at end of year		**392,387**	2,889,646	2,653,958
		₱39,796,935	₱39,416,082	₱36,512,862

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Note	**Years Ended December 31**		
		2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱2,516,035**	₱2,566,667	₱1,867,161
Adjustments for:				
Depreciation and amortization	13	**1,500,335**	1,339,220	1,296,659
Interest expense	31	**774,280**	536,971	516,342
Interest income	31	**(144,303)**	(59,283)	(22,831)
Amortization of discount on trade receivables	8	**(83,574)**	(98,571)	(105,051)
Dividend income	32	**(21,821)**	(15,012)	(6,300)
Retirement cost	35	**18,596**	9,732	12,709
Provision for probable losses	30	**11,578**	124,685	187,301
Share in net loss (income) of associates	12	**2,341**	(2,733)	417
Unrealized loss (gain) on investments held for trading	7	**952**	(54,078)	372
Gain on sale of property and equipment	32	**(313)**	(39)	(396)
Provision of (reversal of) allowance for impairment loss on receivables and other current assets	8, 10	**237**	(21,192)	(33,578)
Gain on sale of financial assets at FVOCI		**(896)**	(146,545)	–
Unrealized foreign exchange loss (gain) - net		**(199)**	2,303	4
Gain on disposal of net assets of subsidiaries	32	**–**	–	(543)
Operating income before working capital changes		**4,573,248**	4,182,125	3,712,266
Decrease (increase) in:				
Receivables		**382,749**	286,048	290,129
Real estate for sale and land held for future development		**(157,284)**	(2,450)	183,075
Other current assets		**(96,033)**	(42,968)	(1,563,952)
Decrease in trade and other current liabilities		**(37,598)**	(114,733)	(264,479)
Net cash generated from operations		**4,665,082**	4,308,022	2,357,039
Income taxes paid		**(116,640)**	(262,607)	(28,586)
Interest received		**144,303**	59,283	22,831
Contributions to retirement plan	35	**(4,620)**	(23,934)	(10,000)
Net cash provided by operating activities		**4,688,125**	4,080,764	2,341,284
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Noncontrolling interest - net of shares acquired from a subsidiary	5	**(5,087,582)**	–	–
Property and equipment	16	**(134,232)**	(564,380)	(22,656)
Financial assets at FVOCI	11	**(33,565)**	(9,958)	(19,258)
Investment properties	13	**–**	(91,878)	–
Right of use asset	34	**–**	(2,664,337)	–
Proceeds from disposal of:				
Investments held for trading	7	**56,316**	26,747	–
Financial assets at FVOCI		**6,751**	864,274	55,966
Property and equipment		**3,967**	24	3,871
Decrease (increase) in other noncurrent assets		**(26,759)**	57,463	58,759
Dividends received		**21,821**	15,012	6,300
Decrease (increase) in investments in and advances to associates and related parties		**(82)**	2	2
Net cash provided by (used in) investing activities		**(5,193,365)**	(2,367,031)	82,984

(Forward)

	Note	2024	2023	2022
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans payable and long-term debt	19, 20	**₱5,680,000**	₱1,750,000	₱517,500
Payments of:				
Long-term debt and loans payable	19, 20	**(3,762,646)**	(1,311,912)	(2,010,000)
Lease liabilities	34	**(676,564)**	(664,566)	(608,769)
Interest		**(538,557)**	(267,798)	(233,435)
Dividends paid to noncontrolling interests		**(12,380)**	(333,960)	(297,939)
Dividends paid to shareholders of the Parent Company		**–**	(584,900)	–
Net cash provided by (used in) financing activities		**689,853**	(1,413,136)	(2,632,643)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**199**	(2,314)	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**184,812**	298,283	(208,379)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**2,172,205**	1,873,922	2,082,301
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱2,357,017**	₱2,172,205	₱1,873,922

	Note	2024	2023	2022
COMPONENTS OF CASH AND CASH EQUIVALENTS				
Cash on hand and in banks		**₱918,924**	₱643,902	₱656,745
Cash equivalents		**1,394,270**	1,528,303	1,217,177
Restricted cash		**43,823**	–	–
		₱2,357,017	₱2,172,205	₱1,873,922
NONCASH FINANCIAL INFORMATION				
Reclassification of advances for land acquisitions to investment properties	13	**₱–**	₱1,525,975	₱–
Reclassification from advances to suppliers to property and equipment	10	**–**	206,985	–

See accompanying Notes to Consolidated Financial Statements.

BELLE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024 AND 2023 AND
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

1. General Information

Corporate Information

Belle Corporation (Belle or the Parent Company) is a stock corporation organized and registered in the Philippine Securities and Exchange Commission (SEC) on August 20, 1973 and was listed at the Philippine Stock Exchange (PSE) on February 2, 1977. Belle and its subsidiaries collectively referred to as “the Group”, are mainly in real estate development, principally in the high-end leisure property market, gaming and various investment holdings.

The registered office address of Belle is 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City.

The subsidiaries and interest in a joint operation of the Parent Company, which are all incorporated in the Philippines are as follows:

		As at December 31								
		2024			2023			2022		
		Percentage of Ownership			Percentage of Ownership			Percentage of Ownership		
	Industry	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total	Direct	Indirect	Total
Subsidiaries:										
Belle Bay Plaza Corporation (Belle Bay Plaza)*	Investment	**100.0**	**–**	**100.0**	100.0	–	100.0	100.0	–	100.0
Belle Infrastructure Holdings, Inc., (formerly Metropolitan Leisure and Tourism Corporation)*	Investment	**100.0**	**–**	**100.0**	100.0	–	100.0	100.0	–	100.0
Parallax Resources, Inc. (Parallax)*	Investment	**100.0**	**–**	**100.0**	100.0	–	100.0	100.0	–	100.0
SLW Development Corporation (SLW)*	Investment	**100.0**	**–**	**100.0**	100.0	–	100.0	100.0	–	100.0
Belle Grande Resource Holdings Inc. (BGRHI)*	Investment	**100.0**	**–**	**100.0**	100.0	–	100.0	100.0	–	100.0
Premium Leisure Corp. (PLC) and Subsidiaries:	Gaming	**99.55**	**–**	**99.55**	79.8	–	79.8	79.8	–	79.8
PremiumLeisure and Amusement, Inc. (PLAI)	Gaming	**–**	**100.0**	**100.0**	–	100.0	100.0	–	100.0	100.0
Foundation Capital Resources Inc.*	Investment	**–**	**100.0**	**100.0**	–	100.0	100.0	–	100.0	100.0
Sinophil Leisure and Resorts Corporation*	Investment	**–**	**100.0**	**100.0**	–	100.0	100.0	–	100.0	100.0
Pacific Online Systems Corporation (POSC) and Subsidiaries:	Gaming	**–**	**50.1**	**50.1**	–	50.1	50.1	–	50.1	50.1
Loto Pacific Leisure Corporation (LotoPac)	Gaming	**–**	**100.0**	**100.0**	–	100.0	100.0	–	100.0	100.0
Total Gaming Technologies, Inc. (TGTI)	Gaming	**–**	**98.9**	**98.9**	–	98.9	98.9	–	98.9	98.9
Falcon Resources Inc. (FRI)	Gaming	**–**	**100.0**	**100.0**	–	100.0	100.0	–	100.0	100.0
Futurelab Interactive Corp.**	Gaming	**–**	**99.45**	**99.45**	–	99.45	99.45	–	99.45	99.45
Interest in a Joint Operation -										
PinoyLotto Technologies Corp. (PinoyLotto)	Gaming	**–**	**50.0**	**50.0**	–	50.0	50.0	–	50.0	50.0

**Non-operating*
***50%-owned by POSC and 50%-owned by TGTI*

On March 11, 2024, the Board of Directors (BOD) of the Parent Company approved the conduct of a tender offer for up to 6,312,026,669 common shares constituting 20.22% of the issued and outstanding common stock of PLC (the Tender Offer). On the same date, the BOD of PLC approved the voluntary delisting of PLC shares from the PSE, subject to the successful Tender Offer by the Parent Company and in accordance with the requirements of the PSE for voluntary delisting. This was ratified by the shareholders on April 22, 2024.

The Tender Offer commenced on March 22, 2024 and ended on April 24, 2024 (the Tender Offer Period). During the Tender Offer Period, a total of 6,172,192,242 common shares or approximately 19.77% of the total issued and outstanding common stock of PLC were tendered for a total consideration of ₱5,246.4 million. On May 9, 2024, the Tender Offer was successfully completed and on July 9, 2024, PLC was delisted from the PSE.

As at December 31, 2024, PLC is 99.55% owned by the Parent Company.

POSC. Prior to October 1, 2023, POSC's primary source of revenue arises from the Equipment Lease Agreement (ELA) with the Philippine Charity Sweepstakes Office (PCSO) for the lease of lotto terminals, which includes central computer, communications equipment, and the right to use the application software and manuals for the central computer system and draw equipment. The ELA was concluded on September 30, 2023.

POSC remains committed to looking for opportunities in the industry. These opportunities include the lease of its Web-based Application Betting Platform (WABP). On August 30, 2023, the POSC signed a Memorandum of Agreement with PCSO in connection with the latter's implementation of a trial run for a WABP during which the Parent Company will be acting as PCSO's exclusive agent.

On June 19, 2024, POSC received a Notice of Award from PCSO after a bidding process for a five-year lease of its WABP. With the issuance of the Notice of Award, the POSC will now have to comply with the post-Notice of Award requirements of the PCSO; thereafter, the contract between the POSC and PCSO covering the terms and conditions of the WABP project will be executed. The commercial operations will commence 76 days from the receipt of the Notice to Proceed.

On July 12, 2024, however, the trial period for the WABP ended upon the instruction of PCSO as it gears toward making the E-lotto services better as it transitions to a new platform.

As at December 31, 2024, PCSO has not yet issued the Notice to Proceed.

PinoyLotto. On June 21, 2021, PinoyLotto, a joint venture corporation owned by POSC, Philippine Gaming Management Corp. (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS), was incorporated and registered with the SEC primarily to provide software support and online lottery equipment service.

PinoyLotto was awarded with a five year-lease of the customized PCSO Lottery System (PLS Project) at a contract price of ₱5,800.0 million. PinoyLotto commenced its commercial operations on October 1, 2023, and pursuant to the contract, 6,500 terminals have been installed and are in operation nationwide.

The Group's interest in PinoyLotto was accounted for as a joint operation (see Note 37).

Approval of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were endorsed by the Audit Committee to the BOD and were approved and authorized for issuance by the BOD on February 21, 2025.

2. Summary of Material Accounting Policy Information

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All amounts are rounded to the nearest thousands unless otherwise stated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for:

- investments held for trading which are measured at fair value;
- financial assets at fair value through other comprehensive income (FVOCI);
- retirement asset or liability which is measured as the difference between the present value of defined benefit obligation and the fair value of plan assets; and
- lease liability which is measured at the present value of future lease payments using the interest rate implicit to the lease.

Historical cost is generally based on the fair value of the consideration given in exchange of an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values are included in Notes 7, 11, 12, 13 and 39 to consolidated financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

Effective for annual periods beginning on or after January 1, 2024:

- PIC Q&A 2018-12-D, *PFRS 15, Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-4)* – On February 14, 2018, the PIC issued PIC Q&A 2018-12, which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On December 15, 2020, the SEC issued SEC MC No. 34-2020, providing relief to the real estate industry by deferring the application of "assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (with an addendum in PIC Q&A 2020-04)" until December 31, 2023.

  On July 8, 2021, the SEC issued SEC MC No. 8, series of 2021 amending the transition provision of the above PIC Q&A, providing real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach.

  The Group adopted PIC Q&A 2018-12-D effective January 1, 2024, using the modified retrospective approach and elected to apply PIC Q&A 2018-12-D only to contracts that are not completed contracts at the date of initial application.

  The Group did not avail the deferral of the adoption of the provision of PIC Q&A 2018-12-E regarding the treatment of land in the determination of percentage of completion and the IFRIC Agenda Decision on over time transfer of constructed goods (PAS 23, *Borrowing Cost)* for the real estate industry. These have already been adopted in prior years.

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers*, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.

The adoption of the PIC Q&A and amendments to PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amendments to PFRS in Issue But Not Yet Effective or Adopted
Relevant new and amendments to PFRS which are not yet effective as at December 31, 2024 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Deferred effectivity -

- *Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28 - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted. Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS and PIC issuances are not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS, is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and its subsidiaries and interests in a joint operation.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions, and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NCI represents the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statements of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statements of comprehensive income. NCI represents the equity interest in PLC and POSC not held by the Parent Company.

If the Parent Company loses control over a subsidiary, it derecognizes the assets, including goodwill, liabilities, and NCI in the subsidiary. The Parent Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the consolidated statement of comprehensive income.

Business Combinations and Goodwill. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used. Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. However, business combinations under common control may also be accounted for using the acquisition method of accounting when the transaction has commercial substance from the perspective of the reporting entity.

Under 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 NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs incurred are expensed outright.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGU), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:

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

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which the goodwill relates. When the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

When goodwill has been allocated to a cash generating unit or group of cash generating units and part of the operations within the 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 operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

Joint Arrangements. Joint arrangements represent activities where the Group has joint control established by a contractual agreement. Joint control requires unanimous consent for financial and operational decisions. A joint arrangement is either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets.

The Group accounted for its interest in PinoyLotto as a joint operation. Accordingly, the Group recognizes (i) its assets, including its share of any assets held jointly, (ii) its liabilities, including its share of any liabilities incurred jointly, (iii) its revenues and share in revenues from the output of the joint operation, and (iv) its expenses, including its share of any expenses incurred jointly.

The Parent Company reports items of a similar nature to those on the financial statements of the joint arrangement, on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

The financial statements of PinoyLotto with a fiscal period ended June 30, are incorporated in the consolidated financial statements as at December 31. Adjustments and disclosures are made for the effects of significant transactions or events that occurred between the date of PinoyLotto's financial statements and the date of the consolidated financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at FVOCI. The classification of a financial asset largely depends on the Group's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

As at December 31, 2024 and 2023, the Group does not have financial liabilities at FVPL and debt instruments measured at FVOCI.

Financial Assets at FVPL. Financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "unrealized gain (loss) on financial assets at FVPL" account in profit or loss.

Classified under this category are the Group's investments in equity securities and share warrants included under "Investments held for trading" account.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Group’s cash and cash equivalents, receivables, installment receivables, advances to associates, guarantee deposits, refundable deposits (presented as part of “Other current assets”, “Other noncurrent assets” and “Investment in and advances to associates”).

Financial Assets at FVOCI. Equity securities which are not held for trading are irrevocably designated at initial recognition under the FVOCI category.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized gains or losses recognized in OCI and are included under “Other comprehensive income” account in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative valuation gains or losses will be reclassified to retained earnings.

Classified under this category are the Group’s investments in quoted and unquoted shares of stock and club shares.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Classified under this category are the Group’s trade and other current liabilities (excluding withholding and output VAT payable, unearned income and customer deposits), refundable deposits (presented as part of “Other noncurrent liabilities”), loans payable, long-term debt and lease liabilities.

Impairment of Financial Assets at Amortized Cost

The Group recognizes an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Trade Receivables. The Group has applied the simplified approach in measuring the ECL on trade receivables. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Assets Measured at Amortized Cost. For these financial assets, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

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

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or 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. The difference in the respective carrying amounts is recognized in profit or loss.

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

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Real Estate for Sale and Land Held for Future Development
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Costs include:

- Cost of the land;

- Construction and development costs; and

- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated specifically identifiable costs to complete and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Other Assets

This account mainly consists of creditable withholding taxes (CWT), excess of input value-added tax (VAT) over output VAT, deferred input VAT, advances to contractors and suppliers, and advances for land acquisitions, among others.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount.

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

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statements of financial position.

Deferred Input VAT. Deferred input VAT represents tax credit from purchase of capital goods exceeding ₱1.0 million per month to be amortized over the estimated useful lives of the corresponding assets or 60 months, whichever is shorter.

The capitalization of deferred input VAT shall only be allowed until December 31, 2021, after which input VAT on capital goods purchased shall be claimed as input tax credits directly applied against output VAT. Any unutilized deferred input VAT as at December 31, 2021 shall be allowed to be amortized as scheduled until fully utilized.

Carrying amount of deferred input VAT recoverable from the taxation authority is presented under "Other noncurrent assets" account in the consolidated statement of financial position.

Advances to Contractors and Suppliers. Advances to contractors and suppliers represent advance payments on goods and services to be incurred in connection with the Group's projects and operation. These are charged to expense or capitalized to projects in the consolidated statements of financial position, upon actual receipt of services or goods. These are considered as nonfinancial instruments as these will be applied against future billings from contractors and suppliers. Refundable advances to contractors and suppliers are classified as financial assets. Advance payments to contractors and suppliers that will be applied against future billings or expected to be refunded beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statements of financial position. Otherwise, these are presented as part of current assets.

Advances for Land Acquisitions. Advances for land acquisitions are payments made for land properties in which ownership has not been transferred to the Group as at reporting date. These are recognized at initial transaction cost and any directly attributable cost, less any impairment loss.

Investment Properties

Investment properties comprise of land and building held by the Group to earn rentals or for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred and if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment properties. Subsequent to initial recognition, investment properties, except land, are stated at cost less accumulated depreciation, amortization and any impairment losses. Land is stated at cost less any impairment losses.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for investment properties, based on the above policies, are as follows:

Asset Type	Number of Years
Buildings	17 to 40 years
Building improvements	15 years or the term of the lease, whichever is shorter

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy on property and equipment up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Intangible Assets

Intangible asset acquired separately is measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible asset is carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statements of comprehensive income in the year the expenditure is incurred.

The Group made upfront payments to purchase a license. The license has been granted for a period of 18.6 years and renewable for another 25 years by the relevant government agency. The license was assessed as having a finite life and is amortized on a straight-line basis over 43.6 years.

Intangible asset with finite life is amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If an intangible asset arises from contractual or other legal rights that are conveyed for a limited term that can be renewed, the useful life should include the renewal period only if there is evidence to support renewal by the entity without significant cost to the entity.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of comprehensive income in the expense category consistent with the function of intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive income when the asset is derecognized.

Property and Equipment
Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment losses. Land is stated at cost less accumulated impairment loss, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets as follows:

Asset Type	Number of Years
Lottery equipment	4–10 years or term of lease, whichever is shorter
Leasehold improvements	15 years or the term of the lease, whichever is shorter
Machinery and equipment	5 years
Condominium units and improvements	17 years
Transportation equipment	4–5 years
Office furniture, fixtures and equipment	3–5 years

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

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

Fully depreciated assets are retained in the accounts until these are no longer in use.

Investments in Associates

An associate is an entity in which the Group has significant influence, and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for under the equity method.

Under the equity method, the investments in associates are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associates since their respective acquisition dates. Goodwill relating to the associates is included in the carrying amount of the investments and is not tested for impairment individually but rather as part of impairment assessment for investments in associates.

The profit or loss in the consolidated statements of comprehensive income reflects the Group's share of the results of operations of the associates. Any share in change in OCI of those investees is presented as part of the Group's OCI. When there has been a change recognized directly in the equity of the associates, the Parent Company recognizes its share of any changes and discloses this, when applicable, as part of other comprehensive income and in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Group's share in income or loss of associates is shown under "Other income (charges)" line item in the consolidated statements of comprehensive income.

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

The financial statements of the associates are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Parent Company.

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Common Stock and Additional Paid-in Capital
Common stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Incremental costs directly attributable to the issue of new common stock are recognized as a deduction, net of tax, from the equity.

Treasury Stock
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

Cost of Parent Company Shares Held by Subsidiaries
Parent Company's shares which are held by a subsidiary are treated similar to treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized in other reserves.

Equity Share in Cost of Parent Company Shares Held by Associates
Equity share in cost of Parent Company common shares held by associates represents the amount that reduces the Parent Company's "Investments in and advances to associates" account and equity balance by the effective ownership in Parent Company common shares held by associates.

Other Equity Reserves
Other equity reserves comprise of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other equity reserves of the Group pertain to excess of acquisition cost over net assets of acquired subsidiaries, cumulative unrealized valuation gains (losses) on financial assets at FVOCI, cumulative remeasurement gains (losses) on retirement asset/liability, accumulated share in cumulative unrealized valuation gains on financial assets at FVOCI of associates, which are not to be reclassified to profit or loss in subsequent periods, and transactions with NCI.

Retained Earnings
Retained earnings represent the cumulative balance of the Group's results of operations, net of dividends declared to date.

Revenue Recognition
The Group has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Lease Income. Lease income arising from operating leases on investment properties is accounted for on a straight-line basis over the terms of the lease. If the collection of the rentals is not probable, operating lease income is recognized to the extent collectable.

Gaming Revenue Share. Revenue representing monthly payments from Melco Resorts Leisure (PHP) Corporation (Melco) based on the performance of gaming operations of City of Dreams Manila integrated resort and casino is recognized when earned pursuant to an Operating Agreement and is measured at the fair value of the consideration received or receivable, net of Philippine Amusement and Gaming Corporation (PAGCOR) license fee.

In determining the transaction price for gaming revenue share, the Group considers the effect of variable consideration. The Group estimates the amount of consideration to which it will be entitled in exchange for transferring the service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Equipment Rental. Revenue from lease agreements with variable lease payments is recognized based on a certain percentage of gross sales of the lessee's online lottery operations, as computed by the lessee in accordance with the agreement. For lease agreements with fixed payments and is classified as operating lease, revenue is recognized on a straight-line basis over the term of the lease.

Revenue from Property Management. Revenue is recognized as services of providing utilities and maintenance are performed.

Sale of Real Estate. The Group derives its real estate revenue from sale of lots, house and lots and construction of house. Revenue from the sale of these real estate project spread over time across the course of the development or construction since the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties, with consideration of significant financing component under PFRS.

In measuring the progress of its performance obligation over time, the Group uses output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using performance completed to date. This is based on the monthly project accomplishment report prepared by the Group's engineers which integrates the surveys of performance to date of the construction.

Income from Forfeitures (presented under "Other revenue" account). This represents income from forfeitures of the deposits and, to a certain extent, installments from customers in the event of a default and/or from cancellations of sales. Revenue is recognized upon approval of cancellation.

Income from Sale of Club Shares and Playing Rights (presented under "Other revenue" account). Revenue from sale of club shares and playing rights are recognized when the risk and rewards of ownership of the shares and playing rights have been passed to the buyer and the amount of revenue can be reliably measured.

Interest Income. Interest income from trade receivables, installment receivables and contract assets are recognized as the interest accrues using the effective interest rate method. Interest income from bank deposits is recognized as it accrues.

Dividends (presented under "Other income/charges" account). Revenue is recognized when the Group's right to receive the payment is established.

Penalty (presented under "Other revenue" account). Penalty pertains to income from surcharges related to buyers' default and late payments. Income is recognized when penalty is actually collected.

Commission Income. Commission income from WBAP is recognized at a point in time when the related services are provided and is computed based on a certain percentage of gross sales of the web-based lottery operations.

Other Income. Revenue is recognized when there is an incremental economic benefit, other than the usual business operations, that will flow to the Group and the amount of the revenue can be measured reliably.

Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Cost of Lease Income. Cost of lease income are recognized as expense when services are rendered.

Cost of Lottery Services, Gaming Operations, and Services for Property Management. Cost of lottery services, cost of gaming operations, and cost of services for property management are recognized as expense when services are rendered.

Cost of Real Estate Sold. The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets. These include all direct materials and labor costs, and those indirect costs related to contract performance. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as cost of real estate sold while the portion allocable to the unsold area being recognized as part of real estate inventories. In addition, the Group recognizes as an asset, only to the costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

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

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

a) the right to obtain substantially all of the economic benefits from the use of identified asset; and

b) the right to direct the use of the identified asset.

Group as a Lessee. At the commencement date, the Group recognizes Right-of-Use (ROU) assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis. For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Group will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Group measures ROU assets at cost which is comprised of the following:

a) the amount of the initial measurement of lease liabilities;

b) any lease payments made at or before the commencement date less any lease incentives received;

c) any initial direct costs; and

d) an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets as follows:

Asset Type	Number of Years
Land and building improvements*	16 years and 4 months
Air rights	14 years and 6 months
Office and warehouse	2 to 5 years

**presented as part of Investment Properties in the consolidated statement of financial position*

Lease Liabilities. At commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability consist of the following:

a) fixed payments, including in-substance fixed payments;

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable by the lessee under residual value guarantees; and

d) the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

Group as a Lessor. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases is recognized on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

Operating income is recognized if it is probable that the entity will collect the consideration. In evaluating whether collectability of the amount of consideration is probable, the Group considers the customer's ability and intention to pay. If the collection of the rentals is not probable, operating lease income is recognized to the extent collectible.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the Group accounts for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Employee Benefits

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

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. 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, difference between interest income and return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognize related restructuring costs.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting period.

Foreign Currency Denominated Transactions

Transactions denominated in foreign currencies are initially recorded in Philippine Peso using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency using the rate of exchange prevailing at the reporting date. Foreign exchange differences between the rate at transaction date and settlement date or reporting date are credited to or charged against profit or loss. For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Income Taxes

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

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

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- When it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), only if it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient 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 period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period.

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

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or a member of the key management personnel of the reporting entity. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties. Transactions between related parties are accounted for at arm’s length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group’s total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group’s total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group’s related party transactions policy.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the Parent Company, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on EPS.

As the Group has no dilutive potential common shares outstanding, basic and diluted EPS are stated at the same amount.

Operating Segments

The Group is organized into business units wherein operating results are regularly monitored by the chief operating decision maker (CODM) for the purpose of making decisions about resource allocation and performance assessment. As permitted by PFRS 8, *Operating Segments*, the Group has aggregated these segments into a single operating segment to which it derives its revenues and incurs expenses as these segments have the same economic characteristics and are similar in the following respects:

- the nature of products and services;
- the nature of production processes;
- the type or class of customer for the products and services; and
- the methods used to distribute their products and services.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date

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

3. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make accounting estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. The judgment, accounting estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgment

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

Recognizing Revenue and Cost of Sale from Real Estate Sales:

- *Existence of a Contract*. The Group's primary document for a contract with a customer is a signed contract to sell, which contains all the criteria to qualify as contract with the customer under PFRS 15. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history of customer, age of receivables and contract assets and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

- *Revenue Recognition Method and Measure of Progress*. The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

  The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Parent Company's performance in transferring control of real estate development to the customers.

- *Identifying Performance Obligation.* The Group has contracts to sell covering serviced lot. The Group concluded that there is one performance obligation in each of these contracts because, for serviced lot, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the customer.

- *Recognizing of Revenue and Cost of Sale of Real Estate*. Selecting an appropriate revenue recognition method for a particular sale transaction requires certain judgments based on sufficiency of cumulative payments by the buyer, completion of development and existence of a binding sales agreement between the Group and the buyer. The completion of development is determined based on actual costs incurred over the total estimated development costs reconciled with the Group engineer's judgment and estimates on the physical portion of contract work done if the development cost is beyond preliminary stage.

  The Group's cost of sale from real estate sales are disclosed in Note 29 to consolidated financial statements.

Assessing Joint Control and Determining Proper Classification of a Joint Arrangement. Management has used judgment in relation to the classification of the Group's interest in PinoyLotto and classified it as a joint operation. PinoyLotto is 50% owned by the Parent Company but controlled jointly with the other owner. PinoyLotto has been classified as a joint operation because the parties have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners. Management's considerations include, but are not limited to, determining if the arrangement is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

Determining Subsidiaries with Material Non-controlling Interests and Material Associates. The Group is required to disclose certain financial information on its subsidiaries with material NCI and material associates.

Management determines subsidiaries with material NCI as those with assets greater than 5% of consolidated assets, or revenues and net income. Material associates are those where the carrying amount of investment or equity in net earnings is greater than 5% of the consolidated assets or net income at year end.

The Group has determined PLC as a subsidiary with material NCI as at December 31, 2023, and APC group as its material associate as at December 31, 2024 and 2023.

Accounting for Leases:

- *Determining the Lease Term of Contracts with Renewal Options – Group as a Lessee.* The Group has lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease and considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

- *Estimating the Incremental Borrowing Rate (IBR).* The Group uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. It also 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.

  The Group's lease liabilities are disclosed in Note 34 to consolidated financial statements.

- *Operating Lease – Group as a Lessor of Land and Building.* The Parent Company, as a lessor, has accounted for the lease agreements for its land and building under an operating lease. The Parent Company has determined that it has not transferred the significant risks and rewards of ownership of the leased properties to the lessee because of the following factors:

  a. the lessee will not acquire ownership of the leased properties upon termination of the lease;
  b. the lessee was not given an option to purchase the assets at a price that is sufficiently lower than the fair value at the date of the option;
  c. the lease term is not a major part of the economic life of the asset; and
  d. the present value of the minimum lease payments is not substantially all of the fair value of the leased asset.

  Lease income earned from lease of land and building are disclosed in Note 34 to the consolidated financial statements.

- *Operating Lease – Group as a Lessor of Lottery Equipment.* POSC and TGTI leases to Philippine Charity Sweepstakes Office (PCSO) the lottery equipment it uses for its nationwide on-line lottery operations. POSC and TGTI have determined that they have retained substantially all the risks and benefits of ownership of the lottery equipment being leased to PCSO. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and, the lease term is not for the major part of the asset's economic life. Accordingly, the lease is accounted for as an operating lease.

  Revenue from equipment rental are disclosed in Note 34 to consolidated financial statements.

Assessing the Collectability of Lease Income. The Group assesses whether it is probable that it will collect the consideration to which it will be entitled in accordance with the lease agreement. In evaluating whether collectability of an amount of consideration is probable, the Group considers any lease modifications and the customer's ability and intention to pay the amount of consideration. The amount of consideration to which the Group will be entitled may also be less than the consideration stated in the contract because the parties may agree on a concession. The Group assesses the collectability of these contracts at the inception and reassesses if there is an indication of a significant change in facts and circumstances.

In 2023 and 2022, the Group, as a lessor, agreed to a concession wherein the minimum guaranteed rental payments were significantly reduced, and additional variable lease payments will be made subject to certain conditions. Accordingly, the rental income was recognized up to the extent collectible. In 2024, following the improvement in the lessee's ability and intention to pay the lease consideration, including the agreed-upon escalation rate, the Group recognized the lease income on a straight-line basis.

Determining the Classification of Financial Instruments. Classification of financial assets under PFRS 9 depends on the results of the business model test and "sole payment of principal and interest" (SPPI) test performed by the Group. The Group exercises judgment in determining the business model to be used in managing its financial instruments to achieve their business objectives.

Determining the Fair Value of Financial Instruments. PFRS requires certain financial assets and liabilities to be carried at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any changes in fair value of these financial assets would affect profit and loss and equity.

The fair value of the Group's financial assets and liabilities are disclosed in Note 39 to consolidated financial statements.

Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining the Impairment of Receivables, Installment Receivables and Contract Assets. The Group uses the simplified approach for its impairment provisions for financial assets which are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates on the basis of current observable data to reflect the effects of current and forecasted economic conditions at the end of each reporting period.

Allowance for impairment losses and the carrying amounts of receivables, installment receivables and contract assets as at December 31, 2024 and 2023 are disclosed in Notes 8 to the consolidated financial statements.

Determining Impairment Losses on Other Financial Assets at Amortized Cost. The Group determines the allowance for impairment loss of other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of the financial assets. The provision for impairment loss recognized during the period is limited to 12-month ECL since the Group's other financial assets at amortized cost are considered to have low credit risk.

The Group did not recognize impairment loss on other financial assets at amortized cost in 2024, 2023 and 2022. The carrying values of cash and cash equivalents, advances to associates, guarantee deposits and refundable deposits and construction bond as at December 31, 2024 and 2023 are disclosed in Notes 6, 10, 12 and 17 to the consolidated financial statements, respectively.

Determining the NRV of Real Estate for Sale and Supplies Inventory. Real estate for sale and supplies inventory are stated at lower of cost and NRV. The Group writes down the carrying value of real estate for sale and supplies inventory whenever the NRV becomes lower than cost.

The Group recognized a reversal of provision for impairment loss on spare parts and supplies. The carrying values of real estate for sale and spare parts and supplies inventory carried at lower of cost and NRV are disclosed in Notes 9 and 10 to the consolidated financial statements.

Estimating the Useful Life of Gaming License. The useful life of the Group's gaming license recognized as "Intangible asset" account in the consolidated statements of financial position is estimated based on the period over which the asset is expected to be available for use. The estimated useful life of intangible asset is reviewed periodically and updated if expectations differ from previous estimates. If an intangible asset arises from contractual or other legal rights that are conveyed for a limited term that can be renewed, the useful life should include the renewal period only if there is evidence to support renewal by the entity without significant cost to the entity. Management concludes that the cost of renewal is not significant compared with the future economic benefits expected to flow to the Group from the renewal of gaming license. Hence, renewal period was included in the amortization period. The gaming license runs concurrent with PAGCOR's congressional franchise up to 2033 and renewable for another 25 years.

There were no changes in the estimated useful life of gaming license in 2024, 2023 and 2022. The carrying value of the gaming license is disclosed in Note 14 to the consolidated financial statements.

Estimating the Useful Lives of Depreciable Investment Properties, Property and Equipment Intangible Asset and ROU Assets. The Group estimates the useful lives of the depreciable investment properties, property and equipment, intangible asset and ROU assets based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in 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.

There were no changes in the estimated useful lives of depreciable investment properties, property and equipment and ROU assets in 2024, 2023 and 2022. The aggregate carrying amount of depreciable investment properties, property and equipment, intangible asset and ROU assets are disclosed in Notes 13, 14, 16 and 34 to consolidated financial statements.

Classifying of a Property. The Group determines whether a property is classified as investment properties or property and equipment as follows:

- Investment properties comprise a portion of buildings and leasehold improvements which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Property and equipment comprise properties that are held for use in the ordinary course of business.

The carrying amounts of the Group's investment properties and property and equipment as at December 31, 2024 and 2023 are disclosed in Notes 13 and 16, respectively.

Assessing Impairment of Goodwill. The Group determines whether goodwill is impaired at least annually. This requires the estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the CGUs and to choose a suitable discount rate to calculate the present value of those cash flows. The key assumptions used in the value in use calculations include discount rate, revenue growth rate and long-term growth rate.

No impairment loss was recognized in 2024, 2023 and 2022. The carrying amount of goodwill as at December 31, 2024 and 2023 is disclosed in Note 15 to consolidated financial statements.

Assessing Impairment of Nonfinancial Assets (Except Goodwill). The Group assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Investments in associates, investment properties, ROU assets, property and equipment and intangible assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Determining the value in use of these 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.

The carrying values of nonfinancial assets subjected to assessment of impairment indicators or review as at December 31, 2024 and 2023 are disclosed in Notes 9, 10, 12, 13, 14, 16, 17 and 34 to the consolidated financial statements.

Assessing the Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The amount of deferred income tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Recognized and unrecognized deferred tax assets of the Group are disclosed in Note 33 to consolidated financial statements. Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

Evaluating Contingencies. The Group recognizes provision for possible claims when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of reserves required, if any, is based on analysis of such individual issue, often with the assistance of outside legal counsel (see Note 18).

4. Segment Information

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

The Group is primarily in real estate development, property management and gaming and gaming-related activities. Others pertain to investment companies which are mostly dormant.

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, real estate for sale, land held for future development, investment properties, property and equipment and right of use assets, net of accumulated depreciation and impairment. Segment liabilities include all operating liabilities and consist principally of accounts payable and other liabilities. Segment assets and liabilities do not include deferred income taxes, investments and advances, and borrowings.

Segment revenue, segment expenses and segment performance include transfers among business segments. The transfers, if any, are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in the consolidation.

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring assets and liabilities and profit or loss in the consolidated financial statements, which are in accordance with PFRS.

Financial information about the Group's business segments are shown below:

	(In Thousands)				
	2024				
	Real Estate Development and Property Management	**Gaming and Gaming Related Activities**	**Others**	**Eliminations/ Adjustments**	**Consolidated**
Earnings Information					
Revenue	**₱3,136,307**	**₱2,808,460**	**₱–**	**(₱54,000)**	**₱5,890,767**
Costs and expenses	**(2,042,958)**	**(913,406)**	**(235)**	**176,864**	**(2,779,735)**
Interest expense	**(869,248)**	**(36,682)**	**–**	**131,650**	**(774,280)**
Interest income	**20,745**	**255,204**	**5**	**(131,651)**	**144,303**
Other income - net	**2,770,674**	**17,901**	**3,851**	**(2,757,446)**	**34,980**
Income before income tax	**3,015,520**	**2,131,477**	**3,621**	**(2,634,583)**	**2,516,035**
Provision for income tax	**(59,584)**	**(30,863)**	**–**	**–**	**(90,447)**
Net income	**₱2,955,936**	**₱2,100,614**	**₱3,621**	**(₱2,634,583)**	**₱2,425,588**
Net income attributable to equity holders of the parent	**₱2,955,936**	**₱2,009,385**	**₱3,621**	**(₱2,634,583)**	**₱2,334,359**
Other Information					
Investments in and advances to associates	**₱15,495,958**	**₱317**	**₱–**	**(₱15,376,530)**	**₱119,745**
Investments held for trading	**–**	**42,745**	**–**	**–**	**42,745**
Investments at FVOCI	**13,068,165**	**178,061**	**271,418**	**(418,948)**	**13,098,696**
Total assets	**61,382,296**	**17,810,627**	**431,252**	**(22,150,465)**	**57,473,710**
Total liabilities	**18,975,638**	**1,189,423**	**2,664,813**	**(5,153,099)**	**17,676,775**
Capital expenditures	**33,456**	**100,776**	**–**	**–**	**134,232**
Depreciation and amortization	**(1,186,056)**	**(437,142)**	**–**	**122,863**	**(1,500,335)**

	Real Estate Development and Property Management	Gaming and Gaming Related Activities	Others	Eliminations/ Adjustments	Consolidated
	(In Thousands) 2023				
Earnings Information					
Revenue	₱2,714,487	₱2,940,888	₱–	(₱54,000)	₱5,601,375
Costs and expenses	(2,022,167)	(991,162)	(363)	176,864	(2,836,828)
Interest expense	(724,651)	(17,903)	–	205,583	(536,971)
Interest income	10,849	254,012	5	(205,583)	59,283
Other income - net	1,267,829	271,883	9,373	(1,269,277)	279,808
Income before income tax	1,246,347	2,457,718	9,015	(1,146,413)	2,566,667
Provision for income tax	(9,683)	(133,799)	–	–	(143,482)
Net income	₱1,236,664	₱2,323,919	₱9,015	(₱1,146,413)	₱2,423,185
Net income attributable to equity holders of the parent	₱1,236,664	₱1,784,290	₱9,015	(₱1,146,413)	₱1,883,556
Other Information					
Investments in and advances to associates	₱10,249,423	₱–	₱–	(₱10,127,420)	₱122,003
Investments held for trading	–	100,013	–	–	100,013
Investments at FVOCI	9,981,060	129,667	205,776	(298,162)	10,018,341
Total assets	53,881,606	18,324,848	358,703	(16,854,407)	55,710,750
Total liabilities	17,547,045	1,276,596	2,664,630	(5,193,603)	16,294,668
Capital expenditures	28,022	536,358	–	–	564,380
Depreciation and amortization	(1,175,634)	(286,449)	–	122,863	(1,339,220)

	Real Estate Development and Property Management	Gaming and Gaming Related Activities	Others	Eliminations/ Adjustments	Consolidated
	(In Thousands) 2022				
Earnings Information					
Revenue	₱3,393,377	₱2,079,896	₱–	(₱54,000)	₱5,419,273
Costs and expenses	(2,305,358)	(942,548)	(86)	176,864	(3,071,128)
Interest expense	(641,454)	(221)	–	125,333	(516,342)
Interest income	728	147,434	2	(125,333)	22,831
Other income - net	1,257,694	6,468	230	(1,251,865)	12,527
Income (loss) before income tax	1,704,987	1,291,029	146	(1,129,001)	1,867,161
Provision for income tax	(121,620)	(35,084)	–	–	(156,704)
Net income (loss)	₱1,583,367	₱1,255,945	₱146	(₱1,129,001)	₱1,710,457
Net income (loss) attributable to equity holders of the parent	₱1,583,367	₱941,239	₱146	(₱1,129,001)	₱1,395,751
Other Information					
Investments in and advances to associates	₱10,253,148	₱–	₱–	(₱10,133,876)	₱119,272
Investments held for trading	–	72,682	–	–	72,682
Investments at FVOCI	8,746,796	686,731	196,441	(308,876)	9,321,092
Total assets	54,073,314	16,985,906	347,896	(18,649,395)	52,757,721
Total liabilities	19,567,517	816,521	2,663,890	(6,803,070)	16,244,858
Capital expenditures	22,570	86	–	–	22,656
Depreciation and amortization	(1,158,414)	(261,109)	–	122,864	(1,296,659)

Revenues amounting to ₱4,709.5 million, ₱4,328.1 million and ₱3,615.1 million in 2024, 2023, and 2022, respectively, are solely collectible from Melco and revenues amounting to ₱527.5 million, ₱599.2 million and ₱519.1 million in 2024 and 2023, and 2022 are solely collectible from PCSO.

The following shows the reconciliations of reportable segment revenues, net profit, assets and liabilities to the Group's consolidated amounts:

	2024	2023	2022
Revenues			
Total revenue for reportable segments	**₱5,944,767**	₱5,655,375	₱5,473,273
Elimination for intercompany revenue	**(54,000)**	(54,000)	(54,000)
Total consolidated revenues	**₱5,890,767**	₱5,601,375	₱5,419,273
Net Profit for the Year			
Total profit for reportable segments	**₱5,060,171**	₱3,569,598	₱2,839,458
Elimination for intercompany profits	**(2,634,583)**	(1,146,413)	(1,129,001)
Consolidated net profit	**₱2,425,588**	₱2,423,185	₱1,710,457
Assets			
Total assets for reportable segments	**₱44,212,524**	₱45,470,393	₱43,244,675
Investments in and advances to associates	**119,745**	122,003	119,272
Investments at FVTPL	**42,745**	100,013	72,682
Investments at FVOCI	**13,098,696**	10,018,341	9,321,092
Total assets	**₱57,473,710**	₱55,710,750	₱52,757,721
Liabilities			
Total liabilities for reportable segments	**₱7,420,087**	₱7,926,988	₱8,309,531
Loans payable	**300,017**	1,300,017	450,000
Long-term debt	**7,442,941**	4,525,588	4,937,500
Deferred tax liabilities - net	**2,413,188**	2,479,013	2,483,336
Advances from related parties*	**100,542**	63,062	64,491
Total liabilities	**₱17,676,775**	₱16,294,668	₱16,244,858

**Presented under "Trade payables and other current liabilities" account in the consolidated statement of financial position.*

The Parent Company's BOD, the chief operating decision maker of the Group, monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, financing (including interest expense and interest income) and income taxes are managed as a whole and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Disclosure of the geographical information regarding the Group's revenues from external customers and total assets have not been provided since all of the Group's consolidated revenues are derived from operations within the Philippines.

Capital expenditures consist of additions of property and equipment and expenditures on investment properties.

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers and lease agreements:

	(In Thousands)		
	2024		
Type of revenue	**Real Estate Development and Property Management**	**Gaming and gaming related activities**	**Total**
Lease income	**₱2,418,892**	**₱–**	**₱2,418,892**
Gaming revenue share – net	**–**	**2,290,602**	**2,290,602**
Equipment rental	**–**	**527,482**	**527,482**
Revenue from property management	**246,012**	**–**	**246,012**
Sale of real estate	**202,859**	**–**	**202,859**
Other revenues	**204,920**	**–**	**204,920**
	₱3,072,683	**₱2,818,084**	**₱5,890,767**

	(In Thousands)		
	2023		
Type of revenue	Real Estate Development and Property Management	Gaming and gaming related activities	Total
Lease income	₱1,988,767	₱–	₱1,988,767
Gaming revenue share - net	–	2,339,335	2,339,335
Equipment rental	–	599,221	599,221
Sale of real estate	302,594	–	302,594
Revenue from property management	235,122	–	235,122
Other revenues	136,336	–	136,336
	₱2,662,819	₱2,938,556	₱5,601,375

	(In Thousands)		
	2022		
Type of revenue	Real Estate Development and Property Management	Gaming and gaming related activities	Total
Lease income	₱2,054,273	₱–	₱2,054,273
Gaming revenue share – net	–	1,560,845	1,560,845
Sale of real estate	862,889	–	862,889
Equipment rental	–	519,051	519,051
Revenue from property management	211,548	–	211,548
Other revenues	210,667	–	210,667
	₱3,339,377	₱2,079,896	₱5,419,273

All revenue from contracts with customers pertains to revenue recognized over time.

5. **Material Partially-Owned Subsidiary**

In 2024, the Parent Company increased its ownership interest in PLC from 79.8% to 99.55% as a result of PLC's Tender Offer for a total consideration of ₱5,246.4 million (see Note 1). The total consideration is inclusive of consideration paid to acquire PLC shares from a subsidiary amounting to ₱159.0 million. The excess of the consideration over the carrying amount of the non-controlling interest amounting to ₱2,511.4 million was recognized as part of "Other equity reserve" account in the consolidated statements of financial position (see Note 22).

As at December 31, 2024 and 2023, PLC's non-controlling interests hold 0.45% and 20.21% ownership interest, respectively.

On November 7, 2024, the PLC's BOD approved the amendment of the Articles of Incorporation to increase the par value of the PLC's common shares from ₱0.25 to ₱1,000.00 per share. This amendment was subsequently approved by PLC's stockholders during the Special Stockholders Meeting held on December 20, 2024. The increase in par value will result in PLC's authorized capital stock of ₱10,907,500,000 being divided into: (a) 9,407,500 common shares with a par value of ₱1,000.00 per share; and (b) 6,000,000,000 preferred shares with a par value of ₱0.25 per share. As of December 31, 2024, the amendment is pending approval from the SEC. The proposed change in par value has no impact on PLC's total equity position.

The summarized financial information of PLC is provided below. This information is based on amounts before the elimination of related party balances and transactions.

Summarized consolidated statements of financial position as at December 31, 2024 and 2023:

	(In Thousands)	
	2024	2023
Total current assets	**₱4,695,559**	₱4,993,365
Total noncurrent assets	**13,043,561**	13,327,386
Total current liabilities	**(827,703)**	(844,510)
Total noncurrent liabilities	**(308,423)**	(427,988)
Total equity	**₱16,602,994**	₱17,048,253
Attributable to:		
Equity holders of the Parent	**₱16,269,234**	₱16,587,482
Non-controlling interests	**333,760**	460,771
Total	**₱16,602,994**	₱17,048,253

Summarized consolidated statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022:

	(In Thousands)		
	2024	2023	2022
Revenue	**₱2,818,084**	₱2,940,889	₱2,079,896
Costs and expenses	**(1,002,859)**	(978,839)	(942,608)
Other income - net	**296,361**	495,668	153,744
Income before income tax	**2,111,586**	2,457,718	1,291,032
Provision for income tax	**(30,780)**	(133,799)	(35,084)
Net income	**2,080,806**	2,323,919	1,255,948
Other comprehensive income (loss)	**138,127**	143,970	62,881
Total comprehensive income	**₱2,218,933**	₱2,467,889	₱1,318,829
Attributable to:			
Equity holders of the Parent	**₱2,165,914**	₱2,333,860	₱1,220,228
Non-controlling interests	**53,019**	134,029	98,601
Total	**₱2,218,933**	₱2,467,889	₱1,318,829

Below are the summarized consolidated statements of cash flows for the years ended December 31, 2024, 2023 and 2022:

	(In Thousands)		
	2024	2023	2022
Operating activities	**₱2,482,934**	₱2,129,956	₱1,723,035
Investing activities	**35,473**	1,959,291	(118,519)
Financing activities	**(2,817,758)**	(3,867,638)	(1,486,881)
Net increase (decrease) in cash and cash equivalents	**(₱299,351)**	₱221,609	₱117,635

Dividends paid to non-controlling interests amounted to ₱12.4 million, ₱334.0 million and ₱297.9 million in 2024, 2023 and 2022, respectively.

6. Cash and Cash Equivalents

This account consists of:

	(In Thousands)	
	2024	2023
Cash on hand and in banks	**₱918,924**	₱643,902
Cash equivalents	**1,394,270**	1,528,303
Restricted cash	**43,823**	–
	₱2,357,017	₱2,172,205

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term investments which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Interest income earned from cash in banks and cash equivalents amounted to ₱144.3 million, ₱59.3 million and ₱19.2 million in 2024, 2023 and 2022, respectively (see Note 31).

Under its loan agreement, PinoyLotto is required to maintain a debt service reserve account for the security of interest and/or principal repayments to the lenders. PinoyLotto is required to deposit cash to the debt service reserve account equivalent to the upcoming interest and/or principal repayment (see Note 20).

7. Investments Held for Trading

This account consists of the Group's investments in quoted shares of stocks of Vantage Equities, Inc. and DigiPlus Interactive Corp.

Movements in this account are as follows:

	(In Thousands)	
	2024	2023
Balance at beginning of year	**₱100,013**	₱72,682
Unrealized marked-to-market gain (loss)	**(952)**	54,078
Disposals	**(56,316)**	(26,747)
Balance at end of year	**₱42,745**	₱100,013

The fair values of these securities are based on the quoted prices on the last market day of the year. The Group determines the cost of investments sold using specific identification method.

Unrealized valuation gain (loss) was recognized under "Unrealized gain (loss) on investment held for trading" account in the consolidated statements of comprehensive income.

Gain on disposal of investments held for trading amounted to ₱0.9 million in 2024. This is presented under "Other income (charges) - net" in the consolidated statements of comprehensive income (see Note 32).

8. **Receivables**

This account consists of:

	Note	2024	2023
		(In Thousands)	
Trade receivables:			
Leases	34	**₱2,901,966**	₱2,847,521
Real estate sales and installment receivables		**1,239,637**	1,540,884
Equipment rental		**48,333**	119,185
Gaming revenue share		**219,871**	202,500
Property management		**29,850**	45,858
Receivable from a Share Swap Agreement		**422,342**	422,342
Advances to consultants	10	**109,043**	127,500
Others		**100,284**	273,068
		5,071,326	5,578,858
Less allowance for impairment losses		**470,020**	699,428
		4,601,306	4,879,430
Less installment receivables - noncurrent portion		**753,783**	1,053,079
		₱3,847,523	₱3,826,351

Trade receivables from leases, equipment rental and property management are on a 30 to 60 days credit term.

Trade receivables from real estate sales are interest-bearing and are generally collected in installment within three to five years.

Gaming revenue share is collectible on a 20 days credit term. This pertains to the PLAI's receivable from Melco for the gaming revenue share in the operations of City of Dreams Manila.

The receivable from a Share Swap Agreement (the Agreement) is a receivable from Paxell Investment Limited and Metroplex Berhad (both Malaysian companies, collectively referred to as "Metroplex") amounting to ₱422.3 million representing the cost of rescission of the Agreement involving PLC shares. This was fully provided with allowance for impairment loss as at December 31, 2024 and 2023.

Other receivables are noninterest-bearing and generally have 30 to 90 days term.

The movements and balances of allowance for impairment loss are as follows:

	Note	2024	2023
		(In Thousands)	
Balance at beginning of year		**₱699,428**	₱720,628
Write-off		**(230,178)**	–
Provision (reversal)	30	**770**	(21,200)
Balance at end of year		**₱470,020**	₱699,428

The reversal in 2023 is due to subsequent collection of receivables previously provided with allowance for impairment losses.

Movements of unamortized discount on trade receivables from real estate sales are as follows:

	Note	(In Thousands) 2024	2023
Trade receivables at POC		**₱1,337,028**	₱1,707,452
Less discount on trade receivables:			
Balance at beginning of year		**166,568**	215,912
Amortization	24	**(83,574)**	(98,571)
Discount		**14,397**	49,227
Balance at end of year		**97,391**	166,568
		₱1,239,637	₱1,540,884

As at December 31, 2024 and 2023, receivables from real estate at POC of ₱1,337.0 million and ₱1,707.5 million, respectively, were recorded initially at fair value. The fair value of the receivables was obtained by discounting future cash flows using applicable interest rates ranging from 5.55% to 13.83% in 2024 and 3.68% to 21.22% in 2023.

9. Real Estate for Sale and Land Held for Future Development

Real Estate for Sale

A summary of the movements in real estate for sale is set out below:

	Note	(In Thousands) 2024	2023
Balance at beginning of year		**₱155,656**	₱163,189
Repossession		**238,381**	114,384
Cost of real estate sold	29	**(66,355)**	(142,002)
Development costs (savings) incurred		**(16,109)**	20,085
Balance at end of year		**₱311,573**	₱155,656

Land Held for Future Development

A summary of the movement in land held for development in 2024 and 2023 is set out below:

	(In Thousands) 2024	2023
Balance at beginning of year	**₱3,035,959**	₱3,025,976
Acquisitions	**1,367**	9,983
Balance at end of year	**₱3,037,326**	₱3,035,959

Land held for future development consists of properties in Tagaytay City, Batangas and Cavite. It includes parcels of land with a carrying value of ₱911.2 million and ₱911.1 million as at December 31, 2024 and 2023, respectively, which are already in the Group's possession but are not yet fully paid pending the transfer of certificates of title to the Group. Outstanding payable related to the acquisition shown under "Trade and other current liabilities" account in the consolidated statements of financial position amounted to ₱144.9 million as at December 31, 2024 and 2023, respectively (see Note 18).

As at December 31, 2024 and 2023, the cost of land held for future development and real estate held for sale were lower than its net realizable value. There were no provisions for impairment losses recognized in 2024, 2023 and 2022.

10. Other Current Assets

This account consists of:

	Note	(In Thousands) 2024	2023
CWT		**₱1,405,949**	₱1,164,064
Input VAT		**506,041**	581,555
Advances to contractors and suppliers		**481,033**	346,289
Prepaid expenses		**171,592**	200,553
Guarantee deposits	37	**79,000**	91,201
Advances to officers and employees		**3,599**	4,310
Spare parts and supplies		**3,063**	3,873
Others		**79,490**	–
		2,729,767	2,391,845
Less allowance for impairment losses		**22,841**	23,374
		₱2,706,926	₱2,368,471

CWT pertains to the withholding tax related to the goods sold and services rendered by the Group.

Advances to contractors, consultants and suppliers primarily pertain to noninterest-bearing advances intended for exploration of projects and business opportunities. As at report date, the Group decided to discontinue certain projects and has ongoing negotiations with the consultant to finalize the terms and manner of recovery of the outstanding receivables in the succeeding financial period.

In 2023, the Group reclassified advances to suppliers amounting to ₱207.0 million to property and equipment. This was presented as non-cash transaction in the consolidated statements of cash flows.

Prepaid expenses pertain to various prepayments for insurance, commission, subscriptions and advisory and maintenance services related to the software development, which will be applied in the following year.

Guarantee deposits include cash bonds held in escrow account as part of the agreement with PCSO (see Note 37).

Spare parts and supplies are carried at lower of cost or net realizable value.

The allowance for impairment losses represents provisions made for input VAT and CWT. Movements in allowance for impairment losses are as follows:

	Note	(In Thousands) 2024	2023
Balance at beginning of year		**₱23,374**	₱23,366
Provisions (reversals)	30	**(533)**	8
Balance at end of year		**₱22,841**	₱23,374

11. **Financial Assets at FVOCI**

This account consists of:

	(In Thousands)	
	2024	2023
Club shares	**₱11,359,200**	₱7,795,100
Shares of stock:		
Quoted	**1,616,545**	2,088,894
Unquoted	**122,951**	134,347
	₱13,098,696	₱10,018,341

The movements of financial assets at FVOCI are as follows:

	(In Thousands)	
	2024	2023
Cost		
Balance at beginning of year	**₱3,922,746**	₱4,402,396
Additions	**33,565**	9,958
Disposals	**(1,036)**	(489,608)
Balance at end of year	**3,955,275**	3,922,746
Cumulative unrealized valuation gain on financial assets at FVOCI		
Balance at beginning of year	**6,095,595**	4,918,697
Unrealized gain	**3,052,646**	1,405,019
Realized gain on disposal	**(4,820)**	(228,121)
Balance at end of year	**9,143,421**	6,095,595
	₱13,098,696	₱10,018,341

Dividend income earned from financial assets at FVOCI amounting to ₱21.8 million, ₱15.0 million and ₱6.3 million in 2024, 2023 and 2022, respectively, were recognized in "Other income (charges)" account in the consolidated statements of comprehensive income (see Note 32).

Realized gain from sale of financial assets at FVOCI were reclassified from "Other reserves" account to "Retained earnings" account in the consolidated statements of financial position.

The fair value of investments in quoted shares is based on the quoted price as at reporting date while the fair value investment in golf club shares is based on secondary market prices as at reporting date.

<u>**Black Spade Acquisition, Inc. (BSA)**</u>

PLAI's investment in BSA with a total acquisition cost of ₱496.6 million is composed of 1,000,000 common shares and 500,000 share warrants. Each whole warrant entitles the holder to purchase one Class A ordinary share at a price of $11.50 per share. Share warrants were classified under "Investments held for trading" account (see Note 7).

On April 17, 2023, SLRC assigned all its rights and obligations to the investment in common shares and share warrants to PLAI. PLAI redeemed the common shares for ₱443.4 million and sold the remaining shares for ₱266.9 million. Share warrants was sold for ₱147.4 million resulting to a gain on sale amounting to ₱146.5 million in 2023 (see Note 32).

12. Investments in and Advances to Associates and Related Parties

This account mainly consists of investment in APC Group, Inc., an entity incorporated in the Philippines, where the Parent Company has an effective interest of 48.8%.

	Note	2024 (In Thousands)	2023
Investments in associates - net of allowance for impairment in value of ₱5.0 billion		**₱119,136**	₱121,477
Advances to associates and related parties - net of allowance for impairment loss of ₱130.3 million	36	**609**	526
		₱119,745	₱122,003

Investment in associates as of December 31, 2024 and 2023 consist of:

	Note	2024 (In Thousands)	2023
Acquisition cost		**₱5,716,536**	₱5,716,536
Accumulated equity in net losses			
Balance at beginning of year		**(5,252,600)**	(5,255,333)
Share in net income (loss)	32	**(2,341)**	2,733
Balance at end of year		**(5,254,941)**	(5,252,600)
Accumulated share in unrealized gain on financial assets at FVOCI of associates - Balance at beginning and end of year		**14,061**	14,061
		475,656	477,997
Allowance for impairment in value		**(354,019)**	(354,019)
Equity share in cost of Parent Company common shares held by associates		**(2,501)**	(2,501)
		₱119,136	₱121,477

The Group has subscription payable pertaining to these investments amounting to ₱45.9 million as at December 31, 2024 and 2023 (see Note 18).

The fair values of investment in APC Group, Inc., which is publicly listed in the PSE, amounted to ₱647.5 million and ₱822.5 million as at December 31, 2024 and 2023, respectively. Fair values are determined by reference to quoted market price at the close of business as at reporting date.

The financial information of APC Group, Inc. is summarized below:

	2024 (In Thousands)	2023
Total current assets	**₱25,273**	₱27,468
Total noncurrent assets	**237,604**	241,521
Total current liabilities	**110,632**	111,662
Total noncurrent liabilities	**1,012**	3,948
Total equity	**151,233**	153,379
Revenue	**990**	13,663
Net income (loss)	**(5,017)**	5,034
Total comprehensive income (loss)	**(2,146)**	6,601

13. **Investment Properties**

This account consists of:

	(In Thousands)				
	2024				
	Land	**Building**	**ROU Building Improvements**	**ROU Land**	**Total**
Cost					
Balances at beginning and end of year	**₱3,486,878**	**₱18,434,220**	**₱2,509,013**	**₱6,962,048**	**₱31,392,159**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**–**	**4,417,196**	**1,324,536**	**1,938,159**	**7,679,891**
Depreciation and amortization	**–**	**418,155**	**215,390**	**525,208**	**1,158,753**
Balances at end of year	**–**	**4,835,351**	**1,539,926**	**2,463,367**	**8,838,644**
Carrying Amount	**₱3,486,878**	**₱13,598,869**	**₱969,087**	**₱4,498,681**	**₱22,553,515**

	(In Thousands)				
	2023				
	Land	Building	ROU Building Improvements	ROU Land	Total
Cost					
Balances at beginning of year	₱1,869,025	₱18,434,220	₱2,509,013	₱6,962,048	₱29,774,306
Additions	1,617,853	–	–	–	1,617,853
Balances at end of year	3,486,878	18,434,220	2,509,013	6,962,048	31,392,159
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	4,014,042	1,109,146	1,414,333	6,537,521
Depreciation and amortization	–	403,154	215,390	523,826	1,142,370
Balances at end of year	–	4,417,196	1,324,536	1,938,159	7,679,891
Carrying Amount	₱3,486,878	₱14,017,024	₱1,184,477	₱5,023,889	₱23,712,268

The fair values of investment properties as at December 31, 2024 and 2023, are higher than its carrying value, as determined by management and an independent appraiser who holds a recognized and relevant professional qualification. The valuation of investment properties was based on income approach for the building and sales comparison approach for the land. The fair value was determined in accordance with International Valuation Standards as set out by the International Valuation Standards Committee and management's assessment.

In determining the fair value of the investment properties, management and the independent appraisers considered the neighborhood data, community facilities and utilities, land data, sales prices of similar or substitute properties and the highest and best use of investment properties. The Group assessed that the highest and best use of its properties does not differ from their current use. The fair value of the investment properties is classified under level 3 (significant unobservable inputs) of the fair value hierarchy (see Note 39).

Lease income generated from investment properties amounted to ₱2,418.9 million, ₱1,988.8 million and ₱2,054.3 million in 2024, 2023 and 2022, respectively (see Note 34). Direct cost related to the investment properties amounted to ₱1,358.8 million, ₱1,356.0 million and ₱1,337.7 million in 2024, 2023 and 2022, respectively (see Note 25).

In 2023, advances for land acquisitions were reclassified to investment properties amounting to ₱1,526.0 million.

Depreciation and amortization arise from the following:

		(In Thousands)		
	Note	**2024**	2023	2022
Investment properties		**₱1,158,753**	₱1,142,370	₱1,132,186
Property and equipment	16	**169,677**	58,916	31,399
Intangible asset	14	**115,834**	115,834	115,834
ROU asset	34	**56,071**	22,100	17,240
		₱1,500,335	₱1,339,220	₱1,296,659

Depreciation and amortization are allocated as follows:

		(In Thousands)		
	Note	**2024**	2023	2022
Cost of lease income	25	**₱1,159,517**	₱1,151,517	₱1,132,186
Cost of lottery services	26	**149,001**	39,125	29,218
Cost of gaming operations	28	**115,834**	115,834	115,834
Cost of services for property management	27	**14,303**	17,590	10,549
General and administrative expenses	30	**61,680**	15,154	8,872
		₱1,500,335	₱1,339,220	₱1,296,659

14. **Intangible Asset**

PLAI Gaming License

Intangible asset, pertains to the provisional license granted by PAGCOR for which PLAI is a co-licensee to operate integrated resorts, including casinos. On April 29, 2015, PAGCOR granted the Regular Gaming License (License), which has the same terms and conditions of the provisional license. The License runs concurrent with PAGCOR's Congressional Franchise, set to expire in 2033, renewable for another 25 years.

The amortization of the intangible asset started on December 14, 2014, the effectivity of the Notice to Commence Casino Operations granted by PAGCOR. The unamortized life of the license as at December 31, 2024 is 33.5 years.

The movements in intangible asset are as follows:

		(In Thousands)	
	Note	**2024**	2023
Cost			
Balance at beginning and end of year		**₱5,261,186**	₱5,261,186
Accumulated Amortization			
Balance at beginning of year		**1,259,316**	1,143,482
Amortization	13	**115,834**	115,834
Balance at end of year		**1,375,150**	1,259,316
Net Carrying Amount		**₱3,886,036**	₱4,001,870

Gaming License Application
In July 2024, the Group, through PLC's wholly-owned subsidiaries SLRC and FRCI, applied for a gaming license with PAGCOR for an Integrated Resort development in Clark Special Economic Zone. As at December 31, 2024, the application is under assessment by PAGCOR and accordingly, the fees paid were recognized as taxes and licenses expenses in the consolidated financial statements.

15. Goodwill

The carrying amount of goodwill acquired from business combinations amounting to ₱926.0 million as at December 31, 2024 and 2023 pertains to the acquisition of POSC.

No provision for impairment loss on goodwill was recognized in 2024, 2023 and 2022.

The goodwill from the acquisitions has been subjected to the annual impairment review. The recoverable amounts of the operations have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management. The cash flow projections cover five years, taking into consideration the effect of significant events on the macroeconomic factors used in developing the assumptions.

Key assumptions used in value in use calculations
The calculations of value in use for the cash-generating units are most sensitive to the following assumptions:

POSC
Discount Rate. Discount rate reflects management's estimate of the risks specific to the CGU. The pre-tax discount rate of 9.66%, 7.42% and 9.79% was used in 2024, 2023 and 2022, respectively, based on the Weighted Average Cost of Capital (WACC) of POSC. Any future significant increase (decrease) in discount rate will result in lower (higher) recoverable amount.

Revenue Growth Rate, Long-Term Growth Rate and Terminal Values. No growth rate was applied to the five-year cash flow projections for 2023, as the main source of cash flow comes from a fixed-price contract. However, in 2024, a 1% growth rate was applied to the five-year cash flow projections. Management assessed that a contract extension or renewal is highly probable, given POSC's technical expertise and historical experience.

FRI
The recoverable amount of goodwill from the acquisition of FRI by TGTI was determined based on value-in-use calculations using actual past results and observable market data such as growth rates, operating margins, among others. The expected cash flows are discounted by applying a suitable WACC.

With the change in FRI's exclusivity arrangement with its principal, goodwill in FRI amounting to ₱110.9 million was fully provided with allowance for impairment loss as at December 31, 2024 and 2023.

16. Property and Equipment

The movements of this account are as follows:

		In Thousands						
		2024						
	Note	Lottery Equipment	Land and Leasehold Improvements	Machinery and Equipment	Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost								
Balance at beginning of year		**₱689,756**	**₱262,560**	**₱358,920**	**₱253,769**	**₱57,946**	**₱136,631**	**₱1,759,582**
Additions		**92,311**	**57**	**31,445**	**705**	**721**	**8,993**	**134,232**
Disposals		**–**	**–**	**(6,324)**	**(4,334)**	**(20,035)**	**(1,494)**	**(32,187)**
Balance at end of year		**782,067**	**262,617**	**384,041**	**250,140**	**38,632**	**144,130**	**1,861,627**
Accumulated Depreciation and Impairment								
Balance at beginning of year		**23,739**	**257,851**	**292,176**	**245,205**	**56,675**	**97,608**	**973,254**
Depreciation	13	**145,829**	**776**	**11,733**	**1,266**	**1,094**	**8,979**	**169,677**
Disposal		**–**	**–**	**(4,142)**	**(4,085)**	**(19,831)**	**(476)**	**(28,534)**
Balance at end of year		**169,568**	**258,627**	**299,767**	**242,386**	**37,938**	**106,111**	**1,114,397**
Net Carrying Amount		**₱612,499**	**₱3,990**	**₱84,274**	**₱7,754**	**₱694**	**₱38,019**	**₱747,230**

		In Thousands						
		2023						
	Note	Lottery Equipment	Land and Leasehold Improvements	Machinery and Equipment	Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost								
Balance at beginning of year		₱495,106	₱259,022	₱336,688	₱248,955	₱61,657	₱121,739	₱1,523,167
Additions		701,071	3,538	22,232	4,814	577	39,133	771,365
Retirement		(506,421)	–	–	–	–	–	(506,421)
Disposal		–	–	–	–	(4,288)	(24,241)	(28,529)
Balance at end of year		689,756	262,560	358,920	253,769	57,946	136,631	1,759,582
Accumulated Depreciation and Impairment								
Balance at beginning of year		495,106	257,612	278,002	243,765	57,326	117,492	1,449,303
Depreciation	13	35,054	239	14,174	1,440	3,476	4,533	58,916
Retirement		(506,421)	–	–	–	–	–	(506,421)
Disposal		–	–	–	–	(4,127)	(24,417)	(28,544)
Balance at end of year		23,739	257,851	292,176	245,205	56,675	97,608	973,254
Net Carrying Amount		₱666,017	₱4,709	₱66,744	₱8,564	₱1,271	₱39,023	₱786,328

Since the ELA was terminated on September 30, 2023, the Group retired fully depreciated lottery equipment at cost of ₱506.4 million in 2023.

Allowance for impairment loss on property and equipment amounted to ₱186.30 million as at December 31, 2024 and 2023.

17. Other Noncurrent Assets

This account consists of:

		(In Thousands)	
	Note	**2024**	2023
CWT		**₱239,962**	₱518,629
Refundable deposits		**100,082**	130,022
Deferred input VAT		**36,320**	55,698
Pension asset	35	**–**	4,098
Others		**45,410**	1,040
		₱421,774	₱709,487

Refundable deposits are subject to adjustments every year and shall be returned to the Group without interest.

Deferred input VAT pertains to noncurrent portion of unamortized input VAT on purchases of capital goods.

Others pertain to deferred charges and other various deposits.

18. **Trade and Other Current Liabilities**

This account consists of:

	Note	(In Thousands) 2024	2023
Trade		**₱459,638**	₱370,892
Accrued expenses and provisions		**648,729**	749,645
Withholding and output VAT payable		**183,382**	219,588
Payables for land acquisitions	9	**144,863**	144,863
Customers' deposits		**103,821**	78,444
Advances from related parties	36	**100,542**	63,062
Subscription payable	12	**45,928**	45,928
Advances from joint operators		**–**	67,500
Consultancy, software and license and management fees payable		**–**	8,866
Others		**2,670**	2,631
		₱1,689,573	₱1,751,419

Trade payables are non-interest-bearing with an average term of 90 days.

Accrued expenses mainly represent provisions. Other than provisions, accruals are usually payable within a 30-day term upon receipt of billing. The Group provides for probable losses. Provisions represent estimated probable losses arising in the normal course of business. As allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, further information are not disclosed so as not to prejudice the Group's position on the matter. In 2024, 2023 and 2022, the Group recognized provisions amounting to ₱11.6 million, ₱124.7 million, and ₱187.3 million, respectively (see Note 30).

Payables for land acquisitions represent unpaid purchase price of land acquired from various landowners (see Note 9). These are noninterest-bearing and are due and demandable.

Customers' deposits pertain to collections received from buyers for projects with pending recognition of sale.

19. **Loans Payable**

Loans payable are unsecured peso-denominated short term loans obtained from local banks with annual interest rates ranging from 3.95% to 8.63% and 3.95% to 6.88% in 2024 and 2023, respectively.

The carrying amount of outstanding loans payable amounted to ₱300.0 million and ₱1,300.0 million as at December 31, 2024 and 2023, respectively.

Interest expense on loans payable charged to operations amounted to ₱294.0 million, ₱27.7 million and ₱30.3 million in 2024, 2023 and 2022, respectively (see Note 31).

20. **Long-term Debt**

This account consists of the following:

	(In Thousands)	
	2024	2023
Long-term debt	**₱7,442,941**	₱4,525,589
Current portion	**(2,130,235)**	(2,087,824)
Noncurrent portion	**₱5,312,706**	₱2,437,765

<u>BDO Unibank, Inc.</u>
On March 6, 2018, the Parent Company availed of ₱3,000.0 million credit facility for the purpose of refinancing its short-term loans with other banks and other general funding requirements. The loan is payable at the end of its seven-year term, is unsecured and bears an interest rate of 5.85% to 7.13% in 2024 and 3.25% to 4.25% in 2023.

On October 29, 2024, the Parent Company availed ₱3,000.0 million facility and has drawn the full amount for the general corporate purposes which may include capital expenditures, investments, and refinancing. The loan is unsecured and has a term of 5 years with a floater interest rate based on a 3-month benchmark rate plus a certain margin.

The outstanding balance of the loan amounted to ₱3,586.0 million and ₱600.0 million as at December 31, 2024 and 2023, respectively.

<u>China Banking Corporation</u>
On November 13, 2020, the Parent Company availed of ₱3,500.0 million facility for the purpose of financing capital expenditures, refinancing existing debt obligations and other general corporate purposes. These are unsecured and payable annually within five years with an annual fixed interest rate of 4.75%.

On November 12, 2024, the Company availed ₱3,000.0 million facility for the purpose of refinancing of existing debt obligations and financing capital expenditures and/or other general corporate purposes. The three-year unsecured loan bears an interest rate of 6.33%.

The Parent Company has drawn ₱2,000.0 million from the facility in 2024. Outstanding balance of the loan amounted to ₱3,440.0 million and ₱3,455.0 million as at December 31, 2024 and 2023, respectively.

Union Bank of the Philippines, Inc.
On October 15, 2022, PinoyLotto entered into a long-term loan agreement for a facility with a maximum aggregate principal amount of ₱1.0 billion, the proceeds of which shall be used to partially finance the capital expenditure requirements of the PLS Project. The loan has a term of five years, payable in equal quarterly installments beginning on the second year from initial drawdown up to the maturity. The loan bears an annual interest ranging from 6.54% to 8.63% and 6.54% to 7.45% in 2024 and 2023, respectively.

In 2024, PinoyLotto obtained additional bank loan amounting to ₱160.0 million for the same purpose. The additional loan has a term of four years, payable in equal quarterly installments and bears an annual interest of 8.63%.

The outstanding balance of the loan amounted to ₱416.9 million and ₱470.6 million as at December 31, 2024 and 2023, respectively.

The loan is secured by a continuing surety of the Parent Company and PGMC and maintenance of a debt service reserve account (see Note 6).

Covenants
The loan agreements provide certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control.

During the term of the loan, the Parent Company should keep a minimum current ratio of 1.0x to 1.3x and maximum debt to equity ratio of 2.0x to 3.5x. In addition, PinoyLotto is required to observe (a) bank debt to equity ratio not exceeding 3.0x, (b) debt-to-equity ratio not exceeding 3.5x and (c) debt service coverage ratio not falling below 1.2x. PinoyLotto is also restricted from performing certain corporate acts including declaration of dividends, material change in business and ownership, among others, without prior consent of the bank and must adhere to all financial and funding requirements.

As at December 31, 2024 and 2023, the Group complied with the terms of its loan covenants.

Surety Bond
As at December 31, 2024, PinoyLotto has an existing surety bond agreement with Milestone Guaranty and Assurance Corp. to ensure compliance with its obligations related to the 2021 PLS Project. The surety bond agreement is valid until September 30, 2028.

Repayment Schedule
The repayment schedules of long-term debt are as follows:

	(In Thousands)	
	2024	2023
Within one year	**₱2,130,235**	₱2,087,824
Within one to five years	**5,312,706**	2,437,765
	₱7,442,941	₱4,525,589

Interest expense on long-term debt amounted to ₱224.5 million, ₱219.3 million and ₱204.9 million in 2024, 2023 and 2022, respectively (see Note 31).

21. Other Noncurrent Liabilities

This account consists of the following:

	Note	2024 (In Thousands)	2023
Refundable deposits		**₱249,495**	₱237,225
Deferred lease income		**137,117**	138,136
Retirement liability	35	**30,545**	21,755
Others		**26**	–
		₱417,183	₱397,116

Deferred lease income is recognized initially as the difference between the principal amount and present value of refundable deposits at the lease inception date and subsequently amortized on a straight-line basis over the lease term.

22. Equity

Preferred Stock

As at December 31, 2024 and 2023, the Parent Company has not issued any preferred stock out of the authorized 6,000,000,000 shares at ₱1 par value. Pursuant to the Parent Company's articles of incorporation, the rights and features of the preferred stock shall be determined through a resolution of the BOD prior to issuance.

Common Stock

As at December 31, 2024 and 2023, the Parent Company's authorized common stock amounted to ₱14,000.0 million divided into 14,000,000,000 shares at ₱1 par value a share.

Movements in the number of issued, treasury and outstanding shares of the Parent Company are as follows:

	2024	2023	2022
Issued shares			
Balance at beginning and end of year	**10,560,999,857**	10,560,999,857	10,560,999,857
Treasury shares			
Balance at beginning of year	**864,535,560**	864,536,560	797,873,560
Reissuance	**–**	(1,000)	–
Purchase	**–**	–	66,663,000
Balance at end of year	**864,535,560**	864,535,560	864,536,560
Outstanding shares	**9,696,464,297**	9,696,464,297	9,696,463,297

The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
August 20, 1973	6,000,000,000	6,000,000,000	₱0.01
March 19, 1976	2,000,000,000	464,900,000	0.01
December 7, 1990	–	920,000,000	0.01
1990	–	833,500,000	0.01
October 19, 1990	(7,000,000,000)	(8,136,216,000)	1.00
June 18, 1991	–	3,381,840	1.00
1991	–	47,435,860	1.00
1992	–	11,005,500	1.00
December 7, 1993	–	473,550,000	1.00
1993	–	95,573,400	1.00
January 24, 1994	–	100,000,000	1.00
August 3, 1994	–	2,057,948	7.00
August 3, 1994	–	960,375	10.00
June 6, 1995	–	138,257,863	1.00
February 14, 1995	1,000,000,000	–	1.00
March 8, 1995	–	312,068,408	1.00
March 17, 1995	2,000,000,000	–	1.00
March 28, 1995	–	627,068,412	1.00
July 5, 1995	–	78,060,262	1.00
September 1, 1995	–	100,000,000	1.00
March 1, 1995	–	94,857,072	1.00
September 13, 1995	–	103,423,030	1.00
1995	–	123,990,631	1.00
1996	–	386,225,990	1.00
February 21, 1997	10,000,000,000	–	1.00
1997	–	57,493,686	1.00
1998	–	36,325,586	1.00
March 19, 1999	–	16,600,000	1.00
April 26, 1999	–	450,000,000	1.00
April 27, 1999	–	300,000,000	1.00
1999	–	306,109,896	1.00
2000	–	2,266,666	1.00
2001	–	2,402,003,117	1.00
April 14, 2011	–	2,700,000,000	1.95
July 18, 2011	–	119,869,990	3.00
July 18, 2011	–	1,388,613,267	3.00
October 6, 2015	–	1,617,058	1.00
	14,000,000,000	10,560,999,857	

<u>Cost of Parent Company Shares Held by Subsidiaries</u>

On February 4, 2022, the Parent Company repurchased 66,663,000 Belle shares held by POSC for a consideration of ₱88.7 million and related cost of ₱309.9 million.

As at December 31, 2024 and 2023, subsidiaries collectively hold Parent Company common shares totaling and 252,378,183, with cost aggregating to ₱1,154.4 million. These are presented as "Cost of Parent Company shares held by subsidiaries" account in the consolidated statements of financial position.

Other Equity Reserves

Other equity reserves include transactions with noncontrolling interests pertains to the excess cost (proceeds) and transaction costs over the carrying amount of noncontrolling interest in PLC acquired (sold) without loss of control. The movements in this account are as follows:

		(In Thousands)		
	Note	**2024**	2023	2022
Balance at beginning of year		**₱3,044,128**	₱3,044,128	₱3,044,128
Excess of acquisition cost over the carrying amount of noncontrolling interest acquired	5	**(2,511,399)**	–	–
		₱532,729	₱3,044,128	₱3,044,128

As a result of the tender offer of PLC shares, the difference between the consideration for the acquisition of 19.77% from the remaining noncontrolling interests and its carrying value amounting to ₱2,511.4 million was recognized part as part of other equity reserves.

As at December 31, 2023 and 2022, other equity reserves amounting to ₱3,044.1 million pertains to the proceeds and transactions costs related to the sale of the Group's interest in PLC without a loss of control.

Retained Earnings

The consolidated retained earnings as at December 31, 2024 and 2023 includes accumulated earnings of the subsidiaries and associates which are not currently available for dividend declaration unless declared by the subsidiaries and associates of the Parent Company. The Parent Company's retained earnings available for dividend declaration, computed based on the regulatory requirements of SEC, amounted to ₱8,431.0 million and ₱5,204.5 million as at December 31, 2024 and 2023, respectively.

Dividends

On February 28, 2023, the Parent Company's BOD approved the declaration of cash dividends of ₱0.06 per share amounting to approximately ₱600.0 million to shareholders of record as at March 15, 2023. Total dividends are inclusive of dividends payable to subsidiaries which hold Parent Company shares amounting to ₱15.1 million.

Dividends declared subsequent to the reporting period are disclosed in Note 41.

23. Gaming Revenue Share - Net

Gaming revenue share is determined as follows:

	(In Thousands)		
	2024	2023	2022
Gaming revenue share - gross	**₱3,011,897**	₱3,170,197	₱1,973,906
Less PAGCOR license fee paid by Melco	**721,295**	830,862	413,061
Gaming revenue share - net	**₱2,290,602**	₱2,339,335	₱1,560,845

24. Other Revenue

This account consists of:

	Note	(In Thousands) 2024	2023	2022
Amortization of discount on trade receivables	8	**₱83,574**	₱98,571	₱105,051
Tax refund		**63,249**	–	–
Income from forfeitures		**23,194**	12,541	37,677
Gain (loss) on repossession		**21,168**	(3,206)	46,691
Penalty		**8,508**	2,875	3,297
Administrative fees and other charges		**3,079**	–	–
Income (loss) from playing rights		**(848)**	11,696	1,161
Administrative fees and other charges		**–**	4,972	–
Commission and distribution income	37	**–**	2,333	–
Others		**2,996**	6,554	16,790
		₱204,920	₱136,336	₱210,667

Tax refund pertains to tax erroneously paid in prior years which were refunded in 2024.

Income from forfeitures represents deposits, and to a certain extent, and installment payments from customers that were forfeited in the event of default and/or cancellations of real estate sales.

Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when penalty is actually collected.

Others pertain to revenues from sale of scrap supplies and various administrative fees, such as utilities charges and payroll processing fees.

25. Cost of Lease Income

This account consists of:

	Note	(In Thousands) 2024	2023	2022
Depreciation and amortization	13	**₱1,159,517**	₱1,151,517	₱1,132,186
Taxes		**171,845**	171,587	171,587
Insurance		**22,769**	21,321	25,650
Maintenance		**4,699**	11,544	8,243
		₱1,358,830	₱1,355,969	₱1,337,666

26. **Cost of Lottery Services**

This account consists of:

		(In Thousands)		
	Note	**2024**	2023	2022
Depreciation and amortization	13	**₱149,001**	₱39,125	₱29,218
Communication fees		**67,317**	35,853	52,107
Software and license fees	37	**43,447**	65,552	60,508
Personnel costs		**13,046**	47,841	45,774
Service fee		**6,680**	–	–
Repairs and maintenance		**4,963**	36,253	6,236
Rental and utilities		**4,772**	15,955	17,433
Transportation and travel		**4,764**	15,999	11,349
Others		**239**	4,092	24,923
		₱294,229	₱260,670	₱247,548

27. **Cost of Services for Property Management**

This account consists of:

		(In Thousands)		
	Note	**2024**	2023	2022
Water services		**₱86,446**	₱70,087	₱69,265
Power and maintenance		**77,317**	82,387	59,798
Depreciation and amortization	13	**14,303**	17,590	10,549
		₱178,066	₱170,064	₱139,612

28. **Cost of Gaming Operations**

This account consists of:

		(In Thousands)		
	Note	**2024**	2023	2022
Depreciation and amortization	13	**₱115,834**	₱115,834	₱115,834
Transportation and travel		**19,400**	4,554	4,272
Payroll-related expenses		**13,047**	13,071	12,207
Others		**5,555**	4,315	4,033
		₱153,836	₱137,774	₱136,346

29. **Cost of Real Estate Sales**

The cost of real estate sales amounted to ₱66.4 million, ₱142.0 million and ₱443.4 million in 2024, 2023 and 2022, respectively (see Note 9).

30. **General and Administrative Expenses**

This account consists of:

		(In Thousands)		
	Note	**2024**	2023	2022
Taxes and licenses		**₱141,701**	₱102,493	₱43,871
Personnel costs		**131,174**	109,574	104,679
Transportation and travel		**85,387**	80,576	73,856
Security, janitorial and service fees		**78,231**	67,216	113,239
Service fees	36	**66,000**	66,000	66,000
Depreciation and amortization	13	**61,680**	15,154	8,872
Management and professional fees		**46,982**	48,794	34,872
Representation and entertainment		**26,269**	26,540	23,893
Marketing and advertising		**23,158**	19,935	12,692
Rentals and utilities		**18,455**	18,561	15,041
Provisions	18	**11,578**	124,685	187,301
Registration fees		**6,737**	22,344	4,273
Communication		**3,452**	2,996	3,205
Insurance		**2,413**	2,568	4,529
Repairs and maintenance		**1,789**	7,721	7,517
Provision (reversal) of allowance for impairment loss - net	8, 10	**237**	(21,192)	–
Selling expenses		**–**	439	25,423
Pre-operating expenses		**–**	14,362	13,993
Others		**23,176**	61,583	23,293
		₱728,419	₱770,349	₱766,549

31. **Interest Income and Interest Expense**

The sources of the Group's interest income follow:

		(In Thousands)		
	Note	**2024**	2023	2022
Cash and cash equivalents	6	**₱144,303**	₱59,283	₱19,150
Contract assets		**–**	–	3,681
		₱144,303	₱59,283	₱22,831

The sources of the Group's interest expense follow:

		(In Thousands)		
	Note	**2024**	2023	2022
Lease liabilities	34	**₱248,900**	₱259,932	₱272,936
Loans payable	19	**294,030**	27,740	30,274
Long-term debt	20	**224,513**	219,334	204,891
Others		**6,837**	29,965	8,241
		₱774,280	₱536,971	₱516,342

32. **Other Income (Charges)**

This account consists of:

		(In Thousands)		
	Note	**2024**	2023	2022
Dividend income	11	**₱21,821**	₱15,012	₱6,300
Share in net income (loss) of associates	12	**(2,341)**	2,733	(417)
Gain on sale of investments held for trading and share warrants	7, 11	**896**	146,545	–
Gain on sale of property and equipment		**313**	39	396
Sale of trademark		**–**	26,786	–
Net claims		**–**	20,818	–
Gain on deconsolidation		**–**	–	543
Others – net		**15,044**	16,100	7,735
		₱35,733	₱228,033	₱14,557

Others mainly pertain to service income, miscellaneous income, bank charges and termination fees.

33. **Income Taxes**

The provision for current income tax consists of the following:

	(In Thousands)		
	2024	2023	2022
RCIT	**₱153,422**	₱133,537	₱14,627
MCIT	**–**	16,033	13,958
	₱153,422	₱149,570	₱28,585

The components of the net deferred tax liabilities of the Group are as follows:

	(In Thousands)	
	2024	2023
Deferred tax assets:		
Lease liabilities	**₱1,352,038**	₱1,458,926
Deferred lease income	**34,279**	34,534
Discount on trade receivables	**24,168**	41,462
Accretion of refundable deposits	**8,292**	8,843
Provision for dismantling cost	**1,406**	1,310
Unamortized past service costs	**678**	6,255
Doubtful accounts	**650**	650
Pension liability	**645**	1,518
Temporary differences attributable to joint operation	**429**	–
NOLCO	**–**	12,910
	1,422,585	1,566,408
Deferred tax liabilities:		
Excess of carrying amount of investment properties over construction costs	**(1,571,127)**	(1,639,014)
Right-of-use assets	**(1,188,543)**	(1,303,240)
Difference between straight line accounting for lease income and contractual cash flows	**(712,346)**	(718,651)
Excess revenue per POC over cash collections	**(317,182)**	(329,978)
Unaccreted discount on refundable deposits	**(35,839)**	(38,906)
Deferred lease expense	**(9,340)**	(9,626)
Cost to fulfill a contract	**(668)**	–
Unrealized foreign exchange gain	**(228)**	(141)
Pension asset	**(101)**	(2,616)
	(3,835,374)	(4,042,172)
Net deferred tax liabilities	**(₱2,412,789)**	(₱2,475,764)

The components of deferred tax are presented as follows:

	(In Thousands)	
	2024	2023
In profit or loss	**(₱2,407,451)**	(₱2,470,426)
In other comprehensive income	**(5,338)**	(5,338)
	(₱2,412,789)	(₱2,475,764)

The deferred taxes presented in the consolidated statements of financial position as at December 31, 2024 and 2023 are as follows:

	(In Thousands)	
	2024	2023
Deferred tax assets	**₱399**	₱3,249
Deferred tax liabilities	**(2,413,188)**	(2,479,013)
Net deferred tax liabilities	**(₱2,412,789)**	(₱2,475,764)

The components of the Group's unrecognized deferred tax assets as at December 31, 2024 and 2023 are as follows:

	(In Thousands)	
	2024	2023
Allowances for impairment losses and probable losses	**₱665,450**	₱655,014
NOLCO	**178,870**	164,017
Excess MCIT over RCIT	**33,237**	34,775
	₱877,557	₱853,806

The details of the Group's unused NOLCO which can be claimed as deduction from future taxable income during the stated validity are as follows:

	(In Thousands)					
Year Incurred	Beginning Balance	Incurred	Applied	Expired	Ending Balance	Valid Until
2024	₱–	₱7,773	₱–	₱–	₱7,773	2027
2023	16,358	–	–	–	16,358	2026
2022	86	–	–	–	86	2025
2021	691,264	–	–	–	691,264	2026
	₱707,708	₱7,773	–	–	₱715,481	

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 to implement Section 4 of the Republic Act No. 11494 (Bayanihan to Recover as One Act) allowing the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The deferred tax assets related to NOLCO amounting to ₱715.5 million and ₱656.1 million as at December 31, 2024 and 2023 were not recognized since management believes that there will be no sufficient future taxable income against which the deferred tax assets can be utilized.

The details of the Group's MCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

	(In Thousands)				
Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2023	₱19,279	₱–	₱–	₱19,279	2026
2022	13,958	–	–	13,958	2025
2021	1,538	–	(1,538)	–	2024
	₱34,775	₱–	(₱1,538)	₱33,237	

The reconciliation between the provision for income tax computed at statutory tax rate and the provision for income tax shown in the consolidated statements of comprehensive income is as follows:

	(In Thousands)		
	2024	2023	2022
Income tax at statutory income tax rate	**₱629,009**	₱641,666	₱466,790
Income tax effects of:			
Nontaxable income	**(256,843)**	(468,618)	(391,939)
Income subjected to final tax	**(260,103)**	(60,446)	(4,788)
Change in unrecognized deferred tax assets	**(23,751)**	12,841	(12,841)
Expired NOLCO and MCIT	**1,538**	–	47,964
Nondeductible expenses and others	**597**	46,574	51,518
Effect of optional standard deduction	**–**	(28,535)	–
Income tax at effective income tax rate	**₱90,447**	₱143,482	₱156,704

Pursuant to Presidential Decree No. 1869, *Consolidating and Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C, 1399 and 1632, relative to the Franchise and Powers of the PAGCOR*, as amended by RA No. 9487, *PAGCOR Charter*, co-licensee's share from gaming revenue is subject to 5% franchise tax in lieu of all taxes. Accordingly, PLAI's gaming revenue share is not subjected to income tax.

34. Lease Commitments

Group as Lessee

The Parent Company entered into a lease agreement with the Social Security System ("SSS") for a parcel of land situated in Aseana Business Park, Parañaque City. The lease rates are based on a fixed amount, subject to escalation. The lease agreement is effective until July 31, 2033 and may be renewed or extended upon such terms and conditions that are mutually acceptable to the parties. The ROU asset related to this lease agreement is presented as part of "Investment properties" account in the consolidated statements of financial position (see Note 13).

In November 2023, SLRC (sublessee) entered into a sublease agreement with Global Gateway Development Corporation (sublessor) for the lease of land within the Clark Special Economic Zone. The lease term is 62 years. Rent for the entire lease term, amounting to ₱2.7 billion, was paid upon execution of the sublease agreement. The ROU asset related to this agreement is presented as part of "Right-of-use assets" account in the consolidated statements of financial position.

The Parent Company and Belle Bay City, through its Board of Liquidators, entered into a Memorandum of Agreement granting the Parent Company an absolute and exclusive right to use the "air rights" over a particular lot owned by Belle Bay City. The Parent Company built a bridge way to connect City of Dreams Manila Phase 1 and Phase 2d. The agreement shall be for a period of 50 years or upon termination of the Parent Company's business operation on the bridge way, whichever comes earlier. Rental payments are subject to escalation as stated in the agreement.

The Parent Company has a lease agreement with SM Prime Holdings, Inc. covering its office space. The lease term shall end on July 31, 2027, with the option to renew subject to mutually agreed upon terms and conditions. Rent is payable within 30 days upon receipt of the billing.

The Group has various lease contracts for office spaces, warehouses, retail equipment and retail outlets and corporate suites. The leases generally have lease terms of between 2 and 5 years.

The Group applies the "short-term lease" recognition exemptions for leases with terms of 12 months or less. Rent expense related to short-term leases amounted to ₱38.6 million, ₱43.0 million and ₱15.0 million in 2024, 2023 and 2022, respectively.

Movements of right-of-use assets follows:

		(in Thousands)				
		2024				
	Note	**Air Rights**	**Office and Warehouse**	**Equipment**	**Land**	**Total**
Cost						
Balance at beginning of year		**₱53,673**	**₱46,326**	**₱163,499**	**₱2,664,337**	**₱2,927,835**
Lease modification		**–**	**–**	**–**	**23**	**23**
Balance at end of year		**53,673**	**46,326**	**163,499**	**2,664,360**	**2,927,858**
Accumulated Depreciation and Amortization						
Balance at beginning of year		**18,506**	**17,221**	**163,499**	**9,147**	**208,373**
Depreciation and amortization	13	**3,701**	**8,487**	**–**	**43,883**	**56,071**
Balance at end of year		**22,207**	**25,708**	**163,499**	**53,030**	**264,444**
Carrying amount		**₱31,466**	**₱20,618**	**₱–**	**₱2,611,330**	**₱2,663,414**

		(in Thousands)				
		2023				
	Note	Air Rights	Office and Warehouse	Equipment	Land	Total
Cost						
Balance at beginning of year		₱53,673	₱46,326	₱163,499	₱1,815	₱265,313
Additions		–	–	–	2,662,522	2,662,522
Balance at end of year		53,673	46,326	163,499	2,664,337	2,927,835
Accumulated Depreciation and Amortization						
Balance at beginning of year		14,805	7,969	163,499	–	186,273
Depreciation and amortization	13	3,701	9,252	–	9,147	22,100
Balance at end of year		18,506	17,221	163,499	9,147	208,373
Carrying amount		₱35,167	₱29,105	₱–	₱2,655,190	₱2,719,462

The following are the amounts recognized in the consolidated statements of comprehensive income:

		(In Thousands)		
	Note	**2024**	2023	2022
Interest expense on lease liabilities	31	**₱248,900**	₱259,932	₱272,936
Amortization of right-of-use assets	13	**56,071**	22,100	17,240
Expenses relating to short-term leases	26, 30	**38,600**	42,963	15,041
		₱343,571	₱324,995	₱305,217

Movements of lease liabilities follows:

		(In Thousands)	
	Note	**2024**	2023
Balance at beginning of year		**₱5,841,514**	₱6,246,148
Payments		**(676,564)**	(664,566)
Interest expense	31	**248,900**	259,932
Lease modification		**23**	–
Balance at end of year		**5,413,873**	5,841,514
Current portion of lease liabilities		**423,183**	392,945
Noncurrent portion		**₱4,990,690**	₱5,448,569

Shown below is the maturity analysis of the undiscounted lease payments:

	(In Thousands)	
	2024	2023
Within 1 year	**₱660,360**	₱662,441
After 1 year but not more than 5 years	**3,707,945**	2,812,192
After 5 years	**2,173,485**	3,729,598

Refundable Deposits
The Group paid deposits as security to various leases which are refundable at the end of the lease term. The deposits are initially recognized at their present values and subsequently carried at amortized cost using effective interest method.

Group as Lessor
Equipment Rental. POSC leased online lotto equipment and accessories to PCSO starting July 31, 2021 as provided in the 2020 Amended ELA, with a series of extensions until September 30, 2023.

Rental income amounted to ₱9.6 million, ₱469.8 million and ₱512.7 million in 2024, 2023 and 2022, respectively, (see Note 37). The rental income in 2023 and 2022 is based on a percentage of gross sales of lotto tickets from PCSO's Luzon and VISMIN operations while the rental income in 2024 is primarily due to continuing costs incurred from ticket validations.

On October 1, 2023, PinoyLotto commenced its commercial operations for the five year-lease of the customized PCSO Lottery System at a contract price of ₱5,800.0 million. Pursuant to the contract, 6,500 terminals were installed and are in operation nationwide. Rental income attributable to the joint operation amounted to ₱517.9 million, ₱129.5 million and ₱6.4 million in 2024, 2023 and 2022, respectively.

Lease Agreement with Melco. On October 25, 2012, the Parent Company, as a lessor, entered into a lease agreement with Melco for the lease of land and building structures to be used in the City of Dreams Manila project ("the Project"). The lease period is co-terminus with the operating agreement between the Parent Company and Melco which is effective on March 13, 2013 until the expiration of the License on July 11, 2033.

In 2022, the Parent Company and Melco further agreed to amend its lease contract wherein the minimum guaranteed lease payments were reduced, and additional variable lease payments will be made subject to certain conditions. The subsequent rental payments will consist of a fixed base rent, subject to an annual escalation based on the headline inflation rate, and a variable rent based on the percentage ratio of actual against target gross gaming revenues of City of Dreams Manila.

In 2023 and 2022, the Parent Company recognized lease income to the extent collectible due to the significant concessions granted by the Parent Company to Melco. In 2024, following the improvement in the lessee's ability and intention to pay the lease consideration, including the agreed-upon escalation rate, the Group recognized lease income on a straight-line basis. The income recognized on the lease of land and building to Melco amounted to ₱2,418.9 million, ₱1,988.8 million and ₱2,054.3 million in 2024, 2023 and 2022, respectively.

As at December 31, 2024 and 2023, the future minimum lease payments on the land and building structures are as follows:

	(In Thousands)	
	2024	2023
Within one year	**₱2,448,175**	₱2,324,505
In more than one year and not more than five years	**13,010,615**	10,265,763
In more than five years	**8,459,978**	13,939,490
	₱23,918,768	₱26,529,758

The Group's receivables from these leases are presented under the "Receivables" account in the consolidated statements of financial position amounting to ₱2,902.0 million and ₱2,847.5 million as at December 31, 2024 and 2023, respectively (see Note 8).

Costs incurred for these leases, which consist of taxes, property insurance and other costs, are presented under "Cost of lease income" account in the consolidated statements of comprehensive income (see Note 25).

35. **Retirement Plan**

The Parent Company and certain of its subsidiaries have funded, noncontributory defined benefit retirement plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. Costs are determined in accordance with the forecasted actuarial study, the latest of which is dated December 31, 2024.

The Group provides for a defined benefit minimum guarantee for its qualified employees based on Republic Act No. 7641.

Changes in the retirement benefits of the Group in 2024 are as follows:

	(In Thousands)		
	Present Value of Defined Benefit Obligation	**Fair Value of Plan Assets**	**Pension Asset (Liability)**
Balance at beginning of year	**(₱171,078)**	**₱153,421**	**(₱17,657)**
Net retirement costs in profit or loss:			
Current service cost	**(14,184)**		**(14,184)**
Past service cost	**384**		**384**
Net interest	**2,079**	**(6,875)**	**(4,796)**
	(11,721)	**(6,875)**	**(18,596)**
Benefits paid	**(44,940)**	**35,556**	**(9,384)**
Contributions	**–**	**4,764**	**4,764**
Actual return excluding amount included in net interest cost	**888**	**–**	**888**
Remeasurement loss recognized in OCI:			
Actuarial changes from changes in:			
Experience adjustment	**–**	**5,842**	**5,842**
Financial assumptions	**–**	**3,598**	**3,598**
	888	**9,440**	**10,328**
Balance at end of year	**(₱226,851)**	**₱196,306**	**(₱30,545)**

Changes in the retirement benefits of the Group in 2023 are as follows:

	(In Thousands)		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Asset (Liability)
Balance at beginning of year	(₱146,395)	₱133,000	(₱13,395)
Net retirement costs in profit or loss:			
Current service cost	(10,532)	–	(10,532)
Past service cost	1,941	–	1,941
Net interest	(10,008)	8,867	(1,141)
	(18,599)	8,867	(9,732)
Benefits paid	10,710	(10,481)	229
Contributions	–	23,705	23,705
Actual return excluding amount included in net interest cost	–	(1,670)	(1,670)
Remeasurement loss recognized in OCI:			
Actuarial changes from changes in:			
Experience adjustment	(10,133)	–	(10,133)
Financial assumptions	(6,449)	–	(6,449)
Demographic assumptions	(212)	–	(212)
	(16,794)	(1,670)	(18,464)
Balance at end of year	(₱171,078)	₱153,421	(₱17,657)

The retirement liability presented in the consolidated statements of financial position as at December 31, 2024 and 2023 follows:

		(In Thousands)	
	Note	**2024**	2023
Retirement asset	17	**₱–**	₱4,098
Retirement liability	21	**(30,545)**	(21,755)
Net retirement liability		**(₱30,545)**	(₱17,657)

The major categories of plan assets as a percentage of the fair value of total plan assets as at December 31 are as follows:

	2024	2023
Cash and cash equivalents	**38%**	38%
Debt instruments - government bonds	**27%**	27%
Unit investment trust funds	**27%**	27%
Mutual fund	**6%**	6%
Others	**2%**	2%
	100%	100%

The Group’s plan assets are administered by a Trustee. The Group and the retirement plan have no specific matching strategies between the retirement plan assets and defined benefit asset or benefit obligation under the retirement plan.

The principal assumptions used to determine retirement plan assets as at December 31 are as follows:

	2024	2023
Discount rates	**6.05%-6.15%**	6.05%-6.11%
Future salary increases	**8%**	8%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2024 and 2023 assuming all other assumptions were held constant:

	2024		2023	
	Increase (Decrease)	**Increase (Decrease) in Defined Benefit Obligation (In thousands)**	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation (In thousands)
Discount rate	1.00%	**(₱33,026)**	1.00%	(₱78,219)
	(1.00%)	**40,868**	(1.00%)	70,393
Salary increase rate	1.00%	**48,860**	1.00%	78,873
	(1.00%)	**(32,903)**	(1.00%)	(69,538)

The average duration of the Group's defined benefit obligation is 13.02 years in 2024.

The maturity analysis of the undiscounted benefit payments follows:

	(In Thousands)	
	2024	2023
Less than 1 year	**₱2,113**	₱30,247
More than 1 year to 5 years	**4,303**	9,576
More than 5 years	**191,924**	220,725

36. Related Party Transactions

In the ordinary course of business, the Group has the following transactions with related parties:

Related Party	Relationship	Transaction		Transaction Amounts	Outstanding Balance	Terms	Conditions
Advances to Associates							
APC	Associate	Reimbursable expenses (see Note 12)	**2024**	**₱–**	**₱79,977**	Noninterest-bearing, due and demandable	Unsecured, provided with allowance for impairment amounting to ₱79,449
			2023	₱–	₱79,974		
Belle Jai Alai	Entities under common control	Working capital advances	**2024**	**–**	**29,398**	Noninterest-bearing, due and demandable	Unsecured, fully provided with allowance for impairment
			2023	–	29,398		
Others	Entities under common control	Working capital advances	**2024**	**–**	**21,488**	Noninterest-bearing, due and demandable	Unsecured, fully provided with allowance for impairment
			2023	–	21,408		
			2024		**130,863**		
			2023		130,780		
		Less allowance for doubtful accounts	**2024**		**(130,254)**		
			2023		(130,254)		
			2024		**₱609**		
			2023		₱526		

Related Party	Relationship	Transaction		Transaction Amounts	Outstanding Balance	Terms	Conditions
Advances from Related Parties							
Others	Associate	Advances from related parties (see Note 18)	**2024**	**₱42,330**	**₱100,542**	Noninterest-bearing, due and demandable	Unsecured
			2023	₱–	₱63,062		
Others							
SM Prime Holdings, Inc.	With common stockholders	Lease	**2024**	**₱14,402**	**₱–**	5 years, renewable	Unsecured
			2023	₱13,947	₱–		
			2022	16,068	–		
SM Investments Corporation	With common stockholders	Service fees (see Note 30)	**2024**	**66,000**	**–**	1 year, renewable	Unsecured
			2023	66,000	–		
			2022	66,000	–		
Highlands Prime, Inc. (HPI)	With common stockholders	Service fees	**2024**	**27,144**	**–**	5 years, renewable	Unsecured
			2023	37,697	–		
			2022	77,140	–		
				–	–		
				–	–		
Directors and officers	Key management personnel	Short-term employee benefits	**2024**	**27,779**	**–**	Not applicable	Unsecured
			2023	31,104	–		
			2022	73,128	–		
		Long-term employee benefits	**2024**	**3,807**	**–**	Not applicable	Unsecured
			2023	1,682	–		
			2022	2,413	–		
		Professional fees	**2024**	**14,845**	**–**	Not applicable	Unsecured
			2023	20,245	–		
			2022	19,142	–		

There are no guarantees provided or received for any related party receivables or payables. Related party transactions are generally settled in cash. Related party transactions amounting to 10% or higher of the Group's consolidated total assets are subject to the approval of the BOD.

Allowance provided on advances to associates charged to "Investments in and advances to associates" amounted to ₱130.3 million as at December 31, 2024 and 2023 (see Note 12).

Transactions with other related parties are as follows:

- In 2019, the Parent Company entered into a renewable one-year service agreement with SM Investments Corporation. Service fees charged by SMIC to the Parent Company amounted to ₱66.0 million in 2024, 2023 and 2022. These are recognized under "General and administrative expenses" in the consolidated statements of comprehensive income (see Note 30).

- In 2015, the Parent Company entered into a renewable one-year service agreement with HPI for sales and marketing services with amendments in 2024 to include the development, management and operations of properties in Tagaytay Highlands. Service fees charged by HPI to the Parent Company amounted to a ₱27.1 million, ₱37.7 million and ₱77.1 million in 2024, 2023 and 2022, respectively. These are recognized under "General and administrative expenses" in consolidated statements of comprehensive income.

37. Significant Contracts and Commitments

Cooperation Agreement with Melco

On October 25, 2012, the Parent Company together with PLAI ("Philippine Parties"), formally entered into a Cooperation Agreement with Melco which governs their cooperation in the development and operation of the City of Dreams Manila. The Cooperation Agreement places the Group as a co-licensee and the owner of the site's land and buildings, while Melco will be a co-licensee and operator of all the facilities within the resort complex.

Operating Agreement with Melco

On March 13, 2013, the Parent Company, together with PLAI, entered into an Operating Agreement with MPHIL Holdings No. 2 Corporation, MPHIL Holdings No.1 Corporation and Melco. Under the terms of the Operating Agreement, Melco was appointed as the operator and manager of the casino development project. The Operating Agreement shall be in full force and effect for the period of the PAGCOR License, unless terminated earlier in accordance with the agreements among the parties.

Pursuant to this agreement, PLAI is entitled to a revenue share from the casino gaming operations. Gaming revenue share amounted to ₱2,290.6 million, ₱2,339.3 million and ₱1,560.8 million in 2024, 2023 and 2022, respectively (see Note 23).

Agreements with PCSO

POSC. POSC had an ELA with the PCSO for the lease of lotto terminals, which includes central computer, communications equipment, and the right to use the application software and manuals for the central computer system and draw equipment of PCSO. This also includes the supply of betting slips and ticket paper rolls. The ELA was concluded on September 30, 2023.

PCSO is the principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character through holding and conducting charity sweepstakes, races, and lotteries.

Pursuant to the amended ELA, the POSC was required to deposit cash bond to guarantee the unhampered use and operation of the lottery system, including equipment, servers, network communication and terminals. As at December 31, 2024 and 2023, total guarantee deposits under the ELA are included under “Other current assets” account in the consolidated statements of financial position, amounted to ₱79.0 million and ₱91.2 million, respectively (see Note 10).

The rental fee, presented as “Equipment rental” in the consolidated statements of comprehensive income, is based on a percentage of gross sales of lotto tickets from PCSO’s Luzon and VISMIN operations in 2023 and 2022, while the rental income in 2024 is primarily from continuing ticket validations. POSC’s rental income amounted to ₱9.6 million, ₱469.8 million and ₱512.7 million in 2024, 2023 and 2022, respectively (see Note 34).

On August 30, 2023, POSC was granted a 1-year trial period to provide a web-based betting platform for PCSO. Under the arrangement, POSC will be acting as PCSO’s exclusive agent and generate commissions based on a certain percentage of revenues. This was launched on December 15, 2023, and ended on July 13, 2024 upon the instruction of PCSO as it gears towards making e-lotto services better and as it transitions to a new platform (see Note 1). The commission income amounting to nil, ₱2.3 million and nil in 2024, 2023 and 2022, respectively, is included as part of “Others” under “Revenues” in the consolidated statements of comprehensive income (see Note 24).

POSC’s Contracts with Scientific Games and Intralot

Scientific Games. POSC had a contract with Scientific Games, a company incorporated under the laws of the Republic of Ireland, for the use of computer hardware and operating system for the Visayas-Mindanao Online Lottery System until September 30, 2023. Pursuant to the contract, POSC paid Scientific Games a pre-agreed percentage of the revenue generated by the terminals from PCSO’s conduct of online lottery operation. The contract shall continue as long as the POSC’s ELA with PCSO is in effect.

Intralot. POSC and TGTI have contracts with Intralot Inc., a company subsidiary domiciled in Atlanta, Georgia, for the supply of hardware, operating system software and terminals and the required training required to operate the system. POSC and TGTI paid Intralot a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operations. The contract was extended, with POSC until September 30, 2023, and TGTI until March 31, 2022.

Software and license fee recognized pertaining to above contracts amounted to ₱43.4 million, ₱65.6 million and ₱60.5 million in 2024, 2023 and 2022, respectively (see Note 26).

Interest in a Joint Operation of PinoyLotto Technologies Corp. (PinoyLotto)
On June 21, 2021, PinoyLotto, a jointly controlled entity owned by POSC, PGMC and ILTSI, was incorporated and registered with the SEC primarily to provide software support and online lottery equipment service.

Interest in joint operation pertains to POSC's 50% ownership in PinoyLotto, the entity which was awarded a five-year lease of the customized PCSO Lottery System, also known as '2021 PLS Project' with a contract price of ₱5,800.0 million.

The contractual arrangements give the joint operators direct rights to the assets and obligations for the liabilities within the normal course of business.

The relevant financial information of PinoyLotto and the Group's share of the assets and liabilities as at December 31, 2024 and 2023, and share in revenue and expenses for the years ended December 31, 2024 and 2023 are as follows:

	(In Thousands)	
	2024	2023
Current Assets		
Cash and cash equivalents	**₱54,994**	₱72,608
Trade and other receivables	**49,737**	96,667
Creditable withholding taxes	**16,681**	–
Other current assets	**72,725**	29,488
Total Current Assets	**194,137**	198,763
Noncurrent Assets		
Property and equipment	**652,001**	706,092
ROU asset	**54**	541
Advances to supplier	**–**	69
Deferred tax assets	**429**	–
Total Noncurrent Assets	**652,484**	706,702
Total Assets	**₱846,621**	₱905,465
Current Liabilities		
Trade payables and other current liabilities	**₱131,846**	₱110,783
Nontrade payable	**–**	67,500
Current portion of:		
Loan payable	**138,980**	58,824
Lease liability	**57**	294
Total Current Liabilities	**270,883**	237,401

(Forward)

	(In Thousands)	
	2024	2023
Noncurrent Liabilities		
Loan payable - net of current portion	**₱277,961**	₱411,765
Net retirement liability	**662**	–
Lease liability - net of current portion	**–**	208
Total Noncurrent Liabilities	**278,623**	411,973
Total Liabilities	**₱549,506**	₱649,374

Revenue from equipment rental	**₱517,857**	₱129,464
Cost of services	**(264,209)**	(52,270)
Operating expenses	**(130,901)**	(51,632)
Finance cost	**(36,578)**	–
Other income (charges)	**(802)**	(20,107)
Provision for income taxes	**(13,099)**	–
Net income	**₱72,268**	₱5,455

38. **Basic/Diluted EPS**

The basic/diluted earnings per share were computed as follows:

	(In Thousands, Except for EPS)		
	2024	2023	2022
Earnings attributable to Equity holders of the Parent (a)	**₱2,334,359**	₱1,883,556	₱1,395,751
Number of issued common shares at beginning of year	**10,561,000**	10,561,000	10,561,000
Number of common treasury shares at beginning of year	**(864,536)**	(864,537)	(797,874)
Number of Parent company common shares held by subsidiaries at beginning of year	**(252,378)**	(252,378)	(319,041)
Weighted average number of treasury shares issued (purchased) during the year	**–**	1	(60,271)
Weighted average number of parent company common shares held by subsidiaries redeemed during the year	**–**	–	60,271
Weighted average number of issued common shares - basic, at end of year (b)	**9,444,086**	9,444,086	9,444,085
Basic/diluted EPS (a/b)	**₱0.247**	₱0.199	₱0.148

There are no common stock equivalents that would have a dilutive effect on the basic EPS.

39. Financial Risk Management Objectives and Policies, Capital Management and Fair Value Measurement

The Group's principal financial liabilities are composed of trade and other current liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include cash and cash equivalents, receivables and installment receivables. The Group also holds financial assets at FVPL, financial assets at FVOCI, advances to associates, refundable deposits and construction bonds, guarantee deposits, loans payable, long-term debt and lease liability.

The main risks arising from the Group's financial assets and financial liabilities are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. The Group's BOD and management review and agree on the policies for managing each of these risks and these are summarized below.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial assets and financial liabilities. The Group's exposure to interest rate risk relates primarily to the Group's long-term debt which are subject to cash flow interest rate risk.

The Group's policy is to manage its interest cost by limiting its borrowings and entering only into borrowings at fixed and variable interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with other variables held constant of the Group's income before income tax:

	(In Thousands)	
	2024	2023
Increase (decrease) in basis points:		
100	**(₱700,925)**	(₱183,294)
(100)	**700,925**	183,294
50	**(350,463)**	(91,647)
(50)	**350,463**	91,647

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

As at December 31, 2024 and 2023, foreign currency-denominated financial asset and financial liability in US dollars, translated into Philippine peso at the closing rate:

	(in Thousands)			
	2024		2023	
	USD	**Peso Equivalent**	USD	Peso Equivalent
Cash and cash equivalents	**\$66.2**	**₱3,832**	\$1,028	₱56,899
Consultancy and software license fee payable*	**–**	**–**	(161)	(8,898)
Net foreign currency-denominated financial assets	**\$66.2**	**₱3,832**	\$867	₱48,001

**Presented under "Trade and other current liabilities" account in the consolidated statement of financial position.*

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was ₱57.85 and ₱55.37 to US$1.0 as at December 31, 2024 and 2023, respectively.

It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Group seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rates, with all other variables held constant, of the Group's consolidated income before income tax as at December 31, 2024 and 2023. There is no other impact on the Group's equity other than those already affecting the profit or loss in the consolidated statement of comprehensive income.

	2024		2023	
	Increase in US$ Rate	**Decrease in US$ Rate**	Increase in US$ Rate	Decrease in US$ Rate
Change in US$ rate*	**5%**	**(5%)**	19%	19%
Effect on income before income tax (in thousands)	**₱125**	**(₱125)**	₱9,120	(₱9,120)

The increase in US$ rate means stronger US dollar against peso while the decrease in US$ means stronger peso against the US dollar.

Equity Price Risk. Equity price risk is the risk that the fair value of financial assets at FVPL and FVOCI consisting of listed equities decreases as a result of changes in the value of individual stock. The Group's exposure to equity price risk relates primarily to the Group's investments held for trading. The Group monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Group's 2024 and 2023 consolidated total comprehensive income before income tax:

	(In Thousands)	
Increase (Decrease) in Equity Price	**2024**	2023
Impact in profit or loss		
5%	**₱2,137**	₱5,000
(5%)	**(2,137)**	(5,000)
Impact in comprehensive income		
5%	**₱654,935**	₱500,917
(5%)	**(654,935)**	(500,917)

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

In the Group's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Group and retain ownership of the property. The Group has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. The Group's primary target customers are high-income individuals and top corporations, in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Trade receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. Receivables from sale of club shares are secured by the shares held by the Group. For other receivables, since the Group trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from the financial assets of the Group, which comprise of cash and cash equivalents, receivables, advances to associates, deposits, refundable deposits and construction bonds, and guarantee deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

The table below shows the Group's aging analysis of financial assets.

	(In Thousands)						
	2024						
	Neither	**Past Due but not Impaired**					
	Past Due nor Impaired	**Less than 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**Over 90 Days**	**Impaired**	**Total**
Cash and cash equivalents*	**₱2,356,951**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,356,951**
Receivables	**4,550,026**	**2,927**	**13,606**	**1,003**	**33,744**	**470,020**	**5,071,326**
Advances to associates***	**609**	**–**	**–**	**–**	**–**	**130,254**	**130,863**
Refundable deposits and construction bond****	**100,082**	**–**	**–**	**–**	**–**	**–**	**100,082**
Guarantee deposits*****	**79,000**	**–**	**–**	**–**	**–**	**–**	**79,000**
	₱7,086,668	**₱2,927**	**₱13,606**	**₱1,003**	**₱33,744**	**₱600,274**	**₱7,738,222**

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
*****Presented under "Other current assets" account in the consolidated statement of financial position.*

	(In Thousands)						
	2023						
	Neither	Past Due but not Impaired					
	Past Due nor Impaired	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
Cash and cash equivalents*	₱2,171,692	₱–	₱–	₱–	₱–	₱–	₱2,171,692
Receivables	4,737,998	4,188	8,764	1,183	127,297	699,428	5,578,858
Advances to associates***	527	–	–	–	–	130,254	130,781
Refundable deposits and construction bond****	130,022	–	–	–	–	–	130,022
Guarantee bonds*****	91,201	–	–	–	–	–	91,201
	₱7,131,440	₱4,188	₱8,764	₱1,183	₱127,297	₱829,682	₱8,102,554

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
*****Presented under "Other current assets" account in the consolidated statement of financial position.*

Financial assets are considered past due when collections are not received on due date.

Past due accounts which pertain to trade receivables from sale of real estate units and club shares are recoverable since the legal title and ownership of the real estate units and club shares will only be transferred to the customers upon full payment of the contract price.

Credit Quality of Financial Assets

The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Group's financial assets are as follows:

	(In Thousands)			
	2024			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
Cash and cash equivalents*	**₱2,356,951**	**₱–**	**₱–**	**₱2,356,951**
Receivables	**4,601,306**	**–**	**470,020**	**5,071,326**
Advances to associates**	**609**	**–**	**130,254**	**130,863**
Refundable deposits and construction bonds***	**100,082**	**–**		**100,082**
Guarantee deposits****	**79,000**	**–**		**79,000**
Gross Carrying Amount	**₱7,137,948**	**₱–**	**₱600,274**	**₱7,738,222**

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
*****Presented under "Other current assets" account in the consolidated statement of financial position.*

	(In Thousands)			
	2023			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Cash and cash equivalents*	₱2,171,692	₱–	₱–	₱2,171,692
Receivables	4,868,880	10,550	699,428	5,578,858
Advances to associates**	527		130,254	130,781
Refundable deposits and construction bonds***	130,022	–	–	130,022
Guarantee deposits****	91,201	–	–	91,201
Gross Carrying Amount	₱7,262,322	₱10,550	₱829,682	₱8,102,554

**Excluding cash on hand.*
***Presented under "Investments in and advances to associates" account in the consolidated statement of financial position.*
****Presented under "Other noncurrent assets" account in the consolidated statement of financial position.*
*****Presented under "Other current assets" account in the consolidated statement of financial position.*

Liquidity Risk. Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Group considers obtaining borrowings as the need arises.

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted cash flows.

	(In Thousands)					
	2024					
	On Demand	< 6 Months	6 Months to 1 Year	1–3 Years	> 3 Years	Total
Trade and other current liabilities*	₱1,402,370	₱–	₱–	₱–	₱–	₱1,402,370
Loans payable	17	300,000	–	–	–	300,017
Long-term debt			2,130,235	2,312,706	3,000,000	7,442,941
Lease liability**	–	382,290	335,516	2,151,831	3,729,598	6,599,235
Refundable deposit***	–	–	–	–	249,495	249,495
	₱1,402,387	₱682,290	₱2,465,751	₱4,464,537	₱6,979,093	₱15,994,058

**Excluding withholding and output tax payable, unearned income and customers' deposits.*
***based on undiscounted payments*
****Presented under "Other noncurrent liabilities" account in the consolidated statement of financial position.*

	(In Thousands)					
	2023					
	On Demand	< 6 Months	6 Months to 1 Year	1–3 Years	> 3 Years	Total
Trade and other current liabilities*	₱1,453,386	₱–	₱–	₱–	₱–	₱1,453,386
Loans payable	–	1,300,017	–	–	–	1,300,017
Long-term debt	–	2,058,824	29,000	2,437,765	–	4,525,589
Lease liability**	–	543,291	327,645	2,284,580	4,465,705	7,621,221
Refundable deposit***	–	–	–	–	138,139	138,139
	₱1,453,386	₱3,902,131	₱356,645	₱4,722,345	₱4,603,844	₱15,038,352

**Excluding withholding and output tax payable, unearned income and customers' deposits.*
***based on undiscounted payments*
****Presented under "Other noncurrent liabilities" account in the consolidated statement of financial position.*

The Group expects to settle its maturing obligations on long-term debt from its gaming revenues from casino operations, rental income on land and casino building and expected profits from real estate development operations.

Capital Management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and adjusts the same, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2024 and 2023.

The Group considers the following as its capital:

	(In Thousands)	
	2024	2023
Common stock	**₱10,561,000**	₱10,561,000
Additional paid-in capital	**5,503,731**	5,503,731
Treasury stock	**(2,565,359)**	(2,565,359)
Cost of Parent Company common shares held by subsidiaries	**(1,154,409)**	(1,154,409)
Equity share in cost of Parent Company shares held by associates	**(2,501)**	(2,501)
Retained earnings	**17,324,660**	14,985,481
	₱29,667,122	₱27,327,943

Fair Value of Assets and Financial Liabilities

Set out below is a comparison by category and by class of carrying values and fair values of the Group's assets and financial liabilities:

	(In Thousands)				
	2024				
	Carrying Value	**Fair Value**	**Quoted (Unadjusted) Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets					
Assets measured at fair value:					
Financial assets at FVOCI	**₱13,098,696**	**₱13,098,696**	**₱12,975,745**	**₱–**	**₱122,951**
Financial assets at FVPL	**42,745**	**42,745**	**42,745**	**–**	**–**
Assets for which fair value is disclosed - Investment properties (see Note 13)	**22,553,515**	**41,782,462**	**–**	**–**	**41,782,462**
Liabilities					
Liabilities for which fair value is disclosed:					
Refundable deposits	**249,495**	**249,495**	**–**	**–**	**249,495**
Long-term debt	**7,442,941**	**8,613,279**	**–**	**–**	**8,613,279**

	(In Thousands)				
	2023				
	Carrying Value	Fair Value	Quoted (Unadjusted) Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Assets measured at fair value:					
Financial assets at FVOCI	₱10,018,341	₱10,018,341	₱9,883,994	₱–	₱134,347
Financial assets at FVPL	100,013	100,013	100,013	–	–
Assets for which fair value is disclosed - Investment properties (see Note 13)	23,712,268	41,782,462	–	–	41,782,462
Liabilities					
Liabilities for which fair value is disclosed:					
Refundable deposits	237,225	237,225	–	–	237,225
Long-term debt	4,525,589	4,578,903	–	–	4,578,903

The Group has no financial liabilities measured at fair value as at December 31, 2024 and 2023. There were no transfers between fair value measurements in 2024 and 2023.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:

Cash and Cash Equivalents, Advances to Associates, Receivables, Loans Payable and Trade and Other Current Liabilities. The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of financial assets at FVPL and financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

Refundable Deposits and Guarantee deposits. The carrying value of refundable deposits and guaranteed deposit approximates fair value as at December 31, 2024 and 2023 due to unavailability of information as to the repayment date that would provide reasonable basis for the fair value measurement.

Long-term Debt. The fair value of long-term debt is determined by discounting the obligations' expected future cash flows using the discount rate of 5.89% to 8.63% in 2024 and 4.75% to 7.13% in 2023.

40. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

	(In Thousands)					
	2024					
	Balance at beginning of year	**Proceeds**	**Payments**	**Interest expense**	**Noncash Transactions**	**Balance at end of year**
Lease liabilities	**₱5,841,514**	**₱–**	**(₱676,564)**	**₱248,900**	**₱23**	**₱5,413,873**
Loans payable	**1,300,017**	**600,000**	**(1,600,000)**	**–**	**–**	**300,017**
Long-term debt	**4,525,589**	**5,080,000**	**(2,162,648)**	**–**	**–**	**7,442,941**
Interest payable	**38,407**	**–**	**(538,557)**	**525,380**	**–**	**25,230**
	₱11,705,527	**₱5,680,000**	**(₱4,977,769)**	**₱774,280**	**₱23**	**₱13,182,061**

	(In Thousands)					
	2023					
	Balance at beginning of year	Proceeds	Payments	Interest expense	Dividends declared	Balance at end of year
Dividends payable	₱–	₱–	(₱915,748)	₱–	₱915,748	₱–
Lease liabilities	6,246,148	–	(664,566)	259,932	–	5,841,514
Loans payable	450,017	1,750,000	(900,000)	–	–	1,300,017
Long-term debt	4,937,500	–	(411,911)	–	–	4,525,589
Interest payable	29,166	–	(267,798)	277,039	–	38,407
	₱11,662,831	₱1,750,000	(₱3,160,023)	₱536,971	₱915,748	₱11,705,527

41. Events After the Reporting Period

Investment Agreement with HHR Philippines Inc.

On January 29, 2025, the POSC entered into an Investment Agreement with HHR Philippines, Inc. (HHRPI) together with the latter's principal shareholders. Pursuant to the agreement, the POSC shall subscribe to 81,000 common shares translating to 37.50% of the total issued and outstanding capital stock of HHRPI for the amount of ₱150.0 million, which shall be paid in three tranches.

The proceeds of POSC's capital infusion will be utilized by HHRPI primarily to fund its expansion program.

HHRPI, a software and professional service provider of electronic gaming platforms for land-based and online gaming operators, is licensed and accredited by the Philippine Amusement and Gaming Corporation (PAGCOR). At the same time, it is a holder of a PAGCOR Gaming License for online gaming (e-Casino) under the brand "Buenas".

Dividend Declaration

On February 21, 2025, the Parent Company's BOD approved the declaration of cash dividend of ₱0.06 per share amounting to approximately ₱581.8 million to shareholders of record as at March 7, 2025.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Belle Corporation and Subsidiaries
5th Floor, Tower A, Two E-Com Center
Palm Coast Avenue, Mall of Asia Complex
CPB-1A, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Belle Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2024 and 2023 and have issued our report thereon dated February 21, 2025. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic consolidated financial statements:

- Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2024
- Schedules required by Annex 68-J as at December 31, 2024
- Conglomerate Map as at December 31, 2024
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2024 and 2023

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

The Schedule of Financial Soundness Indicators, including definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782/P-005; Valid until June 6, 2026
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10467126
Issued January 2, 2025, Makati City

February 21, 2025
Makati City, Metro Manila

BELLE CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2024 AND 2023

(Amounts in Thousands, Except for Ratios)

Ratio	Formula	2024	2023
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		
	Total current assets	**₱12,303,110**	₱11,658,655
	Divide by: Total current liabilities	**4,543,008**	5,532,205
	Current ratio	**2.71**	2.11
Acid Test Ratio	**Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities**		
	Total current assets	**12,303,110**	11,658,655
	Less: Real estate for sale	**311,573**	155,656
	Land held for future development	**3,037,326**	3,035,959
	Other current assets	**2,706,926**	2,368,471
	Quick assets	**6,247,285**	6,098,569
	Divide by: Total current liabilities	**4,543,008**	5,532,205
	Acid test ratio	**1.38**	1.10
Debt-to-Equity Ratio	**Total Interest-Bearing debt divided by Total Equity**		
	Total interest-bearing debt	**7,742,958**	5,825,606
	Total equity	**39,796,935**	39,416,082
	Debt to equity ratio	**0.19**	0.15
Asset-to-Equity Ratio	**Total Assets divided by Total Equity**		
	Total assets	**57,473,710**	55,710,750
	Total equity	**39,796,935**	39,416,082
	Asset to equity ratio	**1.44**	1.41
Interest Rate Coverage Ratio	**Income Before Interest and Taxes divided by Total Interest Expense**		
	Net income before income tax	**2,516,035**	2,566,667
	Less: Interest income	**144,303**	59,283
	Add: Interest expense	**774,280**	536,971
	Income before interest and taxes	**3,146,012**	3,044,355
	Divide by: Interest expense	**774,280**	536,971
	Interest rate coverage ratio	**4.06**	5.67

Ratio	Formula	2024	2023
Return on Equity	**Net Income divided by Average Total Equity**		
	Net income	**₱2,425,588**	₱2,423,185
	Average total equity	**39,606,509**	37,964,472
	Return on equity	**6.12%**	6.38%
Return on Assets	**Net Income divided by Average Total Assets**		
	Net income	**2,425,588**	2,423,185
	Average total assets	**56,592,230**	54,234,236
	Return on assets	**4.29%**	4.47%
Solvency Ratio	**Net Income Before Non-Cash Expenses divided by Total Liabilities**		
	Net income	**2,425,588**	2,423,185
	Add: Non-cash expenses	**2,058,108**	1,473,637
	Net income before non-cash expenses	**4,483,696**	3,896,822
	Total liabilities	**17,676,775**	16,294,668
	Solvency ratio	**25.36%**	23.91%
Net Profit Margin	**Net Income divided by Total Revenue**		
	Net income	**2,425,588**	2,423,185
	Total revenue	**5,890,767**	5,601,375
	Net profit margin	**41.18%**	43.26%

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

BELLE CORPORATION

Address: 5th Floor, Tower A, Two E-Com Center,
Palm Coast Avenue, Mall of Asia Complex, CPB-1A, Pasay City

		Amount (In thousands)
Unappropriated retained earnings, beginning of reporting period		₱5,204,450
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Realized gain on club shares transferred to Retained Earnings		4,819
		5,209,269
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period		
Excess of carrying amount of investment property over construction cost, net of tax	115,825	
Difference between straight line accounting for lease income and contractual cash flows	15,911	
Accretion of Security deposit, net of tax	9,203	140,939
Unappropriated retained earnings, beginning of reporting period as adjusted		5,350,208
Add/less: Net income for the current year		2,955,936
		8,306,144
Add/less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		124,958
Total retained earnings, end of the reporting period available for dividend		₱8,431,102

BELLE CORPORATION AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6
PART II OF REVISED SRC RULE 68
DECEMBER 31, 2024

Table of Contents

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	(In Thousands) Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
Financial assets at fair value through profit or loss				
Vantage Equities, Inc.	43,376,750	₱34,268	₱34,268	₱–
Others	45,821,000	8,477	8,477	–
		42,745	42,745	–
Financial assets at fair value through other comprehensive income				
Tagaytay Midlands International Golf Club, Inc.	2,141	5,994,800	5,994,800	–
Tagaytay Highlands International Golf Club, Inc.	1,306	3,918,000	3,918,000	–
SM Prime Holdings, Inc.	61,795,413	1,554,155	1,554,155	–
The Country Club at Tagaytay Highlands, Inc.	2,063	1,444,100	1,444,100	–
Spa and Lodge at Tagaytay Highlands, Inc.	192	115,200	115,200	–
SM Investments Corporation	48,878	43,941	43,941	–
Costa De Hamilo	1	757	757	–
PLDT	1,605	83	83	–
Others	1	27,660	27,660	
		13,098,696	13,098,696	–
		₱13,141,441	₱13,141,441	₱–

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

(In Thousands)

Name and Designation of Debtor	Balance of Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at end of period
Employees	₱1,840	₱7,052	(₱7,703)	₱–	₱1,190	₱–	₱1,190
Officers	4	–	–	–	4	–	4
	₱1,844	₱7,052	(₱7,703)	₱–	₱1,194	₱–	₱1,194

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

(In Thousands)

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at end of period
Belle Bay Plaza Corporation	₱1,624,647	₱52	₱–	(₱1,624,558)	₱141	₱–	₱141
Belle Infrastructure Holdings, Inc.	251,611	16	–	(251,569)	58	–	58
Belle Grande Resource Holdings, Inc.	138,461	267	–	(2,647)	136,081	–	136,081
Premium Leisure Corporation	74	74	(74)	–	74	–	74
SLW Development Corp.	28,483	83	–	–	28,566	–	28,566
Parallax Resources, Inc.	43,187	16	–	(750)	42,453	–	42,453
	₱2,086,463	₱508	(₱74)	(₱1,879,524)	₱207,373	₱–	₱207,373

Schedule D. Long-term debt

(In Thousands)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet"
Chinabank	₱3,500,000	₱1,440,000	₱–
Chinabank	3,000,000	–	2,000,000
BDO Unibank Inc.	3,000,000	586,000	–
BDO Unibank Inc.	3,000,000	–	3,000,000
Unionbank	1,000,000	104,235	312,706
	₱13,500,000	₱2,130,235	₱5,312,706

Schedule G. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	14,000,000,000	9,696,464,297	–	5,144,473,751	219,794,036	4,332,196,510
Percentage held	–	–	–	53.06%	2.27%	44.68%
Preferred stock	6,000,000,000	–	–	–	–	–
Percentage held	–	–	–	–	–	–

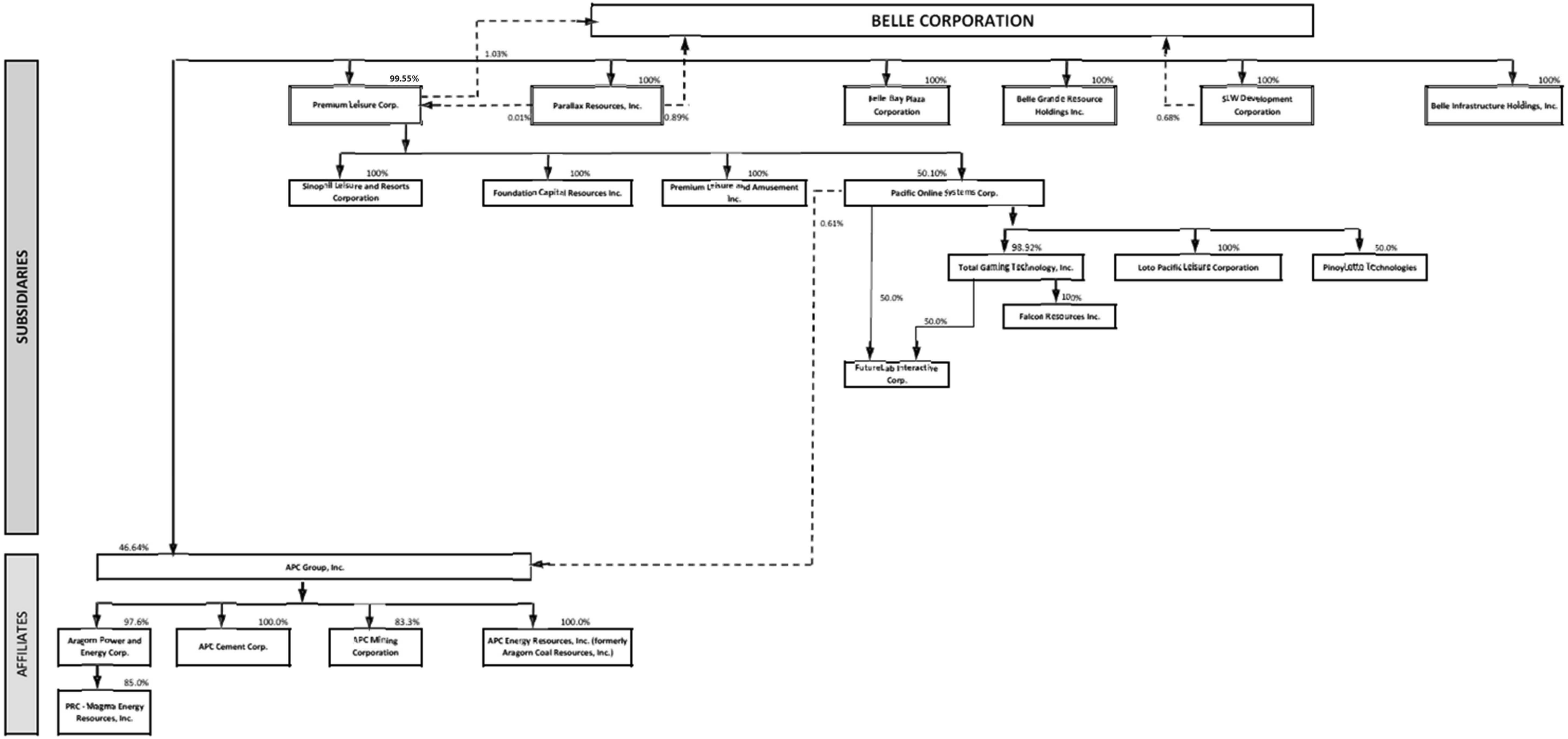
BELLE CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2024 AND 2023

	(In thousands)	
	2024	2023
PARENT COMPANY		
Total audit fees	**₱1,400.0**	₱1,150.0
Non-audit services fees:		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total Non-audit fees	**–**	–
Total Audit and Non-audit Fees	**₱1,400.0**	₱1,150.0
OTHER RELATED ENTITIES		
Audit Fees	**₱2,259.4**	₱2,795.0
Non-audit services fees:		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total Audit and Non-audit fees of related entities	**₱2,259.4**	₱2,795.0

Conglomerate Map
As at December 31, 2024



Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph

To: bellecorp_1@yahoo.com

Cc: bellecorp_1@yahoo.com

Date: Monday, March 31, 2025 at 01:33 PM GMT+8

Hi BELLE CORPORATION,

Valid files

- EAFS000156011TCRTY122024-02.pdf
- EAFS000156011RPTTY122024.pdf
- EAFS000156011AFSTY122024.pdf
- EAFS000156011TCRTY122024-03.pdf
- EAFS000156011ITRTY122024.pdf
- EAFS000156011TCRTY122024-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-7B9C6J960BLLC9DLKQRPM11WM0PZR1Y3T4**
Submission Date/Time: **Mar 31, 2025 01:33 PM**
Company TIN: **000-156-011**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

BELLE
CORPORATION

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The Management of **Belle Corporation (the Company)** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

WILLY N. OCIER
Chairman of the Board

ARMIN ANTONIO B. RAQUEL SANTOS
President and Chief Executive Officer

AILEEN M. MALTO
Chief Finance Officer / Treasurer

Signed this 21st day of February 2025

FEB 21 2025

SUBSCRIBED AND SWORN to before me this ____ day of ________2025 affiants exhibiting to me their Passport and Tax Identification Numbers, as follows:

NAME	PASSPORT/ DRIVER'S LICENSE/ TAX IDENTIFICATION NUMBER	DATE OF EXPIRY	PLACE OF ISSUE
WILLY N. OCIER			
ARMIN ANTONIO B. RAQUEL SANTOS			
AILEEN M. MALTO			

DOC NO. : 468
PAGE NO. : 95
BOOK NO. : 11
SERIES OF : 2025.

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2025
Appointment No. M-032 (2024-2025)
PTR No. 10466008 Jan. 2, 2025/Makati City
IBP No. 488534 Dec. 27, 2024
MCLE NO. VII-0027570 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

BELLE
CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Belle Corporation (the Company)** is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, for the periods December 31, 2024 and 2023 have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

WILLY N. OCIER
Chairman of the Board

ARMIN ANTONIO B. RAQUEL SANTOS
President and Chief Executive Officer

AILEEN M. MALTO
Chief Finance Officer / Treasurer

Signed this 21st day of February 2025

FEB 2 1 2025

SUBSCRIBED AND SWORN to before me this ____ day of ________2025 affiants exhibiting to me their Passport and Tax Identification Numbers, as follows:

NAME	PASSPORT/ DRIVER'S LICENSE/ TAX IDENTIFICATION NUMBER	DATE OF EXPIRY	PLACE OF ISSUE
WILLY N. OCIER			
ARMIN ANTONIO B. RAQUEL SANTOS			
AILEEN M. MALTO			

DOC NO. : 466
PAGE NO. : 95
BOOK NO. : 11
SERIES OF : 2025.

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2025
Appointment No. M-032 (2024-2025)
PTR No. 10466008 Jan. 2, 2025/Makati
IBP No. 488534 Dec. 27, 2024
MCLE NO. VII-0027570 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

5 2 4 1 2

C O M P A N Y N A M E

B E L L E   C O R P O R A T I O N

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

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
AASFS	CRMD	Not Applicable

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
governance@bellecorp.com	(02) 8662-8888	(63) 917-569-734

No. of Stockholders	Annual Meeting	Fiscal Year (Month / Day)
1,753	4th Monday of April	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number	Mobile Number
Michelle Angeli T. Hernandez	info@bellecorp.com	(02) 8662-8888	+63917-569-1734

CONTACT PERSON'S ADDRESS

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City

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

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

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Belle Corporation
5th Floor, Tower A, Two E-Com Center
Palm Coast Avenue, Mall of Asia Complex
CPB-1A, Pasay City

Opinion

We have audited the separate financial statements of Belle Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2024 and 2023, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2024 and 2023, and its separate financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

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

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

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

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

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

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

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

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782/P-005; Valid until June 6, 2026
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10467126
Issued January 2, 2025, Makati City

February 21, 2025
Makati City, Metro Manila

BELLE CORPORATION

SEPARATE STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱600,614**	₱164,078
Receivables	5	**3,375,908**	3,326,566
Real estate for sale	6	**311,573**	155,656
Land held for future development	6	**3,037,326**	3,035,959
Other current assets	7	**2,011,961**	2,059,827
Total Current Assets		**9,337,382**	8,742,086
Noncurrent Assets			
Installment receivables - net of current portion	5	**753,783**	1,053,079
Investment properties	8	**22,409,315**	23,568,608
Investments in and advances to subsidiaries and associates	9	**15,495,953**	10,249,425
Financial assets at fair value through other comprehensive income (FVOCI)	10	**13,068,165**	9,981,060
Property and equipment	11	**96,218**	81,410
Right-of-use assets	26	**52,075**	63,753
Other noncurrent assets	12	**169,408**	186,359
Total Noncurrent Assets		**52,044,917**	45,183,694
		₱61,382,299	₱53,925,780
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other current liabilities	13	**₱853,649**	₱917,634
Loans payable	14	**2,400,017**	3,400,017
Subscription payable	9	**477,366**	477,366
Current portion of:			
Lease liabilities	26	**423,126**	392,651
Long-term debt	16	**2,026,000**	2,029,000
Total Current Liabilities		**6,180,158**	7,216,668

(Forward)

		December 31	
	Note	**2024**	2023
Noncurrent Liabilities			
Noncurrent portion of:			
Lease liabilities	26	**₱4,990,690**	₱5,448,360
Long-term debt	16	**5,000,000**	2,026,000
Net deferred tax liabilities	25	**2,413,187**	2,462,644
Net retirement liability	27	**4,965**	1,642
Other noncurrent liabilities	15	**386,639**	375,364
Total Noncurrent Liabilities		**12,795,481**	10,314,010
Total Liabilities		**18,975,639**	17,530,678
Equity			
Capital stock	17	**10,561,000**	10,561,000
Additional paid-in capital		**5,503,731**	5,503,731
Treasury stock		**(2,565,359)**	(2,565,359)
Other reserves		**9,404,043**	6,353,240
Retained earnings		**19,503,245**	16,542,490
Total Equity		**42,406,660**	36,395,102
		₱61,382,299	₱53,925,780

See accompanying Notes to Separate Financial Statements.

BELLE CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Note	**2024**	2023
		Years Ended December 31	
REVENUES			
Dividend income	9	**₱2,773,076**	₱1,271,234
Lease income	8	**2,418,892**	1,988,766
Revenue from property management		**246,012**	235,122
Sale of real estate		**202,859**	302,594
Others	18	**268,544**	188,004
		5,909,383	3,985,720
COSTS AND EXPENSES			
Cost of lease income	19	**(1,358,830)**	(1,348,745)
Cost of services for property management	20	**(178,066)**	(170,063)
Cost of real estate sold	21	**(66,355)**	(142,002)
General and administrative expenses	22	**(439,708)**	(361,357)
		(2,042,959)	(2,022,167)
OTHER INCOME (CHARGES)			
Interest expense	23	**(869,248)**	(724,650)
Interest income	4	**20,745**	10,849
Other expenses - net	24	**(2,402)**	(3,406)
		(850,905)	(717,207)
INCOME BEFORE INCOME TAX		**3,015,519**	1,246,346
INCOME TAX EXPENSE (BENEFIT)	25		
Current		**109,040**	17,790
Deferred		**(49,457)**	(22,718)
		59,583	(4,928)
NET INCOME		**2,955,936**	1,251,274
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent periods:			
Unrealized valuation gain on financial assets at FVOCI	10	**3,055,622**	1,231,765
Remeasurement loss on net retirement liability - net of tax	27	**–**	(4,615)
		3,055,622	1,227,150
TOTAL COMPREHENSIVE INCOME		**₱6,011,558**	₱2,478,424

See accompanying Notes to Separate Financial Statements.

BELLE CORPORATION

SEPARATE STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands, Except Par Value and Number of Shares)

		Years Ended December 31	
	Note	**2024**	2023
CAPITAL STOCK - ₱1 par value			
Authorized - 14,000,000,000 shares			
Issued and subscribed - 10,560,999,857 shares	17	**₱10,561,000**	₱10,561,000
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning and end of year		**5,503,731**	5,503,731
TREASURY STOCK - at cost			
Balance at beginning and end of year		**(2,565,359)**	(2,565,359)
OTHER RESERVES			
Cumulative unrealized market to market gain on financial assets at FVOCI	10		
Balance at beginning of year		**6,354,169**	5,124,160
Unrealized gain		**3,055,622**	1,231,765
Realized gain transferred to retained earnings		**(4,819)**	(1,756)
Balance at end of year		**9,404,972**	6,354,169
Cumulative remeasurement gains (losses) on net retirement liability	27		
Balance at beginning of year		**(929)**	3,686
Remeasurement loss on net retirement liability (net of tax)		**–**	(4,615)
Balance at end of year		**(929)**	(929)
		9,404,043	6,353,240
RETAINED EARNINGS			
Balance at beginning of year		**16,542,490**	15,871,248
Net income		**2,955,936**	1,251,274
Realized gain transferred from other reserves	10	**4,819**	1,756
Cash dividends	17	**–**	(581,788)
Balance at end of year		**19,503,245**	16,542,490
		₱42,406,660	₱36,395,102

See accompanying Notes to Separate Financial Statements.

BELLE CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Note	Years Ended December 31	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱3,015,519**	₱1,246,346
Adjustments for:			
Dividend income	9	**(2,773,076)**	(1,271,234)
Depreciation and amortization	8	**1,185,832**	1,175,634
Interest expense	23	**869,248**	724,650
Amortization of discount on trade receivables	5	**(83,574)**	(98,571)
Interest income	4	**(20,745)**	(10,849)
Net retirement cost	27	**3,323**	4,132
Unrealized foreign exchange gain - net		**(1,195)**	(48)
Reversal of allowance for expected credit losses (ECL)	5	**–**	(21,200)
Operating income before working capital changes		**2,195,332**	1,748,860
Decrease (increase) in:			
Receivables		**333,528**	555,765
Real estate for sale and land held for future development		**(157,284)**	(2,450)
Other assets		**27,704**	69,906
Increase (decrease) in:			
Trade and other current liabilities		**(71,030)**	(42,470)
Other noncurrent liabilities		**11,275**	(809)
Net cash generated from operations		**2,339,525**	2,328,802
Income taxes paid		**(71,927)**	(137,858)
Interest received		**20,745**	10,849
Contributions paid for pension asset	27	**–**	(4,135)
Net cash provided by operating activities		**2,288,343**	2,197,658
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Additional shares of stock of a subsidiary	9	**(5,246,363)**	–
Financial assets at FVOCI	10	**(37,339)**	(9,958)
Property and equipment	11	**(33,456)**	(27,662)
Investment property	8	**–**	(88,924)
Dividends received	9	**2,773,076**	1,271,234
Proceeds from:			
Disposal of property and equipment	11	**3,787**	–
Disposal of financial assets through FVOCI		**5,856**	7,459
Collection of advances to subsidiaries and associates		**89**	4,268
Additional advances to subsidiaries and associates		**(254)**	(546)
Net cash provided by (used for) investing activities		**(2,534,604)**	1,155,871

(Forward)

	Note	2024	2023
		December 31	
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of loans payable and long-term debt		**₱5,000,000**	₱–
Payments of:			
Long-term debt and loans payable		**(3,029,000)**	(1,570,925)
Lease liabilities	26	**(676,095)**	(663,178)
Interest		**(613,303)**	(465,588)
Dividends	17	**–**	(581,788)
Net cash provided by (used in) financing activities		**681,602**	(3,281,479)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**1,195**	48
NET INCREASE IN CASH AND CASH EQUIVALENTS		**436,536**	72,098
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**164,078**	91,980
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱600,614**	₱164,078
NONCASH FINANCIAL INFORMATION			
Reclassification of advances for land acquisitions to investment properties	8	**₱–**	₱1,528,929

See accompanying Notes to Separate Financial Statements.

BELLE CORPORATION

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. **General Information**

<u>Corporate Information</u>

Belle Corporation (Belle or the Company) is a stock corporation organized in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 20, 1973 and was listed at the Philippine Stock Exchange (PSE) on February 2, 1977. The businesses of Belle, direct and through subsidiaries and associates, include mainly real estate development, principally in the high-end leisure property market, gaming and various investment holdings.

The registered office address of Belle is 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City.

The subsidiaries and interest in a joint operation of the Company, which are all incorporated in the Philippines are as follows:

		As at December 31								
		2024			2023			2022		
		Percentage of Ownership			Percentage of Ownership			Percentage of Ownership		
	Industry	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total	Direct	Indirect	Total
Subsidiaries:										
Belle Bay Plaza Corporation (Belle Bay Plaza)*	Investment	100.0	–	100.0	100.0	–	100.0	100.0	–	100.0
Belle Infrastructure Holdings, Inc., (formerly Metropolitan Leisure and Tourism Corporation)*	Investment	100.0	–	100.0	100.0	–	100.0	100.0	–	100.0
Parallax Resources, Inc. (Parallax)*	Investment	100.0	–	100.0	100.0	–	100.0	100.0	–	100.0
SLW Development Corporation (SLW)*	Investment	100.0	–	100.0	100.0	–	100.0	100.0	–	100.0
Belle Grande Resource Holdings Inc. (BGRHI)*	Investment	100.0	–	100.0	100.0	–	100.0	100.0	–	100.0
Premium Leisure Corp. (PLC) and Subsidiaries:	Gaming	99.6	–	99.6	79.8	–	79.8	79.8	–	79.8
PremiumLeisure and Amusement, Inc. (PLAI)	Gaming	–	100.0	100.0	–	100.0	100.0	–	100.0	100.0
Foundation Capital Resources Inc.*	Investment	–	100.0	100.0	–	100.0	100.0	–	100.0	100.0
Sinophil Leisure and Resorts Corporation*	Investment	–	100.0	100.0	–	100.0	100.0	–	100.0	100.0
Pacific Online Systems Corporation (POSC) and Subsidiaries:	Gaming	–	50.1	50.1	–	50.1	50.1	–	50.1	50.1
Loto Pacific Leisure Corporation (LotoPac)	Gaming	–	100.0	100.0	–	100.0	100.0	–	100.0	100.0
Total Gaming Technologies, Inc. (TGTI)	Gaming	–	98.9	98.9	–	98.9	98.9	–	98.9	98.9
Falcon Resources Inc. (FRI)	Gaming	–	100.0	100.0	–	100.0	100.0	–	100.0	100.0
Futurelab Interactive Corp.**	Gaming	–	59.5	59.5	–	–	–	–	–	–
Interest in a Joint Operation -										
PinoyLotto Technologies Corp. (PinoyLotto)	Gaming	–	50.0	50.0	–	50.0	50.0	–	50.0	50.0

**Non-operating*
***50% owned by POSC and 50% owned by TGTI*

On March 11, 2024, the Board of Directors (BOD) of the Company approved the conduct of a tender offer for up to 6,312,026,669 common shares constituting 20.22% of the issued and outstanding common stock of PLC (the Tender Offer). On the same date, the BOD of PLC approved the voluntary delisting of PLC shares from the PSE, subject to the successful Tender Offer by the Company and in accordance with the requirements of the PSE for voluntary delisting. This was ratified by PLC's shareholders on April 22, 2024.

The Tender Offer commenced on March 22, 2024 and ended on April 24, 2024 (the Tender Offer Period). During the Tender Offer Period, a total of 6,172,912,242 common shares or approximately 19.77% of the total issued and outstanding stock of PLC were tendered for a total consideration of ₱5,246.4 million. On May 9, 2024, the Company successfully completed the Tender Offer. On July 9, 2024, PLC was delisted from the PSE.

As at December 31, 2024, PLC is 99.55% owned by the Company.

<u>Approval of the Separate Financial Statements</u>
The separate financial statements as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issuance by the BOD on February 21, 2025.

2. Summary of Material Accounting Policy Information

The material accounting policy information used in the preparation of the separate financial statements are consistently applied to all years presented, unless otherwise stated.

<u>Basis of Preparation and Statement of Compliance</u>
The separate financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Standards Council and adopted by the SEC, including SEC pronouncements.

The Company also prepares and issues consolidated financial statements for the same year as the separate financial statements. Users of these separate financial statements should read this together with the consolidated financial statements of the Company and its subsidiaries in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole. The consolidated financial statements can be obtained at the registered address of the Company or from the SEC.

Measurement Bases
The separate financial statements are presented in Philippine Peso, the Company's functional currency. All amounts are rounded to the nearest thousands (₱'000) unless otherwise stated.

The separate financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and net retirement liability which is measured at the fair value of plan assets less present value of the defined benefit obligation, respectively.

Historical cost is generally based on the fair value of the consideration given in exchange of an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Further information about the assumptions made in measuring fair values is included in Notes 8, 10 and 30.

<u>Adoption of Amendments to PFRS and PIC Issuances</u>

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS and PIC issuances effective for annual periods beginning on or after January 1, 2024:

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Noncurrent Liabilities with Covenants* - The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.

- PIC Q&A 2018-12-D, *PFRS 15, Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-4)* – On February 14, 2018, the PIC issued PIC Q&A 2018-12, which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On December 15, 2020, the SEC issued SEC MC No. 34-2020, providing relief to the real estate industry by deferring the application of "assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (with an addendum in PIC Q&A 2020-04)" until December 31, 2023.

  On July 8, 2021, the SEC issued SEC MC No. 8, series of 2021 amending the transition provision of the above PIC Q&A, providing real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach.

  The Company adopted PIC Q&A 2018-12-D effective January 1, 2024, using the modified retrospective approach and elected to apply PIC Q&A 2018-12-D only to contracts that are not completed at the date of initial application.

  The Company did not avail the deferral of the adoption of the provision of PIC Q&A 2018-12-E regarding the treatment of land in the determination of percentage of completion (POC) and the IFRIC Agenda Decision on over time transfer of constructed goods (PAS 23, *Borrowing Cost)* for the real estate industry. These have already been adopted in prior years.

The adoption of the amendments to PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable

<u>New and Amendments to PFRS in Issue But Not Yet Effective</u>

Relevant new and amendments to PFRS, which are not yet effective as at December 31, 2024 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures - Classification and Measurement of Financial Assets* - The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

    - Amendments to PFRS 7, *Financial Instruments: Disclosures* - The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

    - Amendments to PFRS 9, *Financial Instruments - Transaction Price and Lessee Derecognition of Lease Liabilities* - The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to *'transaction price as defined by PFRS 15, Revenue from Contracts with Customers'* to *'the amount determined by applying PFRS 15'* to remove potential confusion. Earlier application is permitted.

    - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* - The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* - This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the separate statements of financial position based on current or noncurrent classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at FVOCI. The classification of a financial asset largely depends on the Company's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2024 and 2023, the Company does not have financial assets and liabilities at FVPL.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2024 and 2023, the Company's cash and cash equivalents, receivables, advances to subsidiaries and associates and refundable deposits (presented as part of "Other noncurrent assets" account) are classified under this category.

Financial Assets at FVOCI. Equity securities which are not held for trading are irrevocably designated at initial recognition under the FVOCI category.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized gains or losses recognized in OCI and are included under "Other comprehensive income" account in the equity section of the separate statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative valuation gains or losses will be reclassified to retained earnings.

As at December 31, 2024 and 2023, the Company's investment in club shares and quoted and unquoted shares of stock are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2024 and 2023, the Company's trade and other current liabilities (excluding withholding and output tax payable and customers' deposits), loans payable, subscription payable, lease liabilities, long-term debt, and refundable deposits (presented as part of "Other noncurrent liabilities" account) are classified under this category.

Reclassification
The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment of Financial Assets at Amortized Cost
The Company records an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Company measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

Trade Receivables. The Company has applied the simplified approach in measuring the ECL on trade receivables. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial assets, the Company applies the general approach in determining ECL. The Company recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

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

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or 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. The difference in the respective carrying amounts is recognized in profit or loss.

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

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

<u>Real Estate for Sale and Land Held for Future Development</u>
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Costs include:

- Cost of the land;
- Construction and development costs; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated specifically identifiable costs to complete and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Repossessed real estate for sale is recognized at its fair value plus repossession cost.

Other Assets
This account mainly consists of creditable withholding taxes (CWT), excess of input value-added tax (VAT) over output VAT, advances to contractors and suppliers, prepaid expenses, advances to officers and suppliers, supplies, and refundable deposits (financial assets).

CWT. CWT represents the amount withheld by the Company's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount.

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

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included. The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" account in the separate statements of financial position.

Advances to Contractors and Suppliers. Advances to contractors and suppliers represent advance payments on goods and services to be incurred in connection with the Company's projects and operation. These are charged to expense or capitalized to projects in the separate statements of financial position, upon actual receipt of services or goods. These are considered as nonfinancial instruments as these will be applied against future billings from contractors and suppliers. Refundable advances to contractors and suppliers are classified as financial assets. Advances to contractors that will be applied as payments for construction of assets to be classified as inventories, are presented as part of "Other current assets" account in the separate statements of financial position.

Prepaid Expenses. Prepaid expenses are expenses not yet incurred but paid in advance. Prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as noncurrent asset.

Supplies. Supplies are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes expenditures incurred in acquiring the supplies and bringing them to their existing location and condition. Net realizable value is the current replacement cost.

Investment Properties
Investment properties comprise of land and building held by the Company to earn rentals or for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred and if the recognition criteria are met and excludes the costs of day-to-day servicing of investment properties. Subsequent to initial recognition, investment properties, except land, are stated at cost less accumulated depreciation, amortization and accumulated impairment loss, if any. Land is stated at cost less accumulated impairment loss, if any.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for investment properties, based on the above policies, are as follows:

Asset Type	Number of Years
Building	17 to 40 years
Building improvements	15 years or the term of the lease, whichever is shorter

Transfers are made to or from investment property only when there is a change in use. Transfer between investment properties and owner occupied properties at cost model do not change the carrying amount of the property.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gain or loss on the retirement of disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Property and Equipment

Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and accumulated impairment losses, if any. Land is stated at cost less accumulated impairment loss, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated and amortized separately.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Machinery and equipment	5 years
Condominium units and improvements	17 years
Office furniture, fixtures and equipment	3 to 5 years
Transportation equipment	4 to 5 years
Leasehold improvements	15 years or the term of the lease, whichever is shorter

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

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

Fully depreciated assets are retained in the accounts until these are no longer in use.

Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are carried at cost, less any impairment in value.

Subsidiaries are all entities controlled by the Company. The Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or control are similar to those necessary to determine control over subsidiaries.

The Company recognizes income from investments in subsidiaries and associates only to the extent that the Company receives distribution from accumulated profits from the subsidiaries and associates arising after the date of acquisition.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Capital Stock and Additional Paid-in Capital
Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Incremental costs directly attributable to the issuance of new capital stock are recognized as a deduction, net of tax, from the equity.

Treasury Stock
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the separate statements of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

Other Reserves
Other reserves comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other reserves of the Company pertains to cumulative unrealized market to market gains (losses) on financial assets at FVOCI and cumulative remeasurement gains (losses) on net retirement liability, which are not to be reclassified to profit or loss in subsequent periods.

Retained Earnings
Retained earnings represent the cumulative balance of the Company's results of operations, net of dividends declared to date.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Dividend Income. Revenue is recognized when the Company's right to receive the payment is established.

Lease Income. Lease income arising from operating leases on investment properties is accounted for on a straight-line basis over the terms of the lease. If the collection of the rentals is not probable, operating lease income is recognized only to the extent collectable.

Revenue from Property Management. Revenue is recognized as services of providing utilities and maintenance are performed.

Sale of Real Estate. The Company derives its real estate revenue from sale of lots. Revenue from the sale of these real estate projects spread over time across the course of the development or construction since the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In determining the transaction price, the Company considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties with consideration of financing component under PFRS. Starting January 1, 2024, the Company adopted the PIC guidance related to the consideration of significant financing component using the modified retrospective approach as discussed in Note 2 to the separate financial statements.

In measuring the progress of its performance obligation over time, the Company uses output method. The Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using performance completed to date. This is based on the monthly project accomplishment report prepared by the Company's engineers which integrates the surveys of performance to date of the construction.

Contract Balances

Receivables (Including Installment Receivables). A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the considerations received from the customer and the transferred goods or services to a customer.

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

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

The contract liabilities also include payments received by the Company from the customers for which revenue recognition has not yet commenced and payments in excess of percentage of completion.

Income from Playing Rights (presented under "Other revenue" account). Revenue from sale of club shares and playing rights are recognized when the risks and rewards of ownership of the shares and playing rights have been passed to the buyer and the amount of revenue can be reliably measured.

Penalty (presented under "Other revenue" account). Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when penalty is actually collected.

Income from Forfeitures (presented under "Other revenue" account). This represents income from forfeitures of the deposits and, to a certain extent, installments from customers in the event of a default and/or from cancellations of sales. Revenue is recognized upon approval of cancellation.

Interest Income. Interest income from trade receivables is recognized as the interest accrues using as the interest accrues using the effective interest rate method. Interest income from bank deposits is recognized as it accrues.

Other Income. Revenue is recognized when there is an incremental economic benefit, other than the usual business operations, that will flow to the Company and the amount of the revenue can be measured reliably.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Cost of Lease Income and Property Management. Cost of lease income and property management are recognized as expense when services are rendered.

Cost of Real Estate Sold. The Company recognizes costs relating to satisfied performance obligations based on the course of the development. These include all direct materials and labor costs, and those indirect costs related to contract performance. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as cost of real estate sold while the portion allocable to the unsold area being recognized as part of real estate inventories. In addition, the Company recognizes as an asset, only to the costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

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

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

a) the right to obtain substantially all of the economic benefits from the use of identified asset; and
b) the right to direct the use of the identified asset.

At the commencement date, the Company recognizes right-of-use (ROU) assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis. For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Company will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Company measures ROU assets at cost which is comprised of the following:

a) the amount of the initial measurement of lease liabilities;
b) any lease payments made at or before the commencement date less any lease incentives received;
c) any initial direct costs; and
d) an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are depreciated over the shorter of the lease terms or the useful lives of the underlying assets as follows:

Asset Type	Number of Years
ROU on land and building*	16 years and 4 months
Air rights	14 years and 6 months
Office spaces	2 years

**presented as part of Investment Properties in the separate statements of financial position*

Lease Liabilities. At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability consist of the following:

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

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

Company as a Lessor. Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases are recognized on a straight-line basis over the lease terms.

Operating income is recognized if it is probable that the entity will collect the consideration. In evaluating whether collectability of the amount of consideration is probable, the Company considers the customer's ability and intention to pay. If the collection of the rentals is not probable, operating lease income is recognized only to the extent collectible.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term.

In case of a lease modification, the Company accounts for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Employee Benefits

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

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. 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, difference between interest income and return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognize related restructuring costs.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Actuarial valuations are made with sufficient regularity that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting period.

Foreign Currency Denominated Transactions
Transactions denominated in foreign currencies are initially recorded in Philippine Peso using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency using the rate of exchange prevailing at the reporting date. Foreign exchange differences between the rate at transaction date and settlement date or reporting date are credited to or charged against profit or loss. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of initial transactions.

Income Taxes

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- When it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), only if it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient 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 period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

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

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or a member of the key management personnel of the reporting entity. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Company's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Company's total assets. Details of transactions entered into by the Company with related parties are reviewed in accordance with the Company's related party transactions policy.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies
Contingent liabilities are not recognized in the separate financial statements. These are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed when an inflow of economic benefits is probable.

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

3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of the separate financial statements in accordance with PFRS requires management to exercise judgment, make accounting estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the separate financial statements. The judgment, accounting estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

<u>Judgment</u>

In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving accounting estimations, which have the most significant effect on the amounts recognized in the separate financial statements.

Recognizing Revenue and Cost of Sale from Real Estate Sales:

- *Existence of a Contract*. The Company's primary document for a contract with a customer is a signed contract to sell, which contains all the criteria to qualify as contract with the customer under PFRS 15. In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history of customer, age of receivables and contract assets and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

- *Revenue Recognition Method and Measure of Progress*. The Company concluded that revenue for real estate sales is to be recognized over time because (a) the Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

  The Company has determined that actual costs incurred over the total estimated development costs method used in measuring the progress of the performance obligation faithfully depicts the Company's performance in transferring control of real estate development to the customers.

- *Identifying Performance Obligation*. The Company has contracts to sell covering serviced lot. The Company concluded that there is one performance obligation in each of these contracts because, for serviced lot, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. Included also in this performance obligation is the Company's service to transfer the title of the real estate unit to the customer.

- *Recognition of Revenue and Cost of Sale of Real Estate*. Selecting an appropriate revenue recognition method for a particular sale transaction requires certain judgments based on sufficiency of cumulative payments by the buyer, completion of development and existence of a binding sales agreement between the Company and the buyer. The completion of development is determined based on actual costs incurred over the total estimated development costs reconciled with the Company engineer's judgment and estimates on the physical portion of contract work done if the development cost is beyond preliminary stage.

  The Company's cost of real estate sold in 2024 and 2023 are disclosed in Note 21 to the separate financial statements.

Accounting for Leases

- *Determining Lease Term of Contracts with Renewal – Company as a Lessee.* The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset). As at December 31, 2024 and 2023, the Company did not include any extension or termination options in the lease term of its existing lease agreements.

- *Estimating the Incremental Borrowing Rate.* The Company uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company 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. It also 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 Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

  The Company's lease liabilities as at December 31, 2024 and 2023 are disclosed in Note 26 to the separate financial statements.

- *Operating Lease – as a Lessor.* The Company, as a lessor, has accounted for the lease agreements for its land and building under an operating lease. The Company has determined that it has not transferred the significant risks and rewards of ownership of the leased properties to the lessee because of the following factors:

  a) the lessee will not acquire ownership of the leased properties upon termination of the lease;

  b) the lessee was not given an option to purchase the assets at a price that is sufficiently lower than the fair value at the date of the option;

  c) the lease term is not a major part of the economic life of the asset; and

  d) the present value of the minimum lease payments is not substantially all of the fair value of the leased asset.

The Company's lease income earned from lease of land and building in 2024 and 2023 are disclosed in Notes 8 and 26 to the separate financial statements.

Assessing the Collectability of Lease Income. The Company assesses whether it is probable that it will collect the consideration to which it will be entitled in accordance with the lease agreement. In evaluating whether collectability of an amount of consideration is probable, the Company considers any lease modifications and the customer's ability and intention to pay the amount of consideration. The amount of consideration to which the Company will be entitled may also be less than the consideration stated in the contract because the parties may agree on a concession. The Company assesses the collectability of these contracts at the inception and reassesses if there is an indication of a significant change in facts and circumstances.

In 2023 and 2022, the Company, as a lessor, agreed to a concession wherein the minimum guaranteed rental payments were significantly reduced, and additional variable lease payments will be made subject to certain conditions. Accordingly, the rental income was recognized up to the extent collectible. In 2024, following the improvement in the lessee's ability and intention to pay the lease consideration, including the agreed-upon escalation rate and variable rent, the Company recognized the lease income on a straight-line basis.

The Company's lease income in 2024 and 2023 are disclosed in Notes 8 and 26 to the separate financial Statements.

Determining the Classification of Financial Instruments. Classification of financial assets under PFRS 9 depends on the results of the business model test and "sole payment of principal and interest" (SPPI) test performed by the Company. The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve their business objectives.

Determining the Fair Value of Financial Instruments. PFRS requires certain financial assets and liabilities to be carried at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies. Any changes in fair value of these financial assets would affect profit and loss and equity.

The fair value of the Company's financial assets and liabilities are disclosed in Note 30 to the separate financial statements.

Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining the Impairment of Receivables and Installment Receivables. The Company uses the simplified approach for its impairment provisions for financial assets which are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates on the basis of current observable data to reflect the effects of current and forecasted economic conditions at the end of each reporting period.

Allowance for impairment losses and the carrying amounts of receivables and installment receivables as at December 31, 2024 and 2023 are disclosed in Note 5 to the separate financial statements.

Determining Impairment Losses on Other Financial Assets at Amortized Cost. The Company determines the allowance for impairment loss of other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of the financial assets. The provision for impairment loss recognized during the period is limited to 12-month ECL since the Company's other financial assets at amortized cost are considered to have low credit risk.

The Company did not recognize impairment loss on other financial assets at amortized cost in 2024, and 2023. The carrying values of cash equivalents, advances to subsidiaries and associates and refundable deposits as at December 31, 2024 and 2023 are disclosed in Notes 4, 9 and 12 to the separate financial statements, respectively.

Determining the NRV of Real Estate for Sale and Supplies Inventory. Real estate for sale and supplies inventory are stated at lower of cost and NRV. The Company writes down the carrying value of real estate for sale and supplies inventory whenever the NRV becomes lower than cost.

The Company recognized a reversal of provision for impairment loss on spare parts and supplies. The carrying values of real estate for sale and supplies inventory carried at lower of cost and NRV are disclosed in Notes 6 and 7 to the separate financial statements.

Estimating the Useful Lives of Depreciable Investment Properties, Property and Equipment and ROU Assets. The Company estimates the useful lives of the depreciable investment properties, property and equipment and ROU assets based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in 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.

There were no changes in the estimated useful lives of depreciable investment properties, property and equipment and ROU assets in 2024 and 2023. The aggregate carrying amount of depreciable investment properties, property and equipment and ROU assets are disclosed in Notes 8, 11 and 26 to the separate financial statements.

Determining Impairment of Nonfinancial Assets. The Company assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Right-of-use assets, investments in subsidiaries and associates, investment properties and property and equipment are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Determining the value in use of these 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 Company to make estimates and assumptions that can materially affect the separate financial statements.

The Company did not recognize provision for impairment loss in its nonfinancial assets in 2024 and 2023.

The carrying values of nonfinancial assets as at December 31, 2024 and 2023 are disclosed in Notes 7, 8, 9, 11, 12, and 26 to the separate financial statements.

Assessing the Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The amount of deferred income tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Recognized and unrecognized deferred tax assets of the Company as at December 31, 2024 and 2023 are disclosed in Note 25 to the separate financial statements. Management believes that it is not probable that sufficient taxable income will be available to allow all these deferred tax assets to be utilized.

Evaluating Contingencies. The Company recognizes provision for possible claims when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of reserves required, if any, is based on analysis of such individual issue, often with the assistance of outside legal counsel.

4. Cash and Cash Equivalents

This account consists of:

	(In Thousands)	
	2024	2023
Cash on hand and in banks	**₱57,482**	₱94,572
Cash equivalents	**543,132**	69,506
	₱600,614	₱164,078

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term investments which are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term investment rates.

Interest income earned from cash in banks and cash equivalents amounted to ₱20.7 million and ₱10.8 million in 2024 and 2023, respectively.

5. Receivables and Installment Receivables

This account consists of:

		(In Thousands)	
	Note	**2024**	2023
Trade receivables:			
Leases	26	**₱2,901,966**	₱2,847,521
Real estate sales and installment receivables		**1,239,637**	1,540,884
Property management		**29,850**	45,858
Others		**5,916**	101,295
		4,177,369	4,535,558
Less allowance for ECL		**47,678**	155,913
		4,129,691	4,379,645
Less installment receivables - noncurrent portion		**753,783**	1,053,079
		₱3,375,908	₱3,326,566

Trade receivables from leases and property management are on a 30 to 60 days credit term.

Trade receivables from real estate sales are interest-bearing and are generally collected in installment within 3 to 5 years.

Other receivables are noninterest-bearing and generally have 30 to 90 days term.

The movements and balances of allowance for ECL are as follows:

	Note	2024 (In Thousands)	2023
Balance at beginning of year		**₱155,913**	₱177,113
Write-off		**(108,235)**	–
Reversal	22	**–**	(21,200)
Balance at end of year		**₱47,678**	₱155,913

Movement of unamortized discount on trade receivables from real estate sales are as follows:

	Note	2024 (In Thousands)	2023
Trade receivables at POC		**₱1,337,028**	₱1,707,452
Less discount on trade receivables:			
Balance at beginning of year		**166,568**	215,912
Amortization during the year	18	**(83,574)**	(98,571)
Discount recognized during the year		**14,397**	49,227
Balance at end of year		**97,391**	166,568
		₱1,239,637	₱1,540,884

As at December 31, 2024 and 2023, receivables from real estate at POC of ₱1,337.0 million and ₱1,707.5 million, respectively, were recorded initially at fair value. The fair value of the receivables was obtained by discounting future cash flows using applicable interest rates ranging from 5.55% to 13.83% in 2024 and 3.63% to 21.22% in 2023.

6. Real Estate for Sale and Land Held for Future Development

Real Estate for Sale

A summary of the movement in real estate for sale is set out below:

	Note	2024 (In Thousands)	2023
Balance at beginning of year		**₱155,656**	₱163,189
Repossession		**238,381**	114,384
Cost of real estate sold	21	**(66,355)**	(142,002)
Development costs (savings) incurred - net		**(16,109)**	20,085
Balance at end of year		**₱311,573**	₱155,656

Gain (loss) on repossessions amounted to ₱21.2 million and (₱3.2 million) in 2024 and 2023, respectively (see Note 18).

Land Held for Future Development

A summary of the movement in land held for development in 2024 and 2023 is set out below:

	2024 (In Thousands)	2023
Balance at beginning of year	**₱3,035,959**	₱3,025,976
Additional costs during the year	**1,367**	9,983
Balance at end of year	**₱3,037,326**	₱3,035,959

Land held for future development consists of properties in Tagaytay City, Batangas and Cavite. It includes certain parcels of land with a carrying value amounting to ₱911.2 million and ₱911.1 million as at December 31, 2024 and 2023, respectively, which are already in the Company's possession but are not yet fully paid pending the transfer of certificates of title to the Company. Outstanding payable related to the acquisition shown under "Trade and other current liabilities" account in the separate statements of financial position amounted to ₱144.9 million as at December 31, 2024 and 2023 (see Note 13).

As at December 31, 2024 and 2023, the cost of land held for future development and real estate for sale were lower than its net realizable value. There was no provision for impairment losses recognized in 2024 and 2023.

7. **Other Current Assets**

This account consists of:

	(In Thousands)	
	2024	2023
CWT	**₱1,010,545**	₱973,432
Input VAT	**504,948**	558,518
Advances to contractors and suppliers	**341,294**	346,289
Prepaid expenses	**171,281**	196,779
Advances to officers and employees	**3,598**	4,313
Supplies	**3,065**	3,266
	2,034,731	2,082,597
Less allowance for impairment losses	**22,770**	22,770
	₱2,011,961	₱2,059,827

CWT pertains to the withholding tax related to the real estate sold and services rendered by the Company.

Advances to contractors and suppliers primarily pertain to noninterest-bearing advances intended for exploration of projects and business opportunities. As at report date, the Company decided to discontinue certain projects and has ongoing negotiations with the consultant to finalize the terms and manner of recovery of the outstanding advances in the succeeding financial period.

Prepaid expenses include prepayments for insurance, commission and subscription.

Advances to officers and employees pertain to cash advances which are noninterest bearing and are subject to liquidation.

Supplies pertain to inventories used for daily operations such as oil, fuel and other supply inventories.

No provision for impairment losses was recognized in 2024 and 2023.

8. Investment Properties

This account consists of:

	(In Thousands)				
	2024				
	Land	**Building**	**ROU - Building Improvements**	**ROU Land**	**Total**
Cost					
Balances at beginning and end of year	**₱3,342,677**	**₱18,434,220**	**₱2,509,013**	**₱6,964,513**	**₱31,250,423**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**–**	**4,417,195**	**1,324,535**	**1,940,085**	**7,681,815**
Depreciation and amortization	**–**	**418,153**	**215,390**	**525,750**	**1,159,293**
Balances at end of year	**–**	**4,835,348**	**1,539,925**	**2,465,835**	**8,841,108**
Carrying Amounts	**₱3,342,677**	**₱13,598,872**	**₱969,088**	**₱4,498,678**	**₱22,409,315**

	(In Thousands)				
	2023				
	Land	Building	ROU - Building Improvements	ROU Land	Total
Cost					
Balances at beginning of year	₱1,724,824	₱18,434,220	₱2,509,013	₱6,964,513	₱29,632,570
Additions	1,617,853	–	–	–	1,617,853
Balances at end of year	3,342,677	18,434,220	2,509,013	6,964,513	31,250,423
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	4,014,042	1,109,145	1,414,335	6,537,522
Depreciation and amortization	–	403,153	215,390	525,750	1,144,293
Balances at end of year	–	4,417,195	1,324,535	1,940,085	7,681,815
Carrying Amounts	₱3,342,677	₱14,017,025	₱1,184,478	₱5,024,428	₱23,568,608

The fair value of investment properties as at December 31, 2024 and 2023, are higher than its carrying value as determined by management and independent appraisers (see Note 30). The valuation of investment properties was based on income approach for the building and sales comparison approach for the land. The fair value represents the amount at which an asset can be exchanged in an orderly transaction between market participants at the measurement date, in accordance with International Valuation Standards as set out by the International Valuation Standards Committee and management's assessment.

In determining the fair value of the investment properties, management and the independent appraisers considered the neighborhood data, community facilities and utilities, land data, sales prices of similar or substitute properties and the highest and best use of investment properties. The Company assessed that the highest and best use of its properties does not differ from their current use.

Lease income generated from investment properties amounted to ₱2,418.9 million and ₱1,988.8 million in 2024 and 2023, respectively (see Note 26). Direct cost related to the investment properties amounted to ₱1,358.8 million and ₱1,348.7 million in 2024 and 2023, respectively (see Note 19).

Depreciation and amortization consist of the following:

		(In Thousands)	
	Note	**2024**	2023
Investment properties		**₱1,159,293**	₱1,144,293
ROU assets	26	**11,678**	11,678
Property and equipment	11	**14,861**	19,663
		₱1,185,832	₱1,175,634

Depreciation and amortization are allocated as follows:

		(In Thousands)	
	Note	**2024**	2023
Cost of lease income	19	**₱1,159,293**	₱1,144,293
Cost of services for property management	20	**14,303**	17,590
General and administrative expenses	22	**12,236**	13,751
		₱1,185,832	₱1,175,634

In 2023, advances for land acquisitions amounting to ₱1,528.9 million were reclassified to investment properties.

9. Investments in and Advances to Subsidiaries and Associates

This account consists of:

		(In Thousands)	
	Note	**2024**	2023
Investments in subsidiaries and associates			
Cost		**₱20,453,403**	₱15,207,040
Allowance for impairment in value		**5,165,100**	5,165,100
		15,288,303	10,041,940
Advances to subsidiaries and associates			
Advances	28	**2,217,491**	2,217,326
Allowance for ECL		**2,009,841**	2,009,841
		207,650	207,485
		₱15,495,953	₱10,249,425

The Company has subscription payable pertaining to these investments amounting to ₱477.4 million as at December 31, 2024 and 2023.

Investment in PLC. PLC is involved in the investment in gaming-related business. As at December 31, 2023, PLC is a publicly listed company in PSE. On July 9, 2024, PLC was delisted from PSE (see Note 1). In 2024, the Company acquired additional shares from the tender offer for a total consideration of ₱5,246.4 million.

Investment in PLAI. PLAI, a subsidiary through PLC, and the Company are grantees by the Philippine Amusement and Gaming Corporation (PAGCOR) of a license to operate integrated resorts, including casinos in the vicinity of Entertainment City. PLAI's license runs concurrent with PAGCOR's congressional franchise, set to expire in 2033, renewable for another 25 years by the Philippine Congress.

Investment in POSC. POSC, a subsidiary through PLC, is engaged in the development, design and management of online computer systems, terminals and software for the gaming industry. POSC's shares of stock are listed in the PSE. Prior to October 1, 2023, POSC's primary source of revenue was the Equipment Lease Agreement (ELA) with the Philippine Charity Sweepstakes Office (PCSO) for the lease of lotto terminals. The ELA has been concluded on September 30, 2023.

PinoyLotto, a joint venture corporation owned by POSC, Philippine Gaming Management Corp. (PGMC) and International Lottery and Totalizator Systems. Inc. (ILTS), was awarded with the five years lease of the customized PCSO Lottery System at a contract price of ₱5,800.0 million. PinoyLotto commenced its commercial operations on October 1, 2023.

Investment in APC. APC is an associate engaged in renewable energy resource exploration, development and utilization. The fair values of investment in shares of stock of APC, which is publicly listed in the PSE, amounted to ₱647.5 million and ₱822.5 million as at December 31, 2024 and 2023, respectively. Fair values are determined by reference to quoted market price at the close of business as at reporting date.

The condensed financial information of APC prepared on the historical basis of accounting are as follows:

	(In Thousands)	
	2024	2023
Total current assets	**₱25,273**	₱27,468
Total noncurrent assets	**237,604**	241,521
Total current liabilities	**110,632**	111,662
Total noncurrent liabilities	**1,012**	3,948
Total equity	**151,233**	153,379
Revenue	**990**	13,663
Net income (loss)	**(5,017)**	5,034
Other comprehensive income	**2,870**	1,027
Total comprehensive income (loss)	**(2,147)**	6,060

The sources of dividend income earned by the Company in 2024 and 2023 are as follows:

		(In Thousands)	
	Note	**2024**	2023
Investment in a subsidiary -			
PLC		**₱2,751,255**	₱1,256,222
Financial assets at FVOCI:	10		
SM Prime Holdings, Inc.		**21,382**	14,646
SM Investments Corporation		**439**	366
		₱2,773,076	₱1,271,234

10. Financial Assets at Fair Value Through OCI

These accounts pertain to investments in equity instruments classified as financial assets at FVOCI as at December 31, 2024 and 2023, respectively.

These accounts consist of:

	(In Thousands)	
	2024	2023
Club shares	**₱11,354,100**	₱7,789,400
Shares of stock:		
Quoted	**1,598,095**	2,075,690
Unquoted	**115,970**	115,970
	₱13,068,165	₱9,981,060

The movements of financial assets at FVOCI in 2024 and 2023 are as follows:

	(In Thousands)	
	2024	2023
Cost		
Balance at beginning of year	**₱3,626,891**	₱3,622,636
Additions	**37,339**	9,958
Disposals	**(1,037)**	(5,703)
Balance at end of year	**3,663,193**	3,626,891
Cumulative unrealized mark to market gain on financial assets at FVOCI		
Balance at beginning of year	**6,354,169**	5,124,160
Unrealized gain during the year	**3,055,622**	1,231,765
Realized gain on disposal during the year	**(4,819)**	(1,756)
Balance at end of year	**9,404,972**	6,354,169
	₱13,068,165	₱9,981,060

The fair values of these securities are based on the quoted prices on the last trading day of the year. The Company determines the cost of investments sold using specific identification method.

Dividend income earned from financial assets at FVOCI amounted to ₱21.8 million and ₱15.0 million in 2024 and 2023, respectively (see Note 9).

Realized gain from sale of financial assets at FVOCI amounting to ₱4.8 million and ₱1.8 million in 2024 and 2023, respectively, were reclassified from “Other reserves” account to “Retained earnings” account in the separate statements of financial position.

11. Property and Equipment

The movements of this account are as follows:

		(In Thousands) 2024					
	Note	Machinery and Equipment	Condominium Units and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Land and Leasehold Improvements	Total
Cost							
Balances at beginning of year		**₱361,320**	**₱253,769**	**₱103,892**	**₱46,442**	**₱252,980**	**₱1,018,403**
Additions		**31,445**	**705**	**1,306**	**–**	**–**	**33,456**
Disposals		**(6,324)**	**(4,334)**	**(1,494)**	**(17,976)**	**–**	**(30,128)**
Balances at end of year		**386,441**	**250,140**	**103,704**	**28,466**	**252,980**	**1,021,731**
Accumulated Depreciation and Impairment							
Balances at beginning of year		**292,927**	**245,205**	**100,787**	**45,286**	**252,788**	**936,993**
Depreciation and amortization	8	**11,734**	**1,266**	**804**	**995**	**62**	**14,861**
Disposals		**(4,143)**	**(4,085)**	**(258)**	**(17,855)**	**–**	**(26,341)**
Balances at end of year		**300,518**	**242,386**	**101,333**	**28,426**	**252,850**	**925,513**
Carrying Amounts		**₱85,923**	**₱7,754**	**₱2,371**	**₱40**	**₱130**	**₱96,218**

		(In Thousands) 2023					
	Note	Machinery and Equipment	Condominium Units and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Land and Leasehold Improvements	Total
Cost							
Balances at beginning of year		₱339,088	₱248,955	₱103,853	₱45,865	₱252,980	₱990,741
Additions		22,232	4,814	39	577	–	27,662
Balances at end of year		361,320	253,769	103,892	46,442	252,980	1,018,403
Accumulated Depreciation and Impairment							
Balances at beginning of year		278,753	243,765	99,696	42,391	252,725	917,330
Depreciation and amortization	8	14,174	1,440	1,091	2,895	63	19,663
Balances at end of year		292,927	245,205	100,787	45,286	252,788	936,993
Carrying Amounts		₱68,393	₱8,564	₱3,105	₱1,156	₱192	₱81,410

Allowance for impairment loss on property and equipment amounted to ₱186.3 million as at December 31, 2024 and 2023.

12. Other Noncurrent Assets

This account consists of:

		(In Thousands)	
	Note	**2024**	2023
Refundable deposits	26	**₱97,790**	₱93,115
Deferred input VAT		**36,320**	55,698
Others		**35,298**	37,546
		₱169,408	₱186,359

Refundable deposits are subject to adjustments every year if rent rates increase and shall be returned to the Company without interest.

Deferred input VAT pertains to noncurrent portion of unamortized input VAT on purchases of capital goods.

Others include mainly the deferred charges from the recognition of refundable deposits at present values which are amortized annually (see Note 15).

13. Trade and Other Current Liabilities

This account consists of:

	Note	(In Thousands) 2024	2023
Accrued expenses		**₱189,480**	₱237,099
Statutory payables		**181,094**	212,923
Trade		**171,055**	181,008
Payables pertaining to land acquisitions	6	**144,863**	144,863
Customers' deposits and contract liabilities		**103,821**	78,444
Payable to related parties	28	**60,666**	60,666
Others		**2,670**	2,631
		₱853,649	₱917,634

Accrued expenses pertain to accruals for land transfer fees, professional fees, selling, interest, salaries, communication, rent and utilities and other expenses which are normally settled with an average term of 30 to 90 days.

Withholding and output tax payable are normally settled within the month following the end of the reporting period.

Trade payables are non-interest bearing with an average term of 90 days.

Payables pertaining to land acquisitions represent unpaid purchase price of land acquired from various land owners (see Note 6). These are noninterest-bearing and are due and demandable.

Customers' deposits and contract liabilities pertain to collections received from buyers for projects with pending recognition of sale.

14. Loans Payable

Loans payable are unsecured peso-denominated loans obtained from local banks and a related party with interest ranging from 3.95% to 7.13% and 3.95% to 6.88% in 2024 and 2023, respectively. Loans payable have historically been renewed or rolled over. Loans payable to banks are short-term loans from omnibus credit lines with terms of up to 360 days. Loans payable to a related party are due on demand with average interest rates computed based on prevailing bank rates.

The carrying amount of outstanding loans payable follows:

	Note	(In Thousands) 2024	2023
Loans payable to a related party	28	**₱2,100,000**	₱2,100,000
Loans payable to banks		**300,017**	1,300,017
		₱2,400,017	₱3,400,017

Interest expense on loans payable charged to operations amounted to ₱425.7 million and ₱233.3 million in 2024 and 2023, respectively (see Note 23).

15. **Other Noncurrent Liabilities**

This account consists of the following:

	(In Thousands)	
	2024	2023
Refundable deposits	**₱249,496**	₱237,225
Deferred lease income	**137,117**	138,139
Others	**26**	–
	₱386,639	₱375,364

Deferred lease income is recognized initially as the difference between the principal amount and present value of refundable deposits at the lease inception date and subsequently amortized on a straight-line basis over the lease term.

16. **Long-term Debt**

This account consists of the following:

	(In Thousands)	
	2024	2023
Loans	**₱7,026,000**	₱4,055,000
Current portion of long-term debt	**(2,026,000)**	(2,029,000)
Noncurrent long-term debt	**₱5,000,000**	₱2,026,000

BDO Unibank, Inc. (BDO)
On March 6, 2018, the Company availed of ₱3,000.0 million facility for the purpose of refinancing its short-term loans with other banks and other general funding requirements. The loan is payable at the end of its seven-year term, unsecured and bears an interest rate of 5.89% to 7.13% in 2024 and 6.25% to 7.00% in 2023.

On October 29, 2024, the Company availed ₱3,000.0 million facility and has drawn the full amount for the general corporate purposes which may include capital expenditures, investments, and refinancing. The loan is unsecured and has a term of 5 years with a floater interest rate based on a 3-month benchmark rate plus a certain margin.

The outstanding balance of these loans amounted to ₱3,586.0 million and ₱600.0 million as at December 31, 2024 and 2023, respectively.

China Banking Corporation (Chinabank)
The Company availed of ₱3,500.0 million facility for the purpose of financing capital expenditures, refinancing existing debt obligations and other general corporate purposes. These are unsecured and payable within three to five years with an annual fixed interest rate of 4.75%.

On November 12, 2024, the Company availed ₱3,000.0 million facility for the purpose of refinancing of existing debt obligations and financing capital expenditures and/or other general corporate purposes. The three-year unsecured loan bears an interest rate of 6.33%.

The Company has drawn ₱2,000.0 million from the facility in 2024. Outstanding balance of the loan amounted to ₱3,440.0 million and ₱3,455.0 million as at December 31, 2024 and 2023, respectively.

Covenants
The loan agreements provide certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control. During the term of the loan, the Company should keep a minimum current ratio of 1.0x and 2.0x for BDO and Chinabank, respectively, and maximum debt to equity ratio of 2.0x and 1.0x for BDO and Chinabank, respectively. As at December 31, 2024 and 2023, the Company complied with the terms of its loan covenants.

Repayment Schedule
The repayment schedules of long-term debt are as follows:

	(In Thousands)	
	2024	2023
Within one year	**₱2,026,000**	₱2,029,000
More than one year but not more than five years	**5,000,000**	2,026,000
	₱7,026,000	₱4,055,000

Interest expense on the loans from long-term debt amounted to ₱187.8 million and ₱219.3 million in 2024 and 2023, respectively (see Note 23).

17. **Equity**

Preferred Stock
As at December 31, 2024 and 2023, the Company has not issued any preferred stock out of the authorized 6,000,000,000 shares with a ₱1 par value. Under the provisions of the Company's articles of incorporation, the rights and features of the preferred stock shall be determined through a resolution of the BOD prior to issuance.

Common Stock
As at December 31, 2024 and 2023, the authorized common stock of the Company is 14,000,000,000 shares with a ₱1 par value.

The following summarizes the information on the Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
August 20, 1973	6,000,000,000	6,000,000,000	₱0.01
March 19, 1976	2,000,000,000	464,900,000	0.01
December 7, 1990	–	920,000,000	0.01
1990	–	833,500,000	0.01
October 19, 1990	(7,000,000,000)	(8,136,216,000)	1.00
June 18, 1991	–	3,381,840	1.00
1991	–	47,435,860	1.00
1992	–	11,005,500	1.00
December 7, 1993	–	473,550,000	₱1.00
1993	–	95,573,400	1.00
January 24, 1994	–	100,000,000	1.00
August 3, 1994	–	2,057,948	7.00
August 3, 1994	–	960,375	10.00
February 14, 1995	1,000,000,000	–	1.00
June 6, 1995	–	138,257,863	1.00
March 8, 1995	–	312,068,408	1.00
March 17, 1995	2,000,000,000	–	1.00
March 28, 1995	–	627,068,412	1.00
July 5, 1995	–	78,060,262	1.00
September 1, 1995	–	100,000,000	1.00
March 1, 1995	–	94,857,072	1.00
September 13, 1995	–	103,423,030	1.00
1995	–	123,990,631	1.00
1996	–	386,225,990	1.00
February 21, 1997	10,000,000,000	–	1.00
1997	–	57,493,686	1.00
1998	–	36,325,586	1.00
March 19, 1999	–	16,600,000	1.00
April 26, 1999	–	450,000,000	1.00
April 27, 1999	–	300,000,000	1.00
1999	–	306,109,896	1.00
2000	–	2,266,666	1.00
2001	–	2,402,003,117	1.00
April 14, 2011	–	2,700,000,000	1.95
July 18, 2011	–	119,869,990	3.00
July 18, 2011	–	1,388,613,267	3.00
October 6, 2015	–	1,617,058	1.00
	14,000,000,000	10,560,999,857	

Retained Earnings

The Company's retained earnings available for dividend declaration, computed based on the regulatory requirements of the SEC, amounted to ₱8,431.1 million and ₱5,204.5 million as at December 31, 2024 and 2023, respectively.

Dividends

On February 28, 2023, the Company's BOD approved the declaration of cash dividends of ₱0.06 per share amounting to ₱581.8 million to shareholders of record as of March 15, 2023. The total dividends are inclusive of dividends payable to subsidiaries which hold Company shares amounting to ₱15.1 million.

On February 21, 2025, the Parent Company's BOD approved the declaration of cash dividend of ₱0.06 per share amounting to approximately ₱581.8 million to shareholders of record as at March 7, 2025.

18. Other Revenue

This account consists of:

		(In Thousands)	
	Note	**2024**	2023
Amortization of discount on trade receivables	5	**₱83,574**	₱98,571
Tax refund		**63,249**	–
Service fee	28	**54,000**	54,000
Income from forfeitures		**23,194**	12,541
Gain (loss) on repossessions	6	**21,168**	(3,206)
Penalty		**8,508**	2,875
Administrative fees and other charges		**3,079**	4,972
Income (loss) from playing rights		**(848)**	11,696
Others		**12,620**	6,555
		₱268,544	₱188,004

Tax refund pertains to tax paid erroneously in prior years which were refunded in 2024.

Income from forfeitures represent deposits, and to a certain extent, installment payments from customers forfeited in the event of default and/or cancellations of real estate sales.

Penalty pertains to income from surcharges for buyers' default and late payments. Income is recognized when penalty is actually collected.

Others pertain to revenues from sale of scrap supplies and various administrative fees, such as utilities charges and payroll processing fees, during the year.

19. Cost of Lease Income

This account consists of:

		(In Thousands)	
	Note	**2024**	2023
Depreciation and amortization	8	**₱1,159,293**	₱1,144,293
Taxes		**171,845**	171,587
Insurance		**22,769**	21,321
Maintenance		**4,923**	11,544
		₱1,358,830	₱1,348,745

20. Cost of Services for Property Management

This account consists of:

	Note	(In Thousands) 2024	2023
Water services		**₱84,997**	₱69,575
Power and maintenance		**77,317**	82,387
Depreciation and amortization	8	**14,303**	17,590
Taxes and licenses		**1,449**	511
		₱178,066	₱170,063

21. Cost of Real Estate Sold

The cost of real estate sold amounted to ₱66.4 million and ₱142.0 million in 2024 and 2023, respectively (see Note 6).

22. General and Administrative Expenses

This account consists of:

	Note	(In Thousands) 2024	2023
Security, janitorial and service fees		**₱130,990**	₱113,652
Taxes and licenses		**123,640**	79,948
Personnel costs		**59,587**	68,172
Transportation and travel		**33,668**	6,408
Professional fees		**26,360**	28,469
Representation and entertainment		**23,683**	20,810
Depreciation and amortization	8	**12,236**	13,751
Subscription fees		**6,929**	7,398
Rental	26	**4,799**	5,259
Utilities		**4,063**	4,481
Marketing and advertising		**3,727**	2,680
Listing, filing and registration fees		**2,219**	20,827
Repairs and maintenance		**1,789**	6,301
Insurance		**1,566**	1,831
Office supplies		**994**	510
Communication		**510**	692
Reversal of ECL	5	**–**	(21,200)
Others		**2,948**	1,368
		₱439,708	₱361,357

23. Interest Expense

The sources of the Company's interest expense are as follows:

		(In Thousands)	
	Note	**2024**	2023
Loans payable	14	**₱425,681**	₱233,323
Lease liabilities	26	**248,900**	259,932
Long-term debt	16	**187,831**	219,334
Others		**6,836**	12,061
		₱869,248	₱724,650

24. Other Expenses - Net

This account consists of:

	(In Thousands)	
	2024	2023
Bank charges and termination fees	**(₱3,621)**	(₱3,454)
Net foreign exchange gain	**1,196**	48
Others	**23**	–
	(₱2,402)	(₱3,406)

25. Income Taxes

The provision for current income tax pertains to RCIT in 2024 and MCIT in 2023.

The components of the net deferred tax liabilities of the Company are as follows:

	(In Thousands)	
	2024	2023
Deferred tax assets:		
Lease liabilities	**₱1,353,444**	₱1,460,236
Discount on trade receivables	**24,168**	41,462
Accretion of refundable deposits	**8,292**	8,843
Unamortized past service costs	**678**	999
Allowance for ECL	**650**	650
	1,387,232	1,512,190
Deferred tax liabilities:		
Excess of carrying amount of investment property over construction costs	**(1,571,127)**	(1,609,736)
ROU assets	**(1,188,543)**	(1,303,240)
Difference between straight line accounting for lease income and contractual cash flows	**(678,067)**	(683,117)
Excess revenue per POC over cash collections	**(295,850)**	(313,939)

(Forward)

	(In Thousands)	
	2024	2023
Unaccreted discount on refundable deposits	**(₱35,839)**	(₱38,906)
Deferred income on real estate sales	**(21,331)**	(16,039)
Deferred lease expense	**(9,340)**	(9,626)
Unrealized foreign exchange gain - net	**(221)**	(130)
Net retirement liability	**(101)**	(101)
	(3,800,419)	(3,974,834)
Net deferred tax liabilities	**(₱2,413,187)**	(₱2,462,644)

The components of deferred tax are presented as follows:

	(In Thousands)	
	2024	2023
In profit or loss	**(₱2,413,496)**	(₱2,462,953)
In other comprehensive income	**309**	309
	(₱2,413,187)	(₱2,462,644)

The components of the Company's unrecognized deferred tax assets as at December 31, 2024 and 2023 for which deferred tax assets were not recognized follows:

	(In Thousands)	
	2024	2023
Allowances for:		
ECL	**₱550,041**	₱546,481
Probable losses	**3,733**	3,733
NOLCO	**153,886**	153,886
Excess MCIT over RCIT	**34,985**	36,523
	₱742,645	₱740,623

The above deferred tax assets as at December 31, 2024 and 2023 are not recognized in the books since management believes that it is not probable that taxable income will be available against which the deferred tax assets can be utilized.

The Company's unused NOLCO incurred in 2021 amounting to ₱615.5 million can be claimed as deduction from future taxable income until 2026.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 to implement Section 4 of the Republic Act No. 11494 (Bayanihan to Recover as One Act) allowing the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The details of the Company's MCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

	(In Thousands)				
Year Incurred	Beginning Balance	Incurred	Utilized/Expired	Ending Balance	Valid Until
2023	₱17,790	₱–	₱–	₱17,790	2026
2022	17,195	–	–	17,195	2025
2021	1,538	–	(1,538)	–	2024
	₱36,523	₱–	(₱1,538)	₱34,985	

The reconciliation between the income tax expense computed at statutory tax rate and the income tax expense (benefit) shown in the separate statements of comprehensive income is as follows:

	(In Thousands)	
	2024	2023
Income tax at statutory tax rate	**₱753,880**	₱311,587
Income tax effects of:		
Nontaxable income	**(693,269)**	(317,809)
Interest income subjected to final tax	**(5,186)**	(2,712)
Nondeductible expenses	**2,136**	2,585
Changes in unrecognized deferred tax assets	**2,022**	1,421
	₱59,583	(₱4,928)

26. Lease Commitments

Company as Lessee

The Company entered into a lease agreement with the Social Security System ("SSS") for a parcel of land situated in Aseana Business Park, Parañaque City. The lease rates are based on a fixed amount, subject to escalation. The lease agreement is effective until July 31, 2033 and may be renewed or extended upon such terms and conditions that are mutually acceptable to the parties. The ROU asset related to this lease agreement is presented as part of "Investment properties" account in the separate statements of financial position (see Note 8).

The Company and Belle Bay City, through its Board of Liquidators, entered into a Memorandum of Agreement granting the Company an absolute and exclusive right to use the "air rights" over a particular lot owned by Belle Bay City. The Company built a bridge way to connect City of Dreams Manila Phase 1 and Phase 2d. The agreement shall be a period of 50 years or upon termination of the Company's business operation on the bridge way, whichever comes earlier. Rental payments are subject to escalation as stated in the agreement.

The Company has a lease agreement with SM Prime Holdings, Inc. covering its office space. The lease term shall end on July 31, 2027, with option to renew subject to mutually agreed upon terms and conditions. Rent is payable within 30 days upon receipt of the billing.

The Company applies the "short-term lease" recognition exemptions for leases with terms of 12 months or less. Rent expense related to short-term leases amounted to ₱4.8 million and ₱5.3 million in 2024 and 2023, respectively (see Note 22).

The rollforward analysis of ROU assets is follows:

	Note	**(In Thousands)**		
		2024		
		Air Rights	**Office Spaces**	**Total**
Cost				
Balances at beginning and end of year		**₱53,673**	**₱39,887**	**₱93,560**
Accumulated Amortization				
Balances at beginning of year		**18,505**	**11,302**	**29,807**
Amortization	8	**3,701**	**7,977**	**11,678**
Balance at end of year		**22,206**	**19,279**	**41,485**
Carrying Amounts		**₱31,467**	**₱20,608**	**₱52,075**

	Note	(In Thousands)		
		2023		
		Air Rights	Office Spaces	Total
Cost				
Balances at beginning and end of year		₱53,673	₱39,887	₱93,560
Accumulated Amortization				
Balances at beginning of year		14,804	3,325	18,129
Amortization	8	3,701	7,977	11,678
Balances at end of year		18,505	11,302	29,807
Carrying Amounts		₱35,168	₱28,585	₱63,753

The following are the amounts recognized in the separate statements of comprehensive income:

	Note	(In Thousands)	
		2024	2023
Interest expense on lease liabilities	23	**₱248,900**	₱259,932
Amortization of ROU assets	8	**11,678**	11,678
Rent expense relating to short-term leases	22	**4,799**	5,259
		₱265,377	₱276,869

The rollforward analysis of lease liabilities follows:

		(In Thousands)	
		2024	2023
Balance at beginning of year		**₱5,841,011**	₱6,244,257
Payments		**(676,095)**	(663,178)
Interest expense	23	**248,900**	259,932
Balance at end of year		**5,413,816**	5,841,011
Current portion of lease liabilities		**423,126**	392,651
Lease liabilities - net of current portion		**₱4,990,690**	₱5,448,360

Shown below is the maturity analysis of the undiscounted lease payments:

	(In Thousands)	
	2024	2023
Within 1 year	**₱660,360**	₱662,441
After 1 year but not more than 5 years	**3,707,945**	2,812,192
More than 5 years	**2,173,485**	3,729,598

Refundable Deposits
The Company paid deposits as security to various leases amounting to ₱97.8 million and ₱93.1 million as at December 31, 2024 and 2023, respectively (see Note 12). These are refundable at the end of the lease term. The deposits are initially recognized at their present values and subsequently carried at amortized cost using effective interest method.

Company as Lessor
On October 25, 2012, the Company, as a lessor, entered into a lease agreement with Melco Resorts Leisure (PHP) Corporation (Melco) for the lease of land and building structures to be used in the City of Dreams Manila project ("the Project"). The lease period is co-terminus with the operating agreement between the Company and Melco which is effective on March 13, 2013 until the expiration of the License on July 11, 2033.

In 2022, the Company and Melco further agreed to amend its lease contract wherein the minimum guaranteed lease payments were reduced, and additional variable lease payments will be made subject to certain conditions. The subsequent rental payments will consist of a fixed base rent, subject to an annual escalation based on the headline inflation rate, and a variable rent based on the percentage ratio of actual against target gross gaming revenues of City of Dreams Manila.

In 2023 and 2022, the Company recognized lease income to the extent collectible due to the significant concessions granted by the Company to Melco. In 2024, following the improvement in the lessee's ability and intention to pay the lease consideration, including the agreed-upon escalation rate and the variable rent, the Company recognized lease income on a straight-line basis. The income recognized on the lease of land and building to Melco amounted to ₱2,418.9 million and ₱1,988.8 million in 2024, and 2023, respectively (see Note 8).

As at December 31, 2024 and 2023, the future minimum lease payments on the land and building structures are as follows:

	(In Thousands)	
	2024	2023
Within one year	**₱2,448,175**	₱2,324,505
In more than one year and not more than five years	**13,010,615**	10,265,763
In more than five years	**8,459,978**	13,939,490
	₱23,918,768	₱26,529,758

The Company's receivables from these leases are presented under the "Receivables" account in the separate statements of financial position amounting to ₱2,902.0 million and ₱2,847.5 million as at December 31, 2024 and 2023, respectively (see Note 5).

Costs incurred for these leases, which consists of taxes, property insurance and other costs, are presented under "Cost of lease income" account in the separate statements of comprehensive income (see Note 19).

27. **Retirement liability**

The Company has a funded, noncontributory defined benefit pension plan covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. Costs are determined in accordance with the forecasted actuarial study, the latest of which is dated December 31, 2023.

The following tables summarize the components of pension costs recognized in the separate statements of comprehensive income and the pension asset and retirement liability recognized in the separate statements of financial position.

Changes in the retirement benefits of the Company in 2024 are as follows:

	(In Thousands)		
	Present Value of Defined Benefit Obligation	**Fair Value of Plan Assets**	**Pension Asset (Liability)**
Balances at beginning of year	**(₱82,034)**	**₱80,392**	**(₱1,642)**
Net retirement cost in profit or loss	**(3,323)**	**–**	**(3,323)**
Balances at end of year	**(₱85,357)**	**₱80,392**	**(₱4,965)**

Changes in the retirement benefits of the Company in 2023 are as follows:

	(In Thousands)		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Asset (Liability)
Balances at beginning of year	(₱77,880)	₱82,388	₱4,508
Net retirement income (costs) in profit or loss:			
Current service cost	(4,227)	–	(4,227)
Net interest	(5,553)	5,648	95
	(9,780)	5,648	(4,132)
Benefits paid	10,481	(10,481)	–
Contributions	–	4,135	4,135
Remeasurement loss recognized in OCI:			
Actuarial changes arising from changes in financial assumptions	(1,773)	–	(1,773)
Actuarial changes due to changes in demographic assumptions	(212)	–	(212)
Actuarial changes due to experience	(2,870)	–	(2,870)
Actual return excluding interest income	–	(1,298)	(1,298)
	(4,855)	(1,298)	(6,153)
Balances at end of year	(₱82,034)	₱80,392	(₱1,642)

The accumulated remeasurement gains (losses) recognized in other comprehensive income as at December 31, 2024 and 2023 are as follows:

	2024		
	Accumulated Remeasurement Gain (Loss)	**Deferred Tax (see Note 25)**	**Net**
Balance at beginning and end of year	**(₱1,238)**	**(₱309)**	**(₱929)**

	2023		
	Accumulated Remeasurement Gain (Loss)	Deferred Tax (see Note 25)	Net
Balance at beginning of year	₱4,915	₱1,229	₱3,686
Remeasurement loss	(6,153)	(1,538)	(4,615)
Balance at end of year	(₱1,238)	(₱309)	(₱929)

The major categories of plan assets as a percentage of the fair value of total obligation as at December 31 are as follows:

	(In Thousands)	
	2024	2023
Cash and cash equivalents	**38%**	38%
Debt instruments - government bonds	**27%**	27%
Unit investment trust funds	**27%**	27%
Mutual fund	**6%**	6%
Others	**2%**	2%
	100%	100%

The Company’s plan assets is administered by a trustee. The Company and the retirement plan have no specific matching strategies between the retirement plan assets and define benefit asset or obligation under the retirement plan.

The principal assumptions used to determine retirement plan assets as at December 31 are as follows:

	2024	2023
Discount rates	**6%**	6%
Future salary increases	**8%**	8%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2024 assuming if all other assumptions were held constant:

	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation (In thousands)
Discount rate	2.2%	(₱1,769)
	(2.0%)	1,646
Salary increase rate	2.1%	1,719
	(2.0%)	(1,632)

The average duration of the Company's defined benefit obligation is 2.1 years. The Company does not expect to contribute to the plan assets in 2025.

The maturity analysis of the undiscounted benefit payments in 2024 are as follows:

	(In Thousands)
Within 1 year	₱65,177
More than 1 year to 5 years	18,158
More than 5 years to 10 years	23,069

28. **Related Party Transactions**

In the ordinary course of business, the Company has transactions with related parties which consist mainly of reimbursable expenses and extension or availment of noninterest-bearing advances. The outstanding balances at year-end are payable on demand. There have been no guarantees provided or received for any related party receivables or payables. Related party transactions are generally settled in cash. Related party transactions amounting to 10% or higher of the Company's separate total assets are subject to the approval of the BOD.

Details of related party transactions are as follows:

				(In Thousands)			(In Thousands)
Related Party	Relationship	Transaction		Transaction Amounts	Outstanding Balance	Terms	Condition
Advances to subsidiaries and associates (see Note 9):							
Belle Bay Plaza	Subsidiary	Reimbursable Expenses	**2024**	**₱13**	**₱1,624,699**	Noninterest-bearing, due on demand	Unsecured, provided with allowance amounting to ₱1,624,558 as at December 31, 2024 and 2023
			2023	₱13	₱1,624,647		
BIHI	Subsidiary	Reimbursable expenses	**2024**	**15**	**250,327**	Noninterest-bearing, due and demandable	Unsecured, provided with allowance amounting to ₱251,569 as at December 31, 2024 and 2023
			2023	19	251,611		
BGRHI	Subsidiary	Reimbursable expenses	**2024**	**267**	**138,728**	Noninterest-bearing, due and demandable	Unsecured, partially provided with allowance amounting to ₱2,647 as at December 31, 2024 and 2023
			2023	467	138,461		

(Forward)

				(In Thousands)			(In Thousands)
Related Party	Relationship	Transaction		Transaction Amounts	Outstanding Balance	Terms	Condition
APC	Associate	Advances to associate	**2024**	**₱–**	**₱79,979**	Noninterest-bearing, due and demandable	Unsecured, provided with allowance amounting to ₱79,452 as at December 31, 2024 and 2023
			2023	₱–	₱79,979		
Parallax	Subsidiary	Reimbursable expenses	**2024**	**16**	**43,203**	Noninterest-bearing, due and demandable	Unsecured, partially provided with allowance amounting to ₱750 as at December 31, 2024 and 2023
			2023	37	43,187		
Belle Jai Alai	Associate	Advances to associate	**2024**	–	**29,398**	Noninterest-bearing, due and demandable	Unsecured, fully provided with allowance in 2024 and 2023
			2023	–	29,398		
SLW	Subsidiary	Reimbursable expenses	**2024**	**83**	**28,566**	Noninterest-bearing, due and demandable	Unsecured, partially provided with allowance amounting to ₱63 as at December 31, 2024 and 2023
			2023	24	28,483		
PLC	Subsidiary	Reimbursable expenses	**2024**	**74**	**74**	Noninterest-bearing, due on demand	Unsecured, no impairment
			2023	–	74		
PLAI	Subsidiary	Reimbursable expenses	**2024**	**22**	**858**	Noninterest-bearing, due and demandable	Unsecured, no impairment
			2023	–	836		
			2023	–	–		
Others	Subsidiaries and associates	Advances to subsidiaries and associates	**2024**	**–**	**21,659**	Noninterest-bearing, due and demandable	Unsecured, partially provided with allowance amounting to ₱21,404 as at December 31, 2024 and 2023
			2023	–	20,650		
			2024		**2,217,491**		
			2023		2,217,326		
		Less allowance for ECL (see note 9)	**2024**		**2,009,841**		
			2023		2,009,841		
			2024		**₱207,650**		
			2023		₱207,485		
Payable to related parties (see Note 13):							
Belle Jai Alai	Associate	Advances to associate	**2024**	**₱–**	**₱60,666**	Noninterest-bearing, due and demandable	Unsecured
			2023	₱–	₱60,666		
Loans payable -							
PLC (see Note 14)	Subsidiary	Loans payable	**2024**	**–**	₱2,100,000	3.3% to 6.4%, due on demand	Unsecured
			2023	(₱1,605,925)	₱2,100,000		
Others							
PLC	Subsidiary	Interest expense on loans payable	**2024**	**₱127,701**	**₱–**	Noninterest-bearing, 30 days	Unsecured
			2023	₱199,415	₱–		
PLC	Subsidiary	Dividend income (see Note 9)	**2024**	**2,751,255**	**–**	Noninterest-bearing, due within 1 year	Unsecured
			2023	1,251,222	–		
PLC	Subsidiary	Service fees (see Note 18)	**2024**	**54,000**	**–**	Noninterest-bearing, 30 days	Unsecured
			2023	54,000	–		
SM Prime Holdings, Inc.	With common stockholders	Lease	**2024**	14,402	**–**	Noninterest-bearing, 30 days	Unsecured
			2023	13,947	–		
		Dividend income (see Note 9)	**2024**	**21,382**	**–**	Noninterest-bearing, due within 1 year	Unsecured
			2023	14,646	–		
Highlands Prime, Inc. (HPI)	With common stockholders	Service fees	**2024**	**27,144**		Noninterest-bearing, 30 days	Unsecured
			2023	37,697	–		
SM Investments Corporation	Stockholder	Service fees	**2024**	**66,000**	**–**	Noninterest-bearing, 30 days	Unsecured
			2023	66,000	–		
		Dividend income (see Note 9)	**2024**	**439**	**–**	Noninterest-bearing, due within 1 year	Unsecured
			2023	366	–		
Directors and officers	Key management personnel	Salaries and wages	**2024**	**27,779**	–	Not applicable	Unsecured
			2023	31,104	–		
		Long-term employee benefits	**2024**	**3,807**	–	Not applicable	Unsecured
			2023	1,682	–		
		Professional fees	**2024**	**14,845**	–	Not applicable	Unsecured
			2023	20,245	–		

Transactions with other related parties are as follows:

- The Company entered into a renewable one-year service agreement with HPI for sales and marketing services with amendments in 2024 to include the development, management and operations of properties in Tagaytay Highlands. Service fees charged by HPI to the Company amounted to ₱27.1 million and ₱37.7 million in 2024 and 2023, respectively, which are recognized under "General and administrative expenses" in the separate statements of comprehensive income.

- The Company entered into a service agreement with PLC wherein the Company shall provide sufficient personnel and other resources for accounting and administrative functions. Service fees charged by the Company to PLC amounted to ₱54.0 million in 2024 and 2023, which are recognized under "Other revenue" in the separate statements of comprehensive income (see Note 18).

- The Company entered into a renewable one-year professional service agreement with SM Investments Corporation (SMIC). Service fees charged by SMIC to the Company amounted to ₱66.0 million in 2024 and 2023, which are recognized under "General and administrative expenses" in the separate statements of comprehensive income.

29. Significant Contracts and Commitments

Investment Commitment with PAGCOR

The Company and its casino operator are required to have an "Investment Commitment" based on PAGCOR guidelines of US$1.0 billion, of which US$650.0 million shall be invested upon the opening of the casino and the other US$350.0 million shall be invested within a period of three (3) years from the commencement of the casino operations. The Investment Commitment should comprise of the value of land used for the projects and the construction costs of various facilities and infrastructure within the site of the project. As at December 31, 2024 and 2023, the Company and its co-licensees have complied with the Investment Commitment. The related land, facilities and infrastructure are recorded under "Investment Properties" in the separate statements of financial position (see Note 8).

Cooperation Agreement with Melco

On October 25, 2012, the Company together with PLAI ("Philippine Parties"), formally entered into a Cooperation Agreement with Melco which governs their cooperation in the development and operation of the City of Dreams Manila. The Cooperation Agreement places the Company as a co-licensee and the owner of the site's land and buildings, while Melco will be a co-licensee and operator of all the facilities within the resort complex.

Operating Agreement with Melco

On March 13, 2013, the Company, together with PLAI, entered into an Operating Agreement with MPHIL Holdings No. 2 Corporation, MPHIL Holdings No.1 Corporation and Melco. Under the terms of the Operating Agreement, Melco was appointed as the exclusive operator and manager of the casino development Project. The Operating Agreement shall be in full force and effect for the period of the PAGCOR License, unless terminated earlier in accordance with the agreements among the parties.

30. **Financial Assets and Financial Liabilities**

Financial Risk Management Objectives and Policies

The Company's principal financial liabilities are composed of its trade and other current liabilities, loans payable, and long-term debt. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents, receivables, financial assets at FVOCI and installment receivables. The Company also holds deposits, refundable deposits, guarantee deposits, and lease liability.

The main risks arising from the Company's financial assets and financial liabilities are interest rate risk, equity price risk, credit risk and liquidity risk. The Company's BOD and management review and agree on the policies for managing each of these risks and these are summarized below.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial assets and financial liabilities. The Company's exposure to interest rate risk relates primarily to the Company's long-term debt which are subject to cash flow interest rate risk.

The Company's policy is to manage its interest cost at fixed and variable interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with other variables held constant of the Company's income before income tax:

	(In Thousands)	
	2024	2023
Increase (decrease) in basis points		
100	**₱1,006,654**	(₱183,294)
(100)	**(1,006,654)**	183,294

Equity Price Risk. Equity price risk is the risk that the fair value of quoted investments held for trading and financial assets at FVOCI in listed equities decreases as a result of changes in the value of individual stock. The Company's exposure to equity price risk relates primarily to the Company's financial assets at FVOCI. The Company monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Company's other comprehensive income:

	(In Thousands)	
	2024	2023
Increase (decrease) in share price		
5%	**₱503,326**	₱500,917
(5%)	**(503,326)**	(500,917)

Credit Risk. Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

In the Company's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Company and retain ownership of the property. The Company has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. The Company's primary target customers are high-income individuals and top corporations, in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Trade receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. Receivables from sale of club shares are secured by the shares held by the Company. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from the financial assets of the Company, which comprise of cash and cash equivalents, receivables, advances to subsidiaries and associates, financial assets at FVOCI, deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

The table below shows the Company's aging analysis of financial assets.

	(In Thousands)						
	2024						
	Neither Past Due nor Impaired	**Past Due but not Impaired**					
		Less than 30 Days	**31 to 60 Days**	**61 to 90 Days**	**Over 90 Days**	**Impaired**	**Total**
Cash and cash equivalents*	**₱600,559**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱600,559**
Receivables	**4,078,411**	**2,927**	**13,606**	**1,003**	**33,744**	**47,678**	**4,177,369**
Advances to subsidiaries and associates**	**207,650**	**–**	**–**	**–**	**–**	**2,009,841**	**2,217,491**
Deposits***	**97,790**	**–**	**–**	**–**	**–**		**97,790**
	₱4,984,410	**₱2,927**	**₱13,606**	**₱1,003**	**₱33,744**	**₱2,057,519**	**₱7,093,209**

**Excluding cash on hand amounting to ₱0.06 million.*
***Presented under "Investments in and advances to subsidiaries and associates" account in the separate statements of financial position.*
****Presented under "Other noncurrent assets" account in the separate statements of financial position.*

	(In Thousands)						
	2023						
	Neither Past Due nor Impaired	Past Due but not Impaired					
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
Cash and cash equivalents*	₱163,973	₱–	₱–	₱–	₱–	₱–	₱163,973
Receivables	4,238,214	4,188	8,764	1,183	127,296	155,913	4,535,558
Advances to subsidiaries and associates**	207,485	–	–	–	–	2,009,841	2,217,326
Deposits***	93,115	–	–	–	–	–	93,115
	₱4,702,787	₱4,188	₱8,764	₱1,183	₱127,296	₱2,165,754	₱7,009,972

**Excluding cash on hand amounting to ₱0.1 million.*
***Presented under "Investments in and advances to subsidiaries and associates" account in the separate statements of financial position.*
****Presented under "Other noncurrent assets" account in the separate statements of financial position.*

Financial assets are considered past due when collections are not received on due date.

Past due accounts which pertain to trade receivables from sale of real estate units and club shares are recoverable since the legal title and ownership of the real estate units and club shares will only be transferred to the customers upon full payment of the contract price.

Credit Quality of Financial Assets
The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Company's financial assets are as follows:

	(In Thousands)			
	2024			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	ECL Credit Impaired	Total
Financial Assets at Amortized Cost				
Cash and cash equivalents*	**₱600,559**	**₱–**	**₱–**	**₱600,559**
Receivables	**4,129,691**	**–**	**47,678**	**4,177,369**
Advances to subsidiaries and associates**	**207,650**	**–**	**2,009,841**	**2,217,491**
Deposits***	**97,790**	**–**	**–**	**97,790**
Gross Carrying Amount	**₱5,035,690**	**₱–**	**₱2,057,519**	**₱7,093,209**

**Excluding cash on hand amounting to ₱0.06 million.*
***Presented under "Investments in and advances to subsidiaries and associates" account in the separate statements of financial position.*
****Presented under "Other noncurrent assets" account in the separate statements of financial position.*

	(In Thousands)			
	2023			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	ECL Credit Impaired	Total
Financial Assets at Amortized Cost				
Cash and cash equivalents*	₱163,973	₱–	₱–	₱163,973
Receivables	4,203,339	176,306	155,913	4,535,558
Advances to subsidiaries and associates**	207,485	–	2,009,841	2,217,326
Deposits***	93,115	–	–	93,115
Gross Carrying Amount	₱4,667,912	₱176,306	₱2,165,754	₱7,009,972

**Excluding cash on hand amounting to ₱0.1 million.*
***Presented under "Investments in and advances to subsidiaries and associates" account in the separate statements of financial position.*
****Presented under "Other noncurrent assets" account in the separate statements of financial position.*

Liquidity Risk. Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Company considers obtaining borrowings as the need arises.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted cash flows.

	(In Thousands)					
	2024					
	On Demand	**Less than 6 Months**	**6 Months to 1 Year**	**More than 1 Year to 3 Years**	**More than 3 Years**	**Total**
Financial Liabilities						
Loans payable*	**₱2,100,017**	**₱300,000**	**₱–**	**₱–**	**₱–**	**₱2,400,017**
Trade and other current liabilities**	**568,734**	**–**	**–**	**–**	**–**	**568,734**
Subscription payable	**477,366**	**–**	**–**	**–**	**–**	**477,366**
Long-term debt*	**–**	**–**	**2,026,000**	**2,000,000**	**3,000,000**	**7,026,000**
Lease liabilities	**–**	**324,845**	**335,516**	**2,151,831**	**3,729,598**	**6,541,790**
Refundable deposit***	**–**	**–**	**–**	**–**	**246,496**	**246,496**
	₱3,146,117	**₱624,845**	**₱2,361,516**	**₱4,151,831**	**₱6,976,094**	**₱17,260,403**

**Including future interest payments.*
***Excluding withholding and output tax payable, customers' deposit and contract liabilities*
****Presented under "Other noncurrent liabilities" account in the separate statements of financial position.*

	(In Thousands)					
	2023					
	On Demand	Less than 6 Months	6 Months to 1 Year	More than 1 Year to 3 Years	More than 3 Years	Total
Financial Liabilities						
Loans payable*	₱2,100,000	₱1,307,746	₱–	₱–	₱–	₱3,407,746
Trade and other current liabilities**	626,267	–	–	–	–	626,267
Subscription payable	477,366	–	–	–	–	477,366
Long-term debt*	–	2,065,127	85,875	2,137,103	–	4,288,105
Lease liabilities	–	334,796	327,645	2,076,085	4,465,705	7,204,231
Refundable deposit***	–	–	–	–	237,225	237,225
	₱3,203,633	₱3,707,669	₱413,520	₱4,213,188	₱4,702,930	₱16,240,940

**Including future interest payments.*
***Excluding withholding and output tax payable, customers' deposit and contract liabilities*
****Presented under "Other noncurrent liabilities" account in the separate statements of financial position.*

The Company expects to settle its maturing obligations on long-term debt from its rental income on land and building and expected profits from real estate development operations.

Capital Management

The primary objective of the Company's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and adjusts the same, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2024 and 2023.

The Company considers the following as its capital:

	(In Thousands)	
	2024	2023
Common stock	**₱10,561,000**	₱10,561,000
Additional paid-in capital	**5,503,731**	5,503,731
Treasury stock	**(2,565,359)**	(2,565,359)
Retained earnings	**19,503,245**	16,542,490
	₱33,002,617	₱30,041,862

The Company is required to maintain debt-to-equity ratios in accordance with its loan agreements (see Note 16) and its license issued by the PAGCOR. As at December 31, 2024 and 2023, the Company was compliant with the requirements.

Fair Value of Assets and Financial Liabilities

Set out below is a comparison by category and by class of carrying values and fair values of the Company's assets and financial liabilities:

	(In Thousands)				
	2024				
	Carrying Value	**Fair Value**	**Quoted (Unadjusted) Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets					
Assets measured at fair value -					
Financial assets at FVOCI	**₱13,068,165**	**₱13,068,165**	**₱12,952,195**	**₱–**	**₱115,970**
Assets for which fair value is disclosed -					
Investment properties	**22,409,315**	**41,782,462**	**–**	**–**	**41,782,462**
Liabilities					
Liabilities for which fair values are disclosed:					
Refundable deposits	**246,429**	**246,429**	**-**	**246,429**	**–**
Long-term debt	**7,026,000**	**8,268,941**	**–**	**–**	**8,268,941**

	(In Thousands)				
	2023				
	Carrying Value	Fair Value	Quoted (Unadjusted) Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Assets measured at fair value -					
Financial assets at FVOCI	₱9,981,060	₱9,981,060	₱9,865,090	₱–	₱115,970
Assets for which fair value is disclosed -					
Investment properties	23,568,608	41,782,462	–	–	41,782,462
Liabilities					
Liabilities for which fair values are disclosed:					
Refundable deposits	237,225	237,225	–	237,225	–
Long-term debt	4,055,000	4,235,913	–	–	4,235,913

The Company has no financial liabilities measured at fair value as at December 31, 2024 and 2023. There were no transfers between fair value measurements in 2024 and 2023.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:

Cash and Cash Equivalents, Receivables, Trade and Other Current Liabilities, Loans Payable. The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Financial Assets at FVOCI. The fair values of financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

Advances to Subsidiaries and Associates, Deposits and Refundable Deposits. The carrying amounts of advances to subsidiaries and associates, deposits and refundable deposits approximate their fair values due to unavailability of information as to the repayment date that would provide a reasonable basis for fair value measurement.

Long-term Debt. The fair value long-term loans payable is determined by discounting the obligations' expected future cash flows using the discount rate of 4.75% to 7.13% in 2024 and 2023.

31. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

	(In Thousands)				
	2024				
	Balance at beginning of year	**Cash flows**	**Interest expense**	**Dividends declared**	**Balance at end of year**
Lease liabilities	**₱5,841,011**	**(₱676,095)**	**₱248,900**	**₱–**	**₱5,413,816**
Loans payable	**3,400,017**	**(1,000,000)**	**–**	**–**	**2,400,017**
Long-term debt	**4,055,000**	**2,971,000**	**–**	**–**	**7,026,000**
Interest payable	**18,185**	**(613,303)**	**620,348**	**–**	**25,230**
	₱13,314,212	**₱681,602**	**₱869,248**	**₱–**	**₱14,865,063**

	(In Thousands)				
	2023				
	Balance at beginning of year	Cash flows	Interest expense	Dividends declared	Balance at end of year
Lease liabilities	₱6,244,257	(₱663,178)	₱259,932	₱–	₱5,841,011
Loans payable	4,155,942	(755,925)	–	–	3,400,017
Long-term debt	4,870,000	(815,000)	–	–	4,055,000
Interest payable	19,055	(465,588)	464,718	–	18,185
Dividends payable	–	(581,788)	–	581,788	–
	₱15,289,254	(₱3,281,479)	₱724,650	₱581,788	₱13,314,213

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Belle Corporation
5th Floor, Tower A, Two E-Com Center
Palm Coast Avenue, Mall of Asia Complex
CPB-1A, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Belle Corporation (the Company) as at and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated February 21, 2025. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2024 is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic separate financial statements. The information in this schedule has been subjected to the auditing procedures applied in our audit of the basic separate financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782/P-005; Valid until June 6, 2026
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10467126
Issued January 2, 2025, Makati City

February 21, 2025
Makati City, Metro Manila

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

BELLE CORPORATION

Address: 5th Floor, Tower A, Two E-Com Center,
Palm Coast Avenue, Mall of Asia Complex, CPB-1A, Pasay City

		Amount (In thousands)
Unappropriated retained earnings, beginning of reporting period		₱5,204,450
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of retained earnings appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others:		
Realized gain on club shares transferred to Retained Earnings		4,819
		5,209,269
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period		
Excess of carrying amount of investment property over construction cost, net of tax	115,825	
Difference between straight line accounting for lease income and contractual cash flows	15,911	
Accretion of Security deposit, net of tax	9,203	140,939
Unappropriated retained earnings, beginning of reporting period as adjusted		5,350,208
Add/less: Net income for the current year		2,955,936
		8,306,144
Add/less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		124,958
Total retained earnings, end of the reporting period available for dividend		₱8,431,102

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Stockholders and the Board of Directors
Belle Corporation
5th Floor, Tower A, Two E-Com Center
Palm Coast Avenue, Mall of Asia Complex
CPB-1A, Pasay City

We have audited the accompanying separate financial statements of Belle Corporation (the Company) as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated February 21, 2025.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782/P-005; Valid until June 6, 2026
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10467126
Issued January 2, 2025, Makati City

February 21, 2025
Makati City, Metro Manila