

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT OF CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.
PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE (THE "CODE" OR "SRC")

1. For the fiscal year ended: **31 December 2024**
2. Name of registrant as specified in its charter: **CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP. (the "Company" or "CLIHC")**
3. Country of Incorporation: **REPUBLIC OF THE PHILIPPINES**
4. SEC Identification Number: **CS201619734**
5. BIR Tax Identification Code: **009-393-167-000**
6. Industry Classification Code: (SEC Use Only)
7. Address of principal office: **Stella Hizon Reyes Road, Bo. Pampanga
Davao City 8000**
8. Registrant's telephone number: **(082)224-5373**
9. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the SRC:

<u>Title of Each Class</u>	<u>Par Value</u>	<u>Number of Shares</u>
Common Shares	₱ 1.00	1,899,768,615

10. Are any or all of Company's securities listed on a Stock Exchange?

Yes No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange – Common Shares

11. Check whether the issuer:

1. Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 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):

Yes No

2. Has been subject to such filing requirements for the past ninety (90) days.

Yes No

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PART I – BUSINESS AND GENERAL INFORMATION

I. Business Overview

Item 1. Historical Background

Chelsea Logistics and Infrastructure Holdings Corp. (CLIHC) is a corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) as 'Chelsea Shipping Group Corp.' on August 26, 2016 primarily to act as a holding company.

On November 24, 2016, the Company acquired all of the outstanding shares of Chelsea Shipping Corp. (CSC) from P-H-O-E-N-I-X Petroleum Philippines, Inc. (PPPI), a related party under common ownership, for a total consideration of ₱2.0 Billion.

On December 12, 2016, the Company acquired 100% ownership interest in Trans-Asia Shipping Lines, Incorporated for a total consideration of ₱216.3 Million.

On December 21, 2016, the Securities and Exchange Commission approved the application of the Company to amend its corporate name from "Chelsea Shipping Group Corp." to "Chelsea Logistics Corp." and on June 27, 2017 the change from "Chelsea Logistics Corp." to "Chelsea Logistics Holdings Corp.", and on 7 May 2019 the change from "Chelsea Logistics Holdings Corp." to "Chelsea Logistics and Infrastructure Holdings Corp."

On March 27, 2017, CLIHC acquired all of Udenna Investments BV's (UIBV's) outstanding capital stock through a share swap agreement with Udenna Corporation wherein Udenna Corporation transferred to CLIHC 18,200 UIBV shares. In exchange, CLIHC issued 775,384,615 new common shares from its authorized and unissued capital stock in favor of Udenna. UIBV owned 80% economic interest in KGLI-NM, a domestic corporation which was incorporated on August 8, 2008, and which held 39.85% economic interest in Negros Navigation Co., Inc. (NENACO). KGLI-NM acquired such interests in NENACO on May 13, 2008. NENACO, in turn owned 88.31% of 2Go Group, Inc. (2Go). NENACO acquired its interests in 2Go on December 28, 2010. Hence, CLIHC had a 28.15% indirect economic interest in 2Go. On March 18, 2021, CLIHC entered into a Share Purchase Agreement for the sale of its entire effective interests of around 31.73% in 2Go Group, Inc. through KGLI-NM Holdings, Inc.

On August 8, 2017, the Company went public and its shares of stock were initially listed at the Philippine Stock Exchange (PSE).

On November 8, 2017, the Company acquired WorkLink Services, Inc., a one-stop integrated logistics solutions provider. Subsequently, on November 9, 2017, the Company acquired Starlite Ferries, Inc., a roll-on, roll-off and passenger ship operator based in Batangas.

On October 9, 2019, the Company acquired The Supercat Fast Ferry Corporation, a shipping company engaged in the operations of fast crafts in Cebu, Batangas, Ormoc, Bacolod, Iloilo and Tagbilaran.

Item 2. Business of the Issuer

Description of Registrant

Principal Products and Services

CLIHC's core businesses, through its wholly-owned subsidiaries, are divided into: (i) Tankering, (ii)

Passage, (iii) Freight, (iv) Tugboat services, and (v) Logistics Services.

Chelsea Shipping Corp.

Chelsea Shipping Corp. (CSC), incorporated on July 17, 2006, is engaged in maritime trade in the conveyance or carriage of petroleum products, goods, wares, and merchandise of every kind and description, including but not limited to general cargo handling, loading, transporting, discharging and storing, over oceans, seas, lakes, rivers, canals, bays, harbors, and other waterways.

CSC's wholly-owned subsidiaries are engaged in the following businesses:

- a. PNX-Chelsea Shipping Corp. (PNX-Chelsea), incorporated on February 2, 2011, operates vessels for domestic trade for conveyance or carriage of petroleum products, goods, wares, and merchandise of every kind and description, to charter in and charter out any such vessels and to provide complete maritime services.
- b. Fortis Tugs Corporation (FTC), incorporated on April 8, 2013, is engaged in the towage and salvage of marine vessels and other crafts, including cargoes upon seas, lakes, rivers, bays, harbors, and other waterways between the various ports of the Philippines. DGMSI, a wholly-owned subsidiary of FTC, operates, conducts, and provides tug and other marine services to all vessels, foreign or coastwise, that dock and undock in the District Port of Davao and all other ports in the Philippines.
- c. Michael Inc. (MI), incorporated on December 26, 1957, is engaged in the charter, hire, or otherwise acquire LCTs, ships, barges, or vessels, together with equipment and furniture thereof.
- d. Bunkers Manila Incorporated (BMI), incorporated on March 7, 2000, is engaged in operating inter-island vessels for domestic trade, to charter in and charter out any such vessels, and to provide complete marine services as principal or agent to ship owners, ship operators, and managers, and to any person, association, firm or corporation engaged in domestic marine and maritime business.
- e. Chelsea Ship Management & Marine Services Corp. (CSMMSC), incorporated on March 30, 2012, is engaged in ship management and is authorized to act as agent, broker, ship chandler or representative of foreign/ domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels belonging to or which are or may be leased or operated by said shipping corporations and individuals.
- f. Chelsea Marine Manpower Resources, Inc. (CMMRI), incorporated on June 9, 2016, is engaged in providing full and partial crewing for domestic and foreign vessels and is authorized to act as authorized representative and crew manager of shipping companies and to provide allied maritime services for said vessels and companies.
- g. Chelsea Dockyard Corp. (CDC), incorporated on January 8, 2018, is engaged in the general business of building and repairing ships, boats, and other kinds of vessels, as well as in shipbreaking activities.
- h. CD Ship Management & Marine Services Corp. (CDSMMSC), incorporated on March 14, 2018 and is engaged to carry on the business of ship management and to act as agent, broker, ship chandler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels belonging to or which are or may be leased or operated by said shipping corporations and individuals and for such purpose, to act as principal in and hire the services of a local manning agent for the overseas employment for seamen, and to equip any and all kinds of ships, barges and vessels of every class and description owned by any shipping corporation.

Trans-Asia Shipping Lines, Incorporated

Trans-Asia Shipping Lines, Incorporated (Trans-Asia), incorporated on March 25, 1974, transports passengers and cargo within Philippine territorial waters and/or on the high seas.

Trans-Asia's wholly-owned subsidiaries are engaged in the following businesses:

- a. Ocean Star Shipping Corporation (OSSC), incorporated on July 6, 2006, is engaged in the hire, charter, purchase or otherwise acquires vessels, barges, tugboats, lighters or other vessels of any class or regular services of vessels, barges, tugboats, lighters, or other vessels to enter into contract for the carriage and shipment in bulk or otherwise, and to conduct the business of general lighterage, towing ship chandlery, shipbrokers, freight contractors, barge and lighter owners and operators, forwarding agents, and general cargo handling operations of any all kinds of cargo.
- b. Starsy Shoppe, Inc. (SSI), incorporated on March 31, 2005, is engaged in the purchase of all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation for purposes of selling the same on retail or wholesale, either local and/or through importation.
- c. Dynamic Cuisine Inc. (DCI), incorporated on June 21, 2000, is engaged in maintaining restaurants, coffee shops, refreshment parlors, cocktail lounges, and cooks, arranges, serves and caters goods, drinks, refreshments and other food or commodities commonly served in such establishments.
- d. Quality Metal & Shipworks, Inc. (QMSI), incorporated on November 28, 2007, is engaged in providing machining and mechanical works on ship machineries and industrial plants.
- e. Star Maritima Port and Allied Services, Inc. (SMPASI), incorporated on October 11, 2018, is engaged primarily in providing arrastre services.
- f. Big Hub Transport and Logistics Corp. (Big Hub), incorporated on November 14, 2018, is engaged in the business of transporting persons and/or their baggage, cargo, goods, merchandise or effects by land and owning, leasing or chartering, offering for lease or chartering or operating land vehicles such as, but not limited to, buses, cars, jeeps or vans.

TASLI Services Incorporated

TASLI Services Incorporated was incorporated on September 10, 2019, and is engaged in the business of shipping agency and maritime operations and services. TASLI Services handles the operations of cargo vessels that operate from Manila with routes to Cebu, Davao, and back.

Worklink Services, Inc.

Worklink Services, Inc. (WSI), established in February 1999, provides domestic logistics solutions for various local industries. WSI's services are the following:

- a. Courier – Document (via Air/Land) and Non-document (via Air/Land/Sea)
- b. Trucking – Rental and hauling
- c. Warehousing – warehouse rental, inventory management, pick and pack, online shipping
- d. Special Projects – Account Management such as event management, manpower, in-store or trade merchandising/design set-up; and Drop Box Management such as audit and encoding

Starlite Ferries, Inc.

Starlite Ferries, Inc. (SFI), incorporated on 26 August 1994, is engaged in the general business of domestic shipping, owning and operating any class, type, or description for domestic trade and chartering in and out of any such vessels. SFI is one of the dominant shipping companies in the Batangas—Calapan and Roxas—Caticlan trade routes.

SFI's wholly-owned subsidiaries are engaged in the following business:

- a. Starbites Food Services Corp., incorporated on 27 June 2018 and which was established to purchase all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation, for purposes of selling the same on retail or wholesale locally.
- b. Southwest Gallant Ferries, Inc. (SGFI) and Southwest Premiere Ferries, Inc. (SPFI)'s outstanding shares of stock were acquired by SFI on August 10, 2018 and October 22, 2018, respectively. Both

companies are primarily engaged in the general business of domestic shipping: to own and operate vessels of any class, type, or description for domestic trade; to charter in and out any vessel. Southwest Gallant Ferries, Inc. has been re-named Starlite Gallant Ferries, Inc., and Southwest Premiere Ferries, Inc. has been re-named Starlite Premiere Ferries, Inc.

- c. Precision Supply Chain Solution, Inc., incorporated on 28 December 2023, is engaged in the business of providing complete foreign and domestic end-to-end logistics, and distribution services for any and all kinds of goods including last-mile delivery through the use of available motor vehicles and vessels, aircraft, and to operate the necessary warehouses in connection with said logistics and distribution services.
- d. Chelsea Business Solutions Corp., incorporated on 2 November 2024, is engaged in the business of operating a one-stop shop providing travel products and services for domestic and international travels including transportation arrangements, accommodations and travel packages.

The Supercat Fast Ferry Corporation

The Supercat Fast Ferry Corporation, incorporated on 20 June 2001, is a passenger transport company that operates 8 fastcrafts on the routes Cebu—Ormoc, Cebu- Tagbilaran, Batangas—Calapan, and Bacolod- Iloilo.

Item 3. Subsidiaries

The following is the list of the Company’s subsidiaries/affiliates as of December 31, 2024:

Company	Place of Incorporation	Principal Activities	Date of Incorporation	Ownership (%)
Chelsea Shipping Corp.	Philippines	Petroleum hauling	17 July 2006	100%
PNX-Chelsea Shipping Corp. ¹	Philippines	Petroleum hauling	2 February 2011	100%
Fortis Tugs Corporation ¹	Philippines	Towage, salvage of marine vessels	8 April 2013	100%
Davao Gulf Marine Services Inc. ²	Philippines	Towage, salvage of marine vessels	18 January 2012	100%
Michael, Inc. ¹	Philippines	Cargo transport	26 December 1957	100%
Bunkers Manila Incorporated ¹	Philippines	Inter-island vessels for domestic trade	7 March 2000	100%
Chelsea Ship Management & Marine Services Corp. ¹	Philippines	Ship management services	30 March 2012	100%
Chelsea Marine Manpower Resources, Inc. ¹	Philippines	Crewing	9 June 2016	100%
Chelsea Dockyard Corp. ¹	Philippines	Ship repairs and maintenance	8 January 2018	100%
CD Ship Management and Marine Services Corp. ¹	Philippines	Ship management services	14 March 2018	100%
Chelsea Shipping and Logistics Pte. Ltd. ¹	Singapore	Management consultancy services	October 30, 2012	100%
Trans-Asia Shipping Lines, Incorporated	Philippines	Cargo/ passengers inter-island transport	25 March 1974	100%
Oceanstar Shipping	Philippines	Towing services	6 July 2006	100%

Company	Place of Incorporation	Principal Activities	Date of Incorporation	Ownership (%)
Corporation ³				
Starsy Shoppe, Inc. ³	Philippines	Gift shop & convenience store	31 March 2005	100%
Dynamic Cuisine, Inc. ³	Philippines	On-board restaurant	21 June 2000	100%
Quality Metal & Shipworks, Inc. ³	Philippines	Ship repairs and maintenance	28 November 2007	100%
Star Maritima Port and Allied Services, Inc. ³	Philippines	Arrastre services	11 October 2018	100%
Big Hub Transport and Logistics Corp.	Philippines	Trucking services	14 November 2018	100%
Worklink Services, Inc.	Philippines	Logistics and forwarding	2 June 1994	100%
Starlite Ferries, Inc.	Philippines	Cargo/passengers inter-island transport	25 August 1994	100%
Starbites Food Services Corp. ⁴	Philippines	On-board restaurant	27 June 2018	100%
Starlite Gallant Ferries, Inc. ⁴	Philippines	Cargo/passengers inter-island transport	16 March 2017	100%
Starlite Premiere Ferries, Inc. ⁴	Philippines	Cargo/passengers inter-island transport	26 July 2016	100%
Precision Supply Chain Solution, Inc. ⁴	Philippines	Logistics and distribution services	28 December 2023	100%
Chelsea Business Solutions Corp. ⁴	Philippine	One-Stop Shop for Travel Services	2 November 2024	100%
The Supercat Fast Ferry Corporation	Philippines	Inter-island transport	20 June 2001	100%
TASLI Services Incorporated	Philippines	Shipping agency business; maritime operations / services	10 September 2019	100%
Udena Investments BV	The Netherlands	Holding Company	25 August 1994	100%
KGLI – NM Holdings, Inc.* subsidiary of Udena Investments BV	Philippines	Holding Company	8 August 2008	100%
Dito Holdings Corporation	Philippines	Holding Company	4 October 2019	8.59%

¹Wholly-owned subsidiary of Chelsea Shipping

²Wholly-owned subsidiary of Fortis Tugs

³Wholly-owned subsidiary of Trans-Asia

⁴Wholly-owned subsidiary of Starlite Ferries, Inc.

Item 4. Significant Philippine Associates and Affiliates

Company	Place of Incorporation	Principal Activities	Date of Incorporation	Relationship
Udenna Corporation	Philippines	Holding Company	19 March 2002	Parent of Chelsea Logistics and Infrastructure Holdings Corp.
Phoenix Petroleum Philippines, Inc.	Philippines	Petroleum	8 May 2002	18.52% owned by Udenna Corporation
PH Resorts Group Holdings, Inc.	Philippines	Tourism and gaming	30 January 2009	77.49% owned by Udenna Corporation
Dito CME Holdings Corp.	Philippines	Holding Company	1 March 1925	5.87% owned by Udenna Corporation

Item 5. Competition

Shipping and Logistics Industry in the Philippines

The shipping and logistics sectors play significant roles in the Philippine economic growth and development. As an archipelagic country, the Philippines consists of approximately 7,641 islands with a total coastline of 36,289 kilometers. Due to the nature of the country's geographic landscape, sea transport is still the overall most efficient and effective way to transport major goods, especially commodities, in domestic and international trade. ¹It is also an efficient way to transport passengers throughout the islands.

According to the Philippine Statistics Authority (in 'Highlights of the Domestic Trade Statistics in the Philippines Third Quarter 2024'), the total quantity of domestic trade in the third quarter of 2024 was registered at 4.43 million tons, which is an annual decline of 28.1% from the 6.16 million tons recorded in the same quarter in 2023. The majority (99.8%) of the commodities were traded through water (coastwise) while the rest were traded through air in the third quarter of 2024. In Q3 of 2024, the combined passenger numbers for the Philippine Port Authority (PPA) and the Cebu Port Authority (CPA) reached 75.52 million, marking a 9.10% increase compared to 68.76 million in Q3 2023. The cargo throughput reported by the PPP for CY 2023 decreased by 22% compared to the previous year, while the cargo throughput reported by the CPA for CY 2022 increased by 7% compared to the previous year.

The logistics sector is also seen to a grow in support to the booming ecommerce and properties sectors. It is expected to be supported by the government's Build Build Build projects and the easing of regulations for doing business in the country.

A. Freight

The Company's Freight business is supported by its subsidiaries operating nationwide: Chelsea Shipping, Trans-Asia Shipping Lines and Starlite Ferries handle shipping of cargoes, while Worklink Services provides end-to-end logistics solutions through its 56 delivery trucks and 6,378 sq.m. of warehousing capacity.

The major competitors in the Freight sector are:

1. Philippine Span Asia Carrier Corp.
2. Moreta Shipping Lines, Inc.
7. 2Go Group, Inc.
8. Lite Shipping Corporation

- | | |
|--|-------------------------------------|
| 3. IRIS Lines | 9. Gothong Southern Shipping Lines |
| 4. Meridian Shipping and Container Carrier, Inc. | 10. Kho Shipping Lines Incorporated |
| 5. Oceanic Container Lines Inc. | 11. Maersk / MCC Transport |
| 6. Cokaliong Shipping Lines, Inc. | 12. CMA CGM |

B. Tankers

The transport of petroleum products is one of the essential businesses that propel the growth of the Philippine economy. There are approximately 7,641 islands in the country, of which more than half are inhabited. The populace needs fuel for transportation, electrical power, farming and other activities. It is the oil tankers and trucks which make sure that fuel is transported to places in our country where and when it is needed.

As of November 2023, the Maritime Industry Authority (MARINA) registered approximately 187 tankers in the country, which have an average GRT of 1071.10 and an average age of 21 years.

Below are the major competitors of CLIHC on the tanker business:

1. Magsaysay Tankers Group
2. SMC Shipping & Lighterage Corporation
3. Herma Shipping Group
4. Shogun Ships Co.
5. Swordfish Marine Corp./ Animo Marine Corp.

C. Tugboats

Tugboats are small, powerful boats that are used to maneuver vessels of larger size by pushing/ pulling and towing them. Tugboats are widely utilized and useful especially in narrow & difficult waterways and crowded ports. Tug boats are designed with a wide range of mobility with their special propulsion system and steering structures which are used for docking & undocking and towing activities, as well as for rescue and oil spill drills. Without tugboats, entry and exit of vessels from ports would be markedly less efficient and vessels would experience faster wear and tear.

According to the November 2023 records of the MARINA, there are 952 registered tugboats and dredgers/barges in the Philippines with an average GRT of 653.72 and an average age of 28 years. Majority of the smaller GRT tugboats hold a Bay & River trading license from the MARINA while bigger vessels hold a Coastwise license. The top two (2) industry players in the tugboat industry account for more than 24% of the total tugboats over 100 GRT.

CLIHC competitors in providing tugboat services include:

1. Harbor Star Shipping Services, Inc.
2. Malayan Towage and Salvage Corporation
3. Sedar Tug Services Corp.
4. Pilot-operated Tugs

D. Roll-on-Roll-off Passenger Ship/Ferry

Roll-On-Roll-Off-Passenger-ship/ferry (RoPax) refers to vessels that can accommodate passengers along with freight vehicle transport. Given the archipelagic nature of the country, RoPax vessels are vital in transporting people and goods across the different islands. Given their accessibility and capability of ferrying large amounts of goods and manpower, passenger and freight vessels are an

integral part of the logistical backbone of the Philippines.

As of November 2023, there are 3,933 passenger vessels registered with the MARINA, with an average GRT of 115.69 and an average age of 6 years. For the same period, there are 2,256, cargo vessels registered with the MARINA, with an average GRT of 782.67 and an average age of 18 years.

CLIHC's main competitors in RoPax segment include:

1. Cokaliong Shipping Lines, Inc.
2. Lite Shipping Corporation
3. Kho Shipping Lines Incorporated

E. Fast Craft Business

Fast crafts are high-speed catamarans which ferry passengers on short routes between islands.

CLIHC's main competitors in the fast craft business are:

1. OceanJet Fast Ferries Inc. (Operator of Oceanjet Fast Crafts)
2. VS Grand Ferries Corporation (Operator of SeaCat Ferries)

Item 6. Costs and Effect of Compliance with Environmental Laws

The Company incurred ₱18,709,0004.08 and ₱14,166,809.18 in 2024 and 2023, respectively, for costs relating to compliance with environmental laws as required by the MARINA. This pertains to daily waste management expenses.

Item 7. Employees and Agreements of Labor Contracts, Including Duration

As of December 31, 2024, the Company has a total of 2,461 employees, 949 of which are crewmen and are stationed at various ports of operation, while the other 1,512 employees are office personnel or are members of support services.

Crewmen consist of captains, engineers, mechanics, divers, and able-bodied personnel. On the other hand, office personnel are comprised of the sales and marketing group, accounting and finance professionals, administrative services employees and the operations department.

A bachelor's degree in a relevant field is required of each one of the Company's directly-hired employees. For deck and engine crew, a MARINA-issued Qualification Document Certification is also mandated by the Company prior to employment.

Benefits received by employees include government-mandated benefits (Social Security System, Pag-ibig, and PhilHealth), rice subsidies, vacation leave of 15 days per year, health plans, and retirement pay. The Company supports employee development thru the conduct of in-house seminars, drills and training. Employees are enrolled in various technical, professional, management and leadership training, here and abroad. One of CLIHC's subsidiaries, Trans-Asia Shipping, has two (2) existing labor unions, one for its supervisors and one for its rank and file employees. Both unions have existing collective bargaining agreements ("CBA") valid from August 11, 2017 to August 10, 2022. On July 8, 2022, the separate CBAs for both unions were accordingly renewed effective August 11, 2022 and valid until August 10, 2027. The relationship with the unions has been generally harmonious and there has been no incidence of labor strikes in the past twenty three (23) years, up to the present. There is also no impending or threatened labor strike.

Item 8. Corporate Social Responsibility

Chelsea Logistics and Infrastructure Holdings Corp. and its Subsidiaries (CLIHC Group) are driven to deliver exceptional performance by promoting innovative and integrated shipping and logistics services and diligent stewardship of their resources. The CLIHC Group continues to strengthen its partnerships with the local communities to achieve tangible and sustainable Corporate Social Responsibilities (CSR) Program Plans, thereby maximizing favorable impact on the society and environment.

The CLIHC Group is one with the country and the global community in the promotion and realization of sustainable development goals with priority on quality education, climate action, gender equality, and inclusive partnerships.

Building Pillars Toward Sustainability

At the heart of everything that the CLIHC Group does is the genuine commitment to manage its businesses responsibly, by adhering to the highest ethical and professional standards for the people, the country, and the environment, and to give back to the communities where the Group operates.

CLIHC through its Subsidiaries, recognizes its important role in helping build a sustainable nation. Our motivation is simple: a better world. We believe that every positive action, no matter how small, can lead to a big improvement for the planet and its people.

Our directive is to be one with the country and the global community in promoting and realizing global sustainable development goals through transformation of our people and processes.

Reducing our Carbon Footprint

The CLIHC Group is committed to maintaining its position as a leader in the industry and it understands its great responsibility to the environment and its stakeholders. Thus, the CLIHC Group has entered into strategic partnerships with leading Japan-based shipbuilders, namely Kegoya Dock Co., Ltd. and Fukuoka Shipbuilding Co., Ltd., and ship owner Kumiai Senpaku Co., Ltd. for the construction of brand-new vessels. Through this, the Group has strengthened its extensive fleet modernization program, introducing brand new and high-efficiency vessels specially made for the Philippine waters.

CLIHC has also taken steps to reduce the environmental footprint of its operations from services to transactions, such as reducing the volume of generated waste and increasing the percentage of recycled waste. It consciously observes more efficient operations and employs technologies which allow faster turnaround times and increased port capacity; and better designed engines and systems.

CLIHC has adopted 'green purchasing' as part of its Environmental Management system to purchase goods and services that cause less harm to environment.

CLIHC also prioritizes safety in its operations. The Philippine Maritime Industry Authority (MARINA) has issued the Document of Compliance (DOC) to Chelsea Ship Management & Marine Services Corp., CD Ship Management and Marine Services Corp., Starlite Ferries, Inc., and The Supercat Fast Ferry Corporation – evidence that their Safety Management System and Company Processes (Safety Operation and Pollution Prevention) are compliant with the requirements of International Safety Management Code (ISM Code).

Further, the CLIHC Group partnered with the City Environment and Natural Resources Office – Department of Environment and Natural Resources (CENRO-DENR) and other local government units to advocate reforestation in the areas where it operates.

To complement its key environmental initiatives, the CLIHC Group also encourages all its employees to segregate office waste, to monitor their paper usage, and to think of ways of reducing their environment impact in all areas of business and personal life.

Investing in Our People

What sets us apart is our people. CLIHC ensures that all operational personnel are competent and skilled in safe procedures and are aware of potential hazards and how to avoid them.

Logistics is a highly technical and professional industry that requires a great deal of skill and knowledge. Thus, the CLIHC Group believes that the impact of training and education is greater than ever before. In order to enhance the individual competence and skills of its workforce, CLIHC continuously provides Company trainings, certifications and seminars even beyond the standard requirements.

Moving forward, as the people element will be increasingly important as the industry moves toward higher standards of safety and sustainability, the Chelsea Group seeks to continuously do its part in investing in its workforce to achieve its vision and help realize sustainable development goals.

Giving Back to Society

Guided by its corporate values of “*Malasakit*” and Teamwork, the CLIHC Group continued its implementation of programs in line with the United Nation’s Sustainable Development Goals (SDG). These programs are part of the Group’s aim to continuously support individuals, families, and communities especially in areas where it operates.

SUSTAINABLE DEVELOPMENT GOAL (SDG) 3 – GOOD HEALTH AND WELL-BEING

Strengthening Health and Hope in the Community

In line with its ongoing efforts to prioritize employee health, the Chelsea Group hosted a two-day Annual Physical Examination (APE) in May 2024. With this event 52 Chelsea employees were given thorough health check-ups which provided them with vital health assessments crucial to long-term well-being. This initiative is a reminder that preventive health care is an integral part of fostering a productive and resilient workforce.

The Chelsea Group also had its Mental Health Awareness campaign whose aim is to encourage employees to prioritize their mental health. Throughout the campaign, resources and support systems were provided by the Group to help employees manage stress, seek support, and engage in open conversations about mental wellness.

In March 2024, Trans-Asia extended its heartfelt support to ‘Everlasting Hope’, a non-profit organization dedicated to providing assistance and care for children with cancer and their families. Children were given coloring materials, food, and grocery items. In addition, Trans-Asia embarked on its first feeding program for 50 children in Tunghaan, Minglanilla, Cebu. The Chelsea Group and its employees and business partners came together to contribute and make a tangible difference in the community.

SDG 4 – QUALITY EDUCATION

Strengthening Tomorrow's Leaders Through Education

In July 2024, Starlite Ferries Inc. and Starbites Food Services Corp. participated in the Brigada Eskwela program at Julian A. Pastor Memorial Elementary School in Cuta, Batangas City. Employees donated 100 sets of school supplies and cleaning materials, and cleaned the school's surroundings to ensure a safe and welcoming environment for students going back to school.

On the other hand, Trans-Asia donated essential school supplies to 50 students across Kindergarten to Grade 6 levels in Brgy. Cadulawan, Minglanilla, Cebu. In providing these basic tools, Trans-Asia endeavored to assist the students to succeed in their day-to-day school tasks. Trans-Asia also partnered with 73 schools to offer On-the-Job Training (OJT) opportunities to students across the region in order to support these students in their academic endeavors and to unlock their full potential in their chosen fields. This collaboration provided students with real-world, hands-on experience, allowing them to apply their academic knowledge in various industries and roles.

SDG 8 – DECENT WORK AND ECONOMIC GROWTH

Strengthening the Vision of Equal Opportunities

As part of its ongoing commitment to foster a connected, engaged, and well-equipped workforce, the Chelsea Group launched internal activities focused on team building and skills enhancements.

The Chelsea Group kicked off 2024 with the relaunch of Toolbox Meetings which will be held every first Monday of the month. This is a monthly check-in for the employees of the Chelsea Group which will keep them up to date on important matters such as upcoming Company events, new Company policies and programs, safety and health concerns, work anniversaries, and birthday celebrations. For the Toolbox, Departments are grouped together to discuss special topics focused on the Company's Core Values and employee well-being.

In January, the Group's intranet- 'Chelsea Connect' was officially launched, which is designed to enhance internal communication and engagement among employees. With emphasis on collaboration, this initiative aims to foster a supportive, connected, and productive workplace culture. Chelsea Classroom continued its momentum with a total of 14 training seminars covering topics such as English Grammar, Business Writing, Shipboard Familiarization, Safe Space Act Orientation, Whistleblowing, Safety and Security, and Cybersecurity. To elevate the digital proficiency of Chelsea employees, a Google Workspace Refresher session in partnership with Kollab was conducted, equipping employees with the necessary tools for optimized performance.

SDG 9 - INDUSTRY INNOVATION AND INFRASTRUCTURE

Strengthening Digital Adoption

The Chelsea Group made significant strides in both cybersecurity and technological advancement, empowering its team with the tools and knowledge needed to thrive in an increasingly digital world. In July 2024, 'ChelseaCyber' was introduced which is a program dedicated to enhancing the Chelsea Group's cybersecurity efforts. This initiative was designed to address key concerns related to digital security, with a particular focus on raising awareness on online scams and cyber threats.

Further advancing its efforts to embrace cutting-edge technology, the Chelsea Group participated in the first-ever Chelsea Logistics Group Gen AI Hackathon in November 2024. in collaboration with AWS

Philippines. This hackathon provided a unique platform for the Chelsea Team to explore the world of generative AI, offering the opportunity to unleash creativity and solve real-world challenges through innovative solutions. 40 Chelsea employees participated in the event, organized into groups according to the challenges they chose to address. The top 3 winning pitches centered on enhancing the HR recruitment process, improving employee health and development, and boosting logistics efficiency.

SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

Strengthening Community Safety and Security

In July 2024, the Company organized a comprehensive Bomb Threat Drill Orientation aimed at strengthening the emergency preparedness of all its employees. The session, led by experts Retired Navy SEAL/Chelsea Security Manager Captain Enrico Peralta and Chelsea Quality, Health, Safety, and Environment (QHSE) Manager Captain Ed Lutao, provided critical training on how to recognize and respond to bomb threats in the workplace. Attendees were guided through essential safety protocols, including the identification of potential threats, effective communication during emergencies, and the execution of evacuation procedures.

This drill was an integral part of the Chelsea Group's commitment to ensuring the safety and security of its people. By equipping employees with the knowledge and tools to respond effectively in high-pressure situations, the Company is not only safeguarding its workforce but also contributing to the broader goal of building more resilient and sustainable communities.

SDG 14 - LIFE BELOW WATER AND SDG 15 – LIFE ON LAND

Strengthening Green Practices

In celebration of Chelsea Logistics' 8th Anniversary, the Chelsea Group hosted "Alagang Chelsea", a Tree Planting Activity. This initiative held in Balayan, Batangas, was a concrete effort towards improving the local green spaces while promoting eco-consciousness within the organization. Employees rolled up their sleeves and planted 1,000 Narra trees and 500 mangrove trees, in selected sites in Balayan, Batangas and San Fernando, Cebu. By planting the seeds today, Chelsea employees contributed to the long-term health of the local environment, reaffirming the Group's dedication to sustainable practices and environmental conservation.

Moreover, Starlite Ferries and Starbites joined the Maritime Industry Authority in a coastal clean-up drive in Dela Paz, Batangas City in September 2024. This collaborative effort aimed to reduce ocean pollution and preserve marine life by cleaning up debris from the shores. The initiative reinforced the awareness among employees about the significance of keeping our oceans and coastlines clean, in line with the Chelsea Group's unwavering commitment to preserve marine ecosystems and minimize human impact on the environment.

SDG 17 – PARTNERSHIPS FOR THE GOALS

Strengthening Sustainable Partnerships

The Chelsea Group continued to demonstrate its commitment to social responsibility through various blood donation initiatives that reflect the Group's and its employees' dedication to improving the well-being of the communities where the Chelsea Group operates. In partnership with the Philippine Red Cross, Chelsea Group Companies Worklink Services, Trans-Asia Shipping Lines, and Starlite Ferries, hosted their respective blood donation drives, collecting 167 bags of blood from employee volunteers. This event exemplified the Chelsea employees' dedication to social good while showcasing the power of teamwork and collective responsibility in addressing health crises.

Item 9. Principal Competitive Strengths of the Company

CLIHC believes that it benefits from the following competitive strengths:

- a. Most number of diversified vessels that suits customer needs
- b. Expanded shipping routes
- c. Integrated website and Mobile App for booking convenience

Philippines shipping industry market leader by tanker capacity.

Based on recent MARINA information, CLIHC has the largest tanker fleet by tonnage amongst the five (5) major tanker players in the industry with a total GRT of 60,124.99.

Superior fleet quality and capacity complemented by nationwide maritime facilities and systems.

The majority of Company's Vessels are registered under the IACS Classification Society which include Nippon Kaiji Kyokai (NKK), Lloyds Register (LR), Bureau Veritas (BV), American Bureau of Shipping (ABS), and Korean Register of Shipping (KRS). These recognized International Association of Classification Societies (or the 'IACS') are focused on the implementation of IMO rules and regulations starting from the constructions of a vessel (new buildings); periodical surveys during the drydocking; conversions; and life extension of vessels. Having its vessels classed with these IACS, gives the Company the advantage when applying for a Certificate of Public Convenience (CPC) from the Maritime Industry Authority (MARINA). Other Company's vessels trading domestically are also surveyed /evaluated by Local Classification Societies such as Orient Register of Shipping (ORS), Ocean Register of Shipping, Filipino Vessels Classification System Association, Inc. (FVCSA) and the Philippine Register of Shipping (PRS). Furthermore, all of these Classifications Societies distinguishes the Company's Fleet as meeting operational and safety standards. Normally, customers prefer to deal with companies that have Classed vessels. The Company has an established preventive maintenance system and drydocking program for its vessel fleet to minimize the downtimes related to machinery breakdowns, engine overhauls and other types of repairs. During drydocking, routine engine evaluation, deck repainting, and hull cleaning are performed on the vessels. The Company endeavors to pass the strict evaluation of Classification Societies and of the MARINA and ensure satisfaction of its clients by aligning their requirements with vessel specifications.

Robust product offering

The Company's services provide robust and flexible end-to-end logistics solutions to our customers. From providing tanker services to tugboats assist; from regular cargo shipping to specialized delivery services, and up to warehousing. Catering to the retail market, our passage business has various routes options for travel nationwide. Our solid product line-up gives our customers the convenience and reliability most needed in transporting goods and passengers.

Seasoned Management Team of industry experts.

Collectively, the Management Team of the Company includes the most experienced maritime professionals in the Philippine tanker, RoRo passenger and cargo industries. All of the Company's captains are duly licensed by MARINA. Apart from their experience with the Company, most of the senior officers have had professional experience with other maritime companies, domestic and international, in various capacities. The Company's senior and middle management regularly attend extensive professional and technical trainings to further upgrade skills and keep abreast of latest developments in the industry. This depth and breadth of experience shared by the senior

Management merits the Company an advantage in its pursuit of business opportunities and providing quality services.

Strong acquisition track record.

The Company is committed to delivering unrivalled shipping and logistics services and continuously pursues acquisition plans that are aligned with its vision of being the people's choice as the finest shipping and logistics Company.

The Company reported the following key strategic acquisitions:

- a. Acquisition of Trans-Asia Shipping Lines, Incorporated – December 2016
- b. Acquisition of Davao Gulf Marine Services Inc. – December 2016
- c. Substantial shareholdings in 2Go Group, Inc. – March 2017*
- d. Acquisition of Worklink Services, Inc. – November 2017
- e. Acquisition of Starlite Ferries, Inc. – November 2017
- f. Acquisition of Starlite Gallant Ferries, Inc. – August 2018
- g. Acquisition of Starlite Premiere Ferries, Inc. – October 2018
- h. Acquisition of The Supercat Fast Ferry Corporation – October 2019

*sold in March 2021

Item 10. Key Strategies and Objectives

CLIHC believes that the successful implementation of the following strategies will support its continued growth and profitability as it will increase the Company's market share and help it become the clear leader in the Philippine shipping and logistics industry.

Re-fleeting and continuous upgrade of vessels

The Company plans to acquire new and optimal-sized RoPax vessels configured to the preference of cargo owners and passengers, respectively, to improve efficiency and profitability.

Expansion into new routes

The Company capitalizes on first-mover advantage by expanding into areas in the Philippines which show superior growth. CLIHC constantly monitors the activity of various ports in the country, including key performance indicators such as ship calls and throughput. The Company also takes into consideration the expansion initiatives of each port and region to determine potential business opportunities. This monitoring process is integrated into the strategic deployment of its fleet.

In February 2023, SFI launched its newest route in the Province of Romblon via San Agustin. This newest route aims to serve and provide connectivity to the islands of Tables, Romblon and Sibuyan. The weekly schedule of Tuesday and Thursday trips from Batangas to San Agustin, and Wednesday and Friday trips from San Agustin to Batangas, ensure fast and reliable ferry transfer for passengers, and improved trade efficiency with direct routes. Also in February 2023, SFI launched its Cebu-Dapitan-Cebu route, which offers a more direct and efficient connection between these 2 important economic centers. The maritime connectivity between Cebu and Dapitan also stimulated the tourism industry between these 2 tourist destinations. SFI serves the Cebu-Dapitan route every Monday, Thursday, Friday, and Saturday, while Dapitan to Cebu is every Tuesday, Friday, Saturday and Sunday.

Development of facilities to support the Group's core business

CLIHC is looking for opportunities to acquire (i) ports, (ii) port equipment and facilities, (iii) machineries, and (iv) shipyard, which would benefit the Company through reduction in costs of operations and enabling the Group to schedule the availability of the vessels after the regular maintenance period on a more reliable basis.

Similarly, the Company is developing support facilities for its core business, which facilities can be stand-alone businesses, separate from the core business, to wit:

- a. Skills training and education facility;
- b. Repair and maintenance and spare parts facility;
- c. Safety and security facility;
- d. Fuel, lubricants and laboratory facility; and
- e. Culinary and catering facility.

Expand regional operations

In 2024, CLIHC continued its established operations with its regional operating vessels under long-term contracts. The Chelsea fleet has maintained steady engagements, and its vessels have performed their respective contractual obligations without any significant changes in operating conditions.

The medium-range tanker M/T Chelsea Providence is currently under a 4-year Time Charter Agreement. The current contract was extended in 2023 and will run through 2025. The charterer has the option to extend the Charter Agreement for an additional period after 2025. M/T Great Princess is currently in the mid-term of its Bareboat charter Agreement which has a period of 5 years. The vessels M/T Denise II, M/T Chelsea Dominance and M/T Chelsea Cherylyn all have exclusive 10-year Bareboat Charter Agreements and operating regionally.

Item 11. Risks Relating to the Company

The following are the key risks factors which may affect the operations of the Company:

- *Maritime vessels are the Company's primary assets and, in the course of operation, are susceptible to maritime accidents.*

Due to the nature of the shipping industry, the risk of collision is real. Collisions may result in extensive damage to a vessel's hull, increasing its susceptibility to taking on water, which may result in the integrity of the vessel being compromised or even result in a complete loss of the vessel, environmental pollution, loss of life and damage to properties. Furthermore, when vessels are docked, they are secured to the harbor by use of the anchor, and a rope tied between the ship's stern and the berth. In times of strong winds and constant rain, these harnesses may break, thereby risking the safety of the ship.

To mitigate these risks, the Company ensures that its crew members have undergone the necessary orientation and training seminars on operations and safety. Furthermore, crewmen are required to complete quarterly safety training seminars, and yearly assessments to promote the progressive enhancements of their skills. The Company also conducts drills to ensure crew safety and minimize damage to property and the environment. For the drydock of its vessels, the Company utilizes shipyards with vast drydocking/repair experience and which observe internationally-accepted standards of safety.

- *The Company operates in a regulated industry and its business is affected by the development and application of regulations in the Philippines.*

Continued compliance with, and any changes in, environmental laws and regulations may adversely affect its results of operations and financial condition. The Company may fail to fulfill the terms of licenses, permits and other authorizations, or fail to renew them on expiration.

To address this risk, the Company ensures to diligently adhere with and closely monitor compliance with the terms of its licenses, permits and other authorizations. The Company likewise employs competent legal and operating personnel who regularly liaise with the various government agencies to ensure compliance by the Company with changes in environmental laws and regulations and monitor renewal of its licenses and permits.

- *The Company's vessels are mechanical and are susceptible to breakdowns.*

The Company's operations use mechanical vessels that are subject to regular mechanical wear and tear. The occurrence of mechanical failure can result in downtime and opportunity losses for the Company. To ensure that the Company's high service quality is maintained, the Company has a preventive maintenance system and drydocking program for its vessels. In the event of non-availability of its vessels, due to breakdown or other factors, the Company charters third party vessels to serve customer requirements.

- *The shipping industry is highly competitive.*

In order to maintain its market competitiveness, the Company must provide reliable and efficient service to its clients. The Company continues to improve its manpower complement by employing experienced and competent officers, and providing continuous training. The Company's clients prefer younger and well-maintained vessels and this necessitates significant capital expenditures by the Company on a regular basis. The Company has also formulated a re-fleeting plan and improved preventive maintenance system.

- *Volatility of fuel prices impacts the operations of the Company.*

Fuel is a key component of shipping operations. In cases of significant increases in fuel prices, the Company may not be able to automatically pass on to its clients the effects of these increases. Thus, the Company's gross margins may be adversely affected, reducing its profitability. To mitigate this risk, the Company maximizes its affiliation with P-H-O-E-N-I-X Petroleum Philippines, Inc. through access to information on movement of global petroleum prices.

- *Changes in legal and regulatory environment.*

The Company is engaged in the shipping transport business. As a result, the Company is required to hold a wide range of business permits and licenses. Compliance with these laws and regulations involve certain compliance costs, the failure of which can lead to the imposition of fines and sanctions, including the revocation of permits and licenses necessary for the conduct of the Company's business and activities. As these laws and regulations change from time to time, tougher regulations may be imposed in the future which may affect the conduct of the Company's business and operations.

Moreover, there can be no assurance that current laws and regulations applicable to the Company will not increase the costs of operating its vessels and facilities above currently projected levels or require future capital expenditures. Although the Company endeavors to maintain compliance with

applicable laws and regulations the introduction or inconsistent application of, or changes in, the laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations. To address the foregoing risks, the Company, in conjunction with industry associations such as the Philippine Shipping Vessel Owners Association Inc. ("PHILSVOA") and Visayas Association of Ferry Boats and Coastwise Service Operators ("VAFCSO"), is actively engaged in policy advocacy causes for the promotion and development of the shipping transport industry in the country, tackling regulatory and policy issues and concerns faced by the industry and working to strengthen industry-government partnerships.

Furthermore, the Company employs competent legal and operating personnel, who regularly liaise with the various government agencies to ensure compliance by the Company with new regulations and exercise the requisite due diligence with respect to protecting the Company's business, financial condition, and results of operations from the aforementioned risks while still complying with the applicable laws and regulations. In addition, the Company on a case-to-case basis engages external counsel to provide specialized legal advice and service.

- *Business Cycle risks on the shipping and logistics industry*

The Company has a high operating leverage making the business sensitive to economic slowdowns due to high fixed depreciation costs. The shipping and logistics businesses are dependent on economic and business cycles. To mitigate this risk, the Company is working on improving synergies across the businesses.

Item 12. Transactions with Related Parties

In the ordinary course of its business, CLIHC and its subsidiaries engage in transactions with related parties and affiliates. It is the Company's policy to ensure that these transactions are entered on terms comparable to those available from unrelated third parties. This may include but not be limited to the following:

- i. Chartering services
- ii. Fuel purchases
- iii. Rentals
- iv. Advances to/from related parties for working capital purposes

II. Properties

The Group owns various tankers, barges, RoPax, cargo vessels and tugs which are utilized in its business. The following table sets forth information on these vessels that each company owns as of December 31, 2024.

Name of Vessel	Registered Owner	Year Built	Type
1. M/T Chelsea Providence	CSC	2013	Medium Range Oil /Chemical Tanker
2. M/T Chelsea Cherylyn	CSC	2009	White Oil, Carrier, Tanker
3. M/T Chelsea Denise**	CSC	1985	Black / White Oil Carrier, Tanker
4. M/T Chelsea Resolute**	CSC	1979	White Oil, Carrier, Tanker
5. M/T Chelsea Enterprise	CSC	1985	Black Oil Tanker
6. M/T Chelsea Excellence	CSC	1998	White Oil/ Methanol Carrier
7. M/T Chelsea Intrepid**	CSC	1994	Black Oil Tanker
4. M/T Chelsea Denise II	PNX-CSC	2012	Black/White Oil Carrier, Tanker

Name of Vessel	Registered Owner	Year Built	Type
9. M/T Chelsea Dominance	PNX – CSC	2016	Product Oil Tanker
10. M/T Great Princess	PNX – CSC	2013	Oil/Chemical Tanker
11. M/T Chelsea Endurance	PNX – CSC	2006	Product Oil Tanker
12. M/T Chelsea Charlize	PNX – CSC	2015	Product Oil Tanker
13. MV St. Nicholas of Myra**	PNX – CSC	1998	General Cargo
14. M/T Ernesto Uno	MI	1979	White Oil, Chemical Tanker
15. M/T Jasaan**	MI	1990	Black Oil Carrier, Tanker
16. M/T BMI Patricia***	BMI	1981	Black Oil Carrier, Tanker - Conversion
17. MV Trans Asia 1*	Trans Asia	1980	Passenger Ship
18. MV Trans Asia 2**	Trans Asia	1977	Passenger Ship
19. MV Trans Asia 3**	Trans Asia	1989	Passenger Ship
20. MV Trans Asia 8	Oceanstar	1984	Passenger Ship
21. MV Trans Asia 10**	Trans Asia	1979	Passenger Ship
22. MV Asia Philippines**	Trans Asia	1975	Passenger Ship
23. MV Trans-Asia 18	Trans-Asia	1998	Passenger Ship
24. MV Trans-Asia 19	Trans-Asia	2018	Passenger Ship
25. MV Trans Asia 12	Trans Asia	1998	Container Cargo Ship
26. MV Trans Asia 15**	Trans Asia	1995	Container Cargo Ship
27. MV Trans-Asia 16**	Trans-Asia	1996	Container Cargo Ship
28. MV Trans-Asia 17**	Trans-Asia	1999	Container Cargo Ship
29. MV Asia Pacific**	Trans Asia	1981	General Cargo Ship
30. MV Trans-Asia 21	Trans-Asia	2021	Passenger Ship
31. M/Tugs Fortis I	FTC	1994	Tugboat
32. M/Tugs Fortis II**	FTC	1990	Tugboat
33. M/Tug Fortis III	FTC	1972	Tugboat
34. M/Tug Fortis V	FTC	1984	Tugboat
35. M/Tug Fortis VI	FTC	1989	Tugboat
36. M/Tug Fortis VII	FTC	1984	Tugboat
37. M/Tug Fortis VIII	FTC	1984	Tugboat
38. M/Tug Fortis IX**	FTC	2009	Tugboat
39. M/Tug Fortis X	FTC	1988	Tugboat
40. M/Tug Fortis XI****	FTC	1988	Contingency Assist Vessel
41. M/Tug Fortis XII	FTC	1988	Tugboat / Contingency Vessel
42. M/Tug Fortis XV	FTC	1987	Tugboat
43. M/Tug Samal	DGMS	1974	Tugboat
44. M/Tug Pindasan	DGMS	1981	Tugboat
45. M/Tug Sigaboy	DGMS	1971	Tugboat
46. M/Tug Orishima****	FTC	1988	Oil Pollution Collection Tugboat
47. M/Tug DavTug XI****	DGMSI	1969	Tugboat
48. MV Starlite Pacific	SFI	1983	Passenger and Cargo Ship
49. MV Starlite Annapolis**	SFI	1982	Passenger and Cargo Ship

Name of Vessel	Registered Owner	Year Built	Type
50. MV Starlite Jupiter	SFI	1989	Passenger and Cargo Ship
51. MV Starlite Pioneer	SFI	2015	Passenger and Cargo Ship
52. MV Starlite Tamaraw**	SFI	1981	Cargo Ship
53. MV Starlite Eagle	SFI	2016	Passenger and Cargo Ship
54. MV Starlite Reliance	SFI	2015	Passenger and Cargo Ship
55. MV Starlite Saturn	SFI	2016	Passenger and Cargo Ship
56. MV Starlite Archer	SFI	2017	Passenger and Cargo Ship
57. MV Starlite Venus	SFI	2021	Passenger and Cargo Ship
58. MV Starlite Sprint 1	SFI	2019	Fastcraft
59. MV SWM Salve Regina	SGFI	2018	Passenger and Cargo Ship
60. MV Starlite Stella Maris	SGFI	2019	Passenger and Cargo Ship
61. MV Trans Asia 20 (Starlite Phoenix)	SGFI	2019	Passenger and Cargo Ship
62. SWM Stella del Mar	SPFI	2018	Passenger and Cargo Ship
63. St. Uriel**	Supercat	1992	Passenger Ship
64. St. Sealthiel	Supercat	2000	Passenger Ship
65. St. Jhudiel**	Supercat	1996	Passenger Ship
66. St. Braquel	Supercat	1996	Passenger Ship
67. St. Emmanuel**	Supercat	1998	Passenger Ship
68. St. Camael	Supercat	2017	Passenger Ship
69. St. Sariel	Supercat	2017	Passenger Ship
75. St. Micah**	Supercat	1990	Passenger Ship

* Damaged / Retired

** On Drydock as of December 31, 2024

*** For conversion to Water barge

**** Not operational

Except as indicated above, as of the date of this Annual Report, all of the above-mentioned vessels are in good working condition.

Further, Trans-Asia owns a 1,509.28 sq.m. land located at M.J. Cuenco Ave. corner Osmeña Blvd., Brgy. San Nicholas, Cebu City and a building constructed thereon with a total floor area of 2,940 sq.m., which houses Trans-Asia Shipping's main office. Trans-Asia also owns three (3) container yards located at Quezon Blvd. within Piers 4 and 5, North Reclamation Area, Brgy. Cebu Port Center, Cebu City, and in Macabalan, Cagayan de Oro with an aggregate area of 14,904 sq.m.

Some of the vessels and real estate properties owned by CLIHC and its Subsidiaries are used to secure long-term loans. The details of these loans are as follows:

Secured Term Loans

	Notes	Security	Terms	Interest rates	Outstanding balance	
					2024	2023
China Banking Corporation	(b.1)	Real Estate Mortgage (REM), Continuing Suretyship, MT Chelsea Great Princess, MT Chelsea Charlize, MT Chelsea Resolute, MT Chelsea Enterprise, MT Chelsea Excellence, MT Chelsea Ernesto Uno, MT Chelsea Jasaan Assignment of receivables	7 years	5.00%	1,932,000,000	1,928,396,728
Development Bank of the Philippines (DBP)	(f.4)	MT Chelsea Providence, MT Chelsea Cherylyn, MV Starlite Stella Maris, Corporate/Continuing Suretyship	15 years	5.00%	1,768,729,008	1,770,729,008
Land Bank of the Philippines (LBP)		MT Chelsea Intrepid, MT BMI Patricia	8 years	5.00%	1,104,941,460	-
Philippine Business Bank (PBB)	(c.2)	MV Eagle, MV Archer, MV Saturn	8 years	3.00% - 7.00%	809,172,721	823,893,368
CBC	(b.2)	Trans - Asia 2, 3, 5, 12 and 15	8 years	5.75%	642,300,000	161,393,098
Amalgamated Investment Bancorporation (AIB)	(i)	Unsecured	9 years	6.48%	599,710,259	576,851,371
DBP	(f.3)	Trans-Asia 16, 17 and 18	15 years	5.00%	549,807,588	549,807,588
PBB	(c.4)	Corporate/Continuing Suretyship, MV Salve Regina	8 years	3.00% - 7.00%	457,700,000	467,888,754
DBP	(f.1)	Corporate/Continuing Suretyship	15 years	5.00%	450,514,005	450,514,008
PBB	(c.1)	MT Chelsea Dominance, MT Chelsea Endurance	8 years	3.00% - 7.00%	433,944,577	442,696,689
Asia United Bank (AUB)	(d.2)	MTug Fortis I, MTug Fortis II, MTug Fortis III, MTug Fortis V, MTug Fortis VI, MTug Fortis VII, MTug Fortis Mtug Fortis X	6 years	4.00%	417,916,667	425,000,000
DBP	(f.2)	Corporate/Continuing Suretyship, MV St. Nicholas of Myra, Assignment of receivables, Trans-Asia 1, 8, 9 and 10, CY3	15 years	5.00%	415,100,000	415,100,000
BDO Unibank, Inc. (BDO)	(a)	REM, Continuing suretyship	6 years	6.50%	349,241,720	383,548,077
PBB	(c.3)	MV Stella Del Mar	8 years	3.00% - 7.00%	307,676,240	314,848,713
DBP	(f.5)	Corporate/Continuing Suretyship, MV St. Camael and MV St. Saniel	15 years	5.00%	300,086,565	300,086,565
Mega International Commercial Bank Co. (MICBC)	(e)	Pledge of shares, Continuing Suretyship	5 years	6.37%	245,025,000	247,500,000
Robinsons Bank Corporation (RBC)	(e)	Pledge of shares, Continuing Suretyship	5 years	6.37%	245,025,000	247,500,000
CTBC Bank (Phils) Inc. (CTBC)	(e)	Pledge of shares, Continuing Suretyship	5 years	6.37%	245,025,000	247,500,000
Pentacapital	(k)	Unsecured	8 years	6 to 7.00%	205,042,335	-
Union Bank of the Philippines (UB)	(j)	Continuing Suretyship	9 years	3.00%	198,000,000	198,000,000
First Commercial Bank, Ltd. (FCB)	(e)	Pledge of shares, Continuing Suretyship	5 years	6.37%	163,350,000	165,000,000
Rizal Commercial Banking Corp. PBB	(g) (c.5)	Starlite Sprint I, Pledge of shares of stocks, MTug Fortis IX, MTug Fortis X	7 years 8 years	9.50% 11.00%	104,024,977 13,893,988	105,074,977 52,788,650
AUB	(d.1)	Assignment of receivables, MTug Fortis VI, MTug Fortis VII	7 years	8.02%	15,957,667	23,049,963
AUB	(d.1)	MTug Fortis VIII, Assignment of receivables, MTug Fortis III and MTug Fortis V, Assignment of receivables	7 years	8.11%	10,422,210	20,845,468
AUB	(d.1)	Fortis V, Assignment of receivables	7 years	5.56%	-	7,613,562
CBC	(b.3)	REM	15 years	7.25%	-	800,000,000
Net premium (discount) on loans payable					11,982,606,985 (398,959,128)	11,170,957,683 (128,412,077)
					11,585,647,857	10,995,214,505

Secured Bank Loans

	Security	Terms	Interest rates	Outstanding balance	
				2024	2023
Landbank of the Philippines	MT Chelsea Intrepid, MT BMI Patricia, Assignment of receivables	90 days	3.00 - 6.75%	156,580,600	1,327,834,768
Primary Institutional Leaders	Continuing suretyship, MV TA21 and Pledge of shares, Trans-Asia 2, Trans-Asia 3, Trans-Asia 5, Trans-Asia 12, Trans-Asia 15	30 to 180 days	1.00 to 10.00%	702,519,769	608,109,893
CBC	Trans-Asia 15	60 days	5.75%	-	500,000,000
PBB	Unsecured	180 days	7.50%	350,000,000	485,000,000
Pentacapital	Assignment of receivables	360 days	7.00%	1,233,162	209,678,517
UB	Continuing suretyship	360 days	4.50%	-	-
				1,210,313,531	3,130,622,977

III. Legal Proceedings

In the course of the Group's business, it has been involved in legal proceedings both as plaintiff and defendant. The Company's management believes that an adverse resolution in such cases will not materially affect the financial position of the Company. The Company is not involved in any legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) which it believes may have a material adverse effect on the financial position of the Company.

The following are the material legal proceedings which the Company is currently involved in:

a. *Michael, Incorporated vs. Pilipinas Kao Incorporated, Civil Case No. 37046, Regional Trial Court of Cebu City; (b) Pilipinas Kao, Inc. vs. Michael, Inc., Civil Case No. 37180, Regional Trial Court of Cebu City.*

These consolidated cases which were filed in September 2010, refer to the Complaint of MI against Pilipinas Kao, Inc. ("PKI") for Collection of Sum of Money and Damages with Prayer for Preliminary Attachment, and PKI's Complaint against MI for Specific Performance, Reimbursement and Damages.

The transactions subject of the complaints refers to the Charter Agreement between MI and PKI whereby MI agreed to transport on its vessel M/Tkr Ernesto Uno the crude coconut oil ("CCO") of PKI. The Charter Agreement was for a period of two (2) years from January 8, 2009 to January 7, 2011, and the agreed Charter Rate was ₱2,050,000 per month. From December 2009 to July 2010, MI transported PKI's CCO from Mindanao to various ports of destination, and accordingly billed PKI Charter Fees in the amount of ₱15,921,666.67. However, PKI refused to pay the Charter Fees on its allegation that the CCO transported by MI was contaminated with seawater. In its Answer to PKI's Complaint, MI alleged that it proposed several plans to PKI to resolve the alleged contamination but the same were refused by PKI. As these cases have been consolidated, they are being jointly heard.

In the Decision dated January 29, 2024, the trial court granted MI's prayer for unpaid charter fees of P 15,921,666.27 but also ruled that MI should pay PKI P 27,882,402.16 as actual and consequential damages due to the contaminated CNO cargo; P 2M for exemplary damages, and P 1.6M for attorney's fees and litigation expenses. MI filed its Motion for Reconsideration of the Decision dated January 29, 2024 and on November 6, 2024, the court issued an order reducing the total judgment award to PKI to P 26,345,552.60 (excluding interest) and maintaining the judgment award in favor of MI. Both parties filed their Notice of Appeal and presently awaiting an order from the Court of Appeals for the filing of Appellant's Brief.

b. *Fortis Tugs Corporation vs. Marinemax Shipping Corporation and Vicente Sandoval, Jr., Civil Case No.027, Regional Trial Court of Taguig City.*

This Complaint, which was filed on March 23, 2016, seeks to recover from defendants the sum of ₱11,613,082.78, which represents payment for the tugboat services rendered by the plaintiff to the defendants from the period November 2013 to October 2015. The plaintiff has a prayer for the issuance of a Writ of Preliminary Attachment against the properties of the defendants on the ground that the latter are guilty of fraud in issuing checks to the plaintiff in payment of their obligations and thereafter issuing a stop payment order on the said checks. Plaintiff also prayed for the grant of Exemplary Damages in the amount of ₱100,000 and Attorney's Fees in the same amount.

In the Order dated 11 March 2022, the court dismissed the case without prejudice, for failure to submit the authenticated electronic mailing address of the defendants in relation to plaintiff's motion to serve summons via e-mail.

c. Ryan Subong et.al. vs. Trans-Asia Shipping Lines, Inc., Civil Case No, 26205, Regional Trial Court of Iloilo City

The original Complaint was filed by 79 plaintiffs on April 11, 2000. Plaintiffs were the passenger-survivors and heirs of the casualties of the sinking of MV Asia South Korea which sank off the vicinity of Bantayan Island en route to Iloilo on December 23, 1999. Their total claim for damages is in the amount of ₱380,000,000.00. An Amended and Second Amended Complaint were filed in April and August 2000 respectively. Defendant Trans-Asia Shipping's main defense is that the cause of the accident was force majeure as the vessel was seaworthy and properly manned at the time of accident.

On April 18, 2013, the Regional Trial Court issued its Decision ordering Trans-Asia Shipping to pay ₱801,000.00 for 4 deaths and ₱585,000.00 for 13 survivors or a total of ₱1,386,000.00. Although Trans-Asia Shipping offered to pay in accordance with the Decision, not a single plaintiff accepted payment. Instead, some of the plaintiffs filed their Motion for New Trial, some filed Motion of Reconsideration of the Decision, and some filed their Notice of Appeal. The trial court issued an Order granting new trial for two plaintiffs and set the hearing for reception of evidence for said plaintiffs. The trial court also issued its Order dated March 22, 2016 modifying the award of damages to ₱8,865,399.96 for four deaths and 11 survivors, plus 15% interest on the total monetary award. Trans-Asia Shipping filed its Motion for Reconsideration of the two Orders, which was denied by the trial court. Trans-Asia Shipping filed its Notice of Appeal.

In August 2017, the parties signed a Compromise Agreement whereby Trans-Asia Shipping paid the total amount of ₱8,839,313.95 for thirteen (13) Complainants (4 Deaths and 9 Survivors). In October 2017, another three (3) plaintiffs signed a Compromise Agreement whereby Trans-Asia Shipping paid the total amount of ₱594,250.00. On October 6, 2017, the trial court issued its Orders approving the two Compromise Agreements and declaring the case as CLOSED AND TERMINATED insofar as the 16 Complainants are concerned.

Two (2) Complainants, Kenneth Sherwin Chu and Raquel Cometa, signed a Compromise Agreement and accepted the settlement amount of ₱170,775.00 each. Defendant Trans-Asia is currently working for the settlement of the last remaining Complainant, with a probable settlement in the amount of not more than ₱200,000.00.

d. Nelly A. Gangoso, et. al. vs. Trans-Asia Shipping Lines, Inc., Civil Case No. CEB-36075, Regional Trial Court of Cebu City.

This Complaint was filed by 5 plaintiffs on October 2009 arising from the sinking of MV Asia South Korea. A Compromise Agreement dated June 18, 2013 was entered into by four of the plaintiffs pursuant to which said plaintiffs agreed to withdraw their claims against Trans-Asia Shipping in return for the payment by defendant of the amount of ₱75,000.00 each to said plaintiffs. Plaintiff Nelly A. Gangoso pursued this case against Trans-Asia Shipping. On May 28, 2017, a Decision was issued by the trial court, awarding a total of ₱1,050,000 in favor of the plaintiff. Trans-Asia filed its Motion for Reconsideration of the said Decision and when the same was denied, Trans-Asia filed its Appeal with the Court of Appeals.

On March 9, 2022, Trans-Asia received the Decision of the Court of Appeals affirming the Decision of the Regional Trial Court (RTC) Branch 23, Cebu City. On March 24, 2022, Trans-Asia filed a Motion for

Reconsideration, and on December 7, 2022, it received the Resolution of the Court of Appeals denying its Motion for Reconsideration. On December 19, 2022, Trans-Asia filed with the Supreme Court a Motion for Single Extension to file a Petition for Review on Certiorari under Rule 45 of the Rules of Court. On January 20, 2023, Trans-Asia filed with the Supreme Court a Verified Petition for Review on Certiorari. On November 20, 2023, the Supreme Court denied Trans-Asia’s Petition for Review on Certiorari and sustained the award of the lower court in the amount of Php1,050,000. On 28 June 2024, Trans-Asia paid the plaintiff Php 1,050,000, and on July 2, 2024, the parties filed with the trial court their Joint Manifestation of Voluntary Satisfaction of Judgment Award with Joint Motion to Declare Case as Closed and Terminated.

e. Trans-Asia Shipping Lines, Inc. vs. Philippine Fire and Marine Insurance Corporation, et.al. Civil Case No. 39098, Regional Trial Court of Cebu City.

This Complaint was filed by Trans-Asia in September 2012 to collect the insurance proceeds arising from the sinking of MV Asia Malaysia, which proceeds are in the approximate amount of ₱120,000,000. Said Complaint was filed when defendant Philippine Fire only offered to pay the amount of ₱50,000,000. Defendant Philippine Fire filed its Motion to Dismiss the complaint on the ground of lack of jurisdiction and insufficient docket fees paid. When said Motion to Dismiss was denied, defendant Philippine Fire filed a Petition for Certiorari with the Court of Appeals in December 2014. Said Petition for Certiorari was dismissed by the Court of Appeals on June 28, 2016. On March 30, 2017, the regional trial court issued an Order setting the case for pre-trial on June 9, 2017. At the 9 June hearing, the case was remanded to the Executive Judge for transfer to Branch 11, which is the only commercial court in Cebu City. At Branch 11, Philippine Fire filed a Motion to Suspend Proceedings attaching the Notice of Stay Order issued by the Insurance Commission. Trans-Asia filed its Opposition to Philippine Fire’s Motion to Suspend Proceedings. The Regional Trial Court (Branch XI) of Cebu City, issued an Order on 14 July 2022 suspending the proceedings until the Stay Order is lifted or the case before the Insurance Commission is terminated.

On July 10, 2024, the trial court issued an Order requiring both parties to give an update on the rehabilitation of the Philippine Fire and Marine Insurance Corporation filed with the Insurance Commission. On August 30, 2024, Trans-Asia filed its Compliance With Manifestation to notify the trial court that Trans-Asia’s Verified Claim was referred/endorsed by Atty. John A. Apatan, Division Manager (Conservatorship, Receivership and Liquidation Division) of the Insurance Commission to Atty. Marianne P. Lozada-Marquez, the assigned/appointed Liquidator. On November 6, 2024, the trial court issued an Order directing the Liquidator Atty. Marianne P. Lozada-Marquez to inform the court of the status of the case pending before the Insurance Commission.

PART II – MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT’S COMMON EQUITY

I. Principal market where the registrant’s common equity is traded

The Company’s common shares are traded at the Philippine Stock Exchange (“PSE”) beginning August 8, 2017. The high and low sale prices of each quarterly period for year 2023 are as follows:

Period	2024		2023		2022		2021		2020		2019		2018	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
1Q	1.55	1.29	1.17	1.13	1.61	1.56	3.28	3.17	5.89	1.91	7.20	5.59	9.79	7.00
2Q	1.40	1.23	1.05	1.03	1.39	1.32	3.14	3.08	4.29	2.49	8.74	5.08	8.56	6.45
3Q	1.48	1.00	1.26	1.23	1.36	1.25	2.22	2.13	4.65	4.01	9.36	6.22	7.76	5.43
4Q	1.40	1.15	1.50	1.46	1.20	1.15	1.67	1.60	5.39	5.10	7.18	4.73	9.77	4.40

As of January 31, 2025, the market capitalization of the Company, based on the closing price of ₱1.25 per share, was approximately ₱2.77B.

II. Holders

The following are the top registered holders of the Company's securities based on the records as of December 31, 2024:

Name of Stockholders	Number of shares held	% to Total
Udenna Corporation	1,275,384,606	67.134
PCD Nominee Corporation (Filipino)	528,923,067	27.841
Metropolitan Bank & Trust Company Trust Banking Group	68,636,000	3.613
PCD Nominee Corporation (Non-Filipino)	15,184,825	0.788
Metropolitan Bank & Trust Company Trust Banking Group	5,296,000	0.279
Members of Board of Trustees of the Private Education	3,859,000	0.203
Caroline G. Taojo	800,000	0.042
Eggnest Property Corp.	770,000	0.041
Noe B. Taojo	400,000	0.021
Joaquin Chua	100,000	0.005
Elvira M. Cruz or Bernardo A. Cruz	100,000	0.005
Aida Bautista Dela Cruz	55,000	0.003
Clive C. Kian	50,000	0.003
Rudy B. Manguiat or Mary Aileen C. Manguiat	50,000	0.003
Goldclass, Inc.	35,000	0.002
Jharna P. Chandnani	30,000	0.002
Mely Ngo Lim	30,000	0.002
Christopher Vincent J. Kokseng or Mery Jean G. Kokseng	15,000	0.001
Myra P. Villanueva	10,800	0.001
Carlos Catangue Chua	9,300	0.001
Ruohn R. Opon	9,300	0.001
Milagros P. Villanueva	7,300	0.000
Myrna P. Villanueva	7,300	0.000
Marietta V. Cabreza	5,000	0.000
Percival Cirilo Samodio Flores	1,000	0.000
Alexander S. Timbol	100	0.000
Owen Nathaniel S. Au ITF: Li Marcos Au	10	0.000
Eduardo A. Bangayan	1	0.000
Miguel Rene A. Dominguez	1	0.000
Jesus S. Guevara II	1	0.000
Gener T. Mendoza	1	0.000
Gilbert Gabriel Flores Santa Maria	1	0.000
Arthur Kenneth L. Sy	1	0.000
Cherylyn C. Uy	1	0.000
Efren E. Uy	1	0.000
TOTAL	1,899,768,615	100.000%

III. Dividends

The Company's dividend policy is to declare at least 20% of its prior year's net income as dividends, whether in stock or in cash or a combination of both, subject to the existence of unrestricted retained earnings, CLIHC's financial condition, as well as requirements of applicable laws and regulations, the terms and conditions of our existing loan facilities, and the absence of circumstances that may restrict the payment of such dividends.

Each holder of a common share is entitled to such dividends as may be declared in accordance with the Company's dividend policy. The Company's current dividend policy entitles holders of common shares to receive dividends based on the recommendation of the Board of Directors. Such recommendation will consider such factors as operating expenses, implementation of business plans, and working capital.

The Company did not declare dividends since December 31, 2024, 2018 - 2023.

IV. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during this calendar year covered by this report.

At the September 20, 2024 Annual Stockholders' Meeting, after a discussion of each item, and opportunity given to the shareholders present to ask questions thereon, approval of the following matters took place: approval of the 2023 Audited Financial Statements and Annual Report; approval of the Minutes of the May 9, 2023 Annual Stockholders' Meeting; ratification of all acts of the Board of Directors, Board Committees and Management for the period covering February 21, 2023 to July 15, 2024; election of the members of the Board of Directors; and appointment of the External Auditor of the Company.

V. Recent Sale of Securities

On September 20, 2022, the Corporation executed a Subscription and Debt Conversion Agreement with The Members of the Board of Trustees of the Private Education Retirement Annuity Association (PERAA), and on September 5, 2023 the Corporation executed Subscription and Debt Conversion Agreements with Metropolitan Bank & Trust Company – Trust Banking Group (MBTC), as part of the Corporation's liability management exercise for restructuring of its outstanding loans and obligations. Pursuant to these Subscription Agreements, the total shares of the Corporation issued to PERAA was 3,859,000 while 73,932,000 shares of the Corporation were issued to MBTC. The shares were issued to MBTC on October 5, 2023 and to PERAA on October 12, 2023.

PART III – FINANCIAL INFORMATION

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

The Management's Discussion and Analysis of Financial Condition and Results of Operations for each of the Three Years in the Period Ended December 31, 2024, 2023 and 2022 are attached hereto as **Annex A**.

II. Information on Independent Accountant and Other Related Matters

Isla Lipana & Co. was appointed as the Company's new external auditor at the Annual Stockholders' Meeting held on September 20, 2024 for Calendar / Audit Year 2024. Isla Lipana & Co. (ILC), which is the Philippine member firm of PricewaterhouseCoopers, has neither shareholding in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees billed to the Company and its subsidiaries for each of the last three fiscal years for professional services rendered by its current and previous external auditors Isla Lipana & Co. and Punongbayan & Araullo (P&A), respectively.

	2024	2023	2022
Audit Fees	₱10,500,000	₱8,000,000	₱4,500,000

Audit and audit related fees refer to the professional services rendered by ILC and P&A for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the Independent Auditors' services.

III. Financial Statements

The Company's Statement of Management's Responsibility and Audited Financial Statements as of December 31, 2024 is in **Annex B**. Financial Statements are prepared in accordance with SRC Rule 68, as amended and Rule 68.1.

IV. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

The Company has not had any material disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period.

PART IV – CONTROL AND COMPENSATION INFORMATION

I. Directors and Executive Officers of the Issuer

1. Board of Directors

The incumbent members of the Board of Directors of the Company are as follows:

Office/Position	Name	Age	Citizenship
Directors			
Chairman	Dennis A. Uy	51	Filipino
Director/President & CEO	Chryss Alfonsus V. Damuy	51	Filipino
Director	Cherylyn C. Uy	45	Filipino
Director	Eduardo A. Bangayan	72	Filipino
Director	Arthur Kenneth L. Sy	57	Filipino
Director	Efren E. Uy	63	Filipino
Independent Director	Miguel Rene A. Dominguez	48	Filipino
Independent Director	Jesus S. Guevara II	70	Filipino
Independent Director	Gilbert F. Santa Maria	58	Filipino

Below is a summary of their qualifications:

Dennis A. Uy

Chairman

Dennis A. Uy, Filipino, 51 years old, is the founder and the Chairman of Chelsea Logistics and Infrastructure Holdings Corp. (CLIHC) since its incorporation. He served as President & CEO of CLIHC from incorporation until March 27, 2017. He is the Chairman and President of Phoenix Petroleum Holdings, Inc., the holding company of Phoenix Petroleum Philippines, Inc. (PPPI), and the Chairman and CEO of Udenna Corporation, the ultimate parent company of PPPI and CLIHC. He is also the Chairman of DITO CME Holdings Corp. (formerly ISM Communications Corporation), Udenna Land Inc., Le Penseur Inc., PH Resorts Group Holdings, Inc., and Udenna Management & Resources Corp. and its subsidiaries, Phoenix Philippines Foundation and of Udenna Foundation. Mr. Uy has been the Honorary Consul of Kazakhstan to the Philippines since November 2011. He has a degree in Business Management from De La Salle University.

Chryss Alfonsus V. Damuy

Director, President & CEO

Chryss Alfonsus V. Damuy, Filipino, 51 years old, has been a Director of CLIHC since its incorporation and was appointed President & CEO of the Company on March 27, 2017. He is the President of Chelsea Shipping Corp. and its subsidiaries namely PNX-Chelsea Shipping Corp., Fortis Tugs Corporation, Michael, Inc., Bunkers Manila, Incorporated, Chelsea Ship Management & Marine Services Corp., and Chelsea Marine Manpower Resources, Inc. Mr. Damuy is currently the Vice Chairman of Trans-Asia Shipping Lines, Incorporated and its subsidiaries Oceanstar Shipping Corporation, Starsy Shoppe, Inc., Dynamic Cuisine, Inc. and Quality Metals & Shipworks, Inc. Prior to joining CLIHC, he was the Vice President for Finance of Phoenix Petroleum Philippines, Inc. and General Manager of Calaca Industrial Seaport Corp. Before that, he was the Controller of Lapanday Foods Corporation and held various positions in its subsidiaries including the Fresh Asia Produce as Accounting Manager and the Mindanao Fresh Produce Services Corporation as Assistant Accounting Manager. He also worked as Chief Accountant of the Regional Educators Multi-Purpose Cooperative and as its Branch Officer. Mr. Damuy started his professional career as College Instructor of the Holy Cross of Davao College. He is a Certified Public Accountant and has a degree in Bachelor of Science in Accountancy.

Cherylyn C. Uy

Director, Treasurer

Cherylyn C. Uy, Filipino, 45 years old, is a Director of CLIHC since February 10, 2017. She also served as the Treasurer of the Company and its subsidiaries until September 2024. She is likewise a Director of Phoenix Petroleum Philippines, Inc. and of PH Resorts Group Holdings, Inc., and the Corporate Treasurer of the Udenna Group of Companies. She is the Executive Director of Phoenix Philippines Foundation, Inc. and President of the Udenna Foundation. Ms. Uy is a graduate of Ateneo de Davao University with a degree in Business and Finance.

Arthur Kenneth L. Sy

Director

Arthur Kenneth L. Sy, Filipino, 57 years old, has been a Director of CLIHC since March 27, 2017. He serves as Co-Chairman of Trans-Asia Shipping Lines, Incorporated, and currently the President and CEO of Sybu Real Estate Corporation and Director of Big Hub Transport & Logistics Corp., Dynamic Cuisine, Inc., Starsy Shoppe, Inc., Star Maritima Port and Allied Services, Inc., Oceanstar Shipping Corporation, and Quality Metal and Shipworks Inc. He holds degrees in the fields of business and engineering namely, Bachelor of Science in Business Administration from the University of San Carlos; Bachelor of Science in Marine Engineering, and Bachelor of Science in Mechanical Engineering from the University of Cebu.

Efren E. Uy**Director**

Efren E. Uy, Filipino, 63 years old, has been a Director of CLIHC since March 27, 2017. Mr. Uy currently serves as the Chairman and Chief Executive Officer of F2 Logistics Philippines, Inc., F2 Global Logistics, Inc., Agri Farmers, Inc., F8 Prime Transport Services, Inc., Ultimate Yellow Transport Services, Inc., Fmoves Transport Corp. and Miren Holdings, Inc. He has a degree in Bachelor of Science in Mechanical Engineering from University of San Carlos.

Eduardo A. Bangayan**Director**

Eduardo A. Bangayan, Filipino, 73 years old, has been a Director of CLIHC since March 27, 2017. He is currently the President of Summit World Group of Companies, a Director for Fuji Oil Philippines and an Independent Director for Manila Mining Corporation. From 2004 until 2008, he served as Trustee of the Local Water Utilities Association. Mr. Bangayan served as a Director of the Davao City Water District since 1993 and re-appointed in January 2023 with a term until 2028, and a member of the Philippine Association of Water Districts (PAWD) Board of Governors. He has served as a Director of the Rural Bank of Tagum from 2015 until present, as well as a member of the Board of Governors of the Philippine National Red Cross. He has a degree in Bachelor of Science in Business Administration from Silliman University and currently serves on the Board of Trustees representing the Alumni for a term up to July 31, 2027. He continues to serve as a pillar in the country's business sector by serving as Regional Director of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. in Southern Mindanao from 2017 to present.

Miguel Rene A. Dominguez**Independent Director**

Miguel Rene A. Dominguez, Filipino, 48 years old, has been an Independent Director of CLIHC since March 27, 2017. He is currently the President and Chief Executive Officer of Alsons Development & Investment Corporation. He previously served as Vice President for Operations at the Alcantara Group's Agribusiness Unit, where he oversaw the operations of key subsidiaries including Sarangani Agricultural Co. Inc. and Alsons Aquaculture Corporation. He was governor of Sarangani province for three (3) consecutive 3-year terms that began in 2004, during which he implemented a variety of agricultural and fisheries support programs aimed at improving the livelihoods of small-scale farmers and fisherfolk. Mr. Dominguez was named an awardee for Governance and Public Service in the Ten Outstanding Young Men (TOYM) 2013 by the TOYM Foundation. He was the first awardee of the Jesse Robredo Leadership Award given the same year. Beyond his roles within the Alcantara Group, Mr. Dominguez contributes to public service, social development, and the broader business community as an Independent Director of Siguil Hydro Power Corporation; Chairman of the Mindanao Committee of the Philippine Business for Social Progress; Board Member of the Philippine Business for Education; President of the General Santos City Chamber of Commerce; Chairman of Eisenhower Fellowships Association of the Philippines; President of Synergeia Foundation, Chairman of the Eagle Ridge Golf and Country Club; and Member of the Philippines-Japan Economic Cooperation Committee, Inc. He holds a Bachelor of Arts in Economics from Boston College and a postgraduate degree from Harvard University's Kennedy School.

Jesus S. Guevara II**Independent Director**

Jesus S. Guevara II, Filipino, 70 years old, has been an Independent Director of CLIHC since March 27, 2017. From 2009 to the present, he sits as Director of Lipa Bank, Inc. He served as Executive Vice President of the Development Bank of the Philippines, where he worked for eighteen (18) years. He served as the Chairman of the Board of Phividec Industrial Authority until August 13, 2024. He has a degree in Bachelor of Arts in Economics from University of the Philippines and Master's Degree in

Industrial Relations.

Gilbert F. Santa Maria
Independent Director

Gilbert F. Santa Maria, Filipino, 58 years old, was elected as an Independent Director of CLIHC in September 2024. He is the partner / founder of LSM Ventures, an investment and advisory company based in Los Angeles, California. He served as the President and COO of Philippine Airlines and as a member of the Board of Directors of Philippine Airlines, PAL Holdings, Inc., and Air Philippines, Inc., from July 2019 to January 2022. At Philippine Airlines, he led the 81-year old Flag carrier through the global Covid pandemic, steering the enterprise through a catastrophic liquidity crisis, an unprecedented pre-arranged U.S. Chapter 11 filing, financial restructuring, and operational and strategic transformation, while balancing board, employee, creditor, stakeholder, and national interests. The recovery plan of Philippine Airlines was recognized as the Asia Pacific Deal of the Year for 2021 for both Airline Economics and Air Finance Journal. He was also Chief Operating Officer of Ibox Global, Inc., a company based in Washington, D.C. from March 2015 to May 2018. He has also occupied senior leadership roles in companies in the Philippines and around the world including LiveIt Investments, Ltd., IQ Backoffice, Inc., Integron, Inc., Stream Global Services, Etelecare Global Solutions, Inc., Similan.Com Pte. Ltd., Argosy Partners, Inc. and Pepsi Cola Products Philippines, Inc. He currently serves as a member of the Yale School of Management Alumni Advisory Board. He has a degree in BS Electrical Engineering from the University of the Philippines, and a Master’s Degree in Public and Private Management from the Yale University School of Management.

Directorships in Other Reporting Companies

The following are directorships held by the Directors in other reporting companies during the last five (5) years:

Name of Director	Name of Reporting Company	Position Held
Dennis A. Uy	Phoenix Petroleum Philippines, Inc.	Chairman and Chief Strategy Officer
	2Go Group, Inc.	Chairman of the Board
	PH Resorts Group Holdings, Inc.	Chairman
	Dito CME Holdings Corp.	Chairman
	Atok-Big Wedge Co., Inc.	Vice Chairman
	Apex Mining Co., Inc.	Independent Director
Cherylyn C. Uy	Phoenix Petroleum Philippines, Inc.	Director
	PH Resorts Group Holdings, Inc.	Director
	Dito CME Holdings Corp.	Director
Eduardo A. Bangayan	Manila Mining Corporation	Independent Director

1. Executive Officers

The incumbent Executive Officers of the Company are as follows:

Office/Position	Name	Age	Citizenship
President & CEO	Chryss Alfonsus V. Damuy	51	Filipino
Chief Financial Officer	Darlene A. Binay	52	Filipino
Deputy CFO / Treasurer / Head of Treasury	Reynaldo A. Phala	58	Filipino
AVP – Legal & Corporate Affairs / Corporate Secretary	Ma. Henedina V. San Juan	63	Filipino
Compliance Officer	Leandro E. Abarquez	41	Filipino
Chief Audit Executive	Maria Katherine A. Agbay	52	Filipino

Below is a summary of their business experience:

Darlene A. Binay

Chief Financial Officer

Filipino, 52 years old, is the Chief Financial Officer of CLIHC. Prior to joining CLIHC, she was formerly the VP – Finance of Philippine Span Asia Carrier Corp. and AVP – Cluster Finance and Accounting of Magsaysay Shipping and Logistics Group (National Marine Corporation). She also served as Group Accounting Head of Roxas Holdings, Inc. and Subsidiaries. She was also an Assurance Senior Associate of Joaquin Cunanan & Co. (now Isla Lipana and Co), a PricewaterhouseCoopers member firm. She is a Certified Public Accountant and has a degree in B.S. Accountancy from St. Paul College Quezon City.

Reynaldo A. Phala

Deputy Chief Financial Officer / Treasurer/ Head of Treasury

Filipino, 58 years old, is the Treasurer, Deputy CFO, and Head of the Treasury Department of CLIHC and its subsidiaries. He joined the Company in April 2020 after spending 12 years with an affiliate company as AVP for Treasury. He led a progressive banking career for 17 years, which he started at UCPB. He also worked with the Department of Trade and Industry as Municipal Trade and Industry Officer for a year. He graduated from Mindanao State University-General Santos City with the degree Bachelor of Science in Civil Engineering as a consistent academic scholar and passed the licensure examinations for Civil Engineers in May 1989. He obtained his MBA degree conferred by the Ateneo de Manila University and Regis University, Denver, Colorado, USA in 2013 and his Diploma in Corporate Finance in 2018 from the Ateneo Graduate School of Business. He also attended executive courses at Harvard Law School in 2019.

Ma. Henedina V. San Juan

Corporate Secretary and Assistant Vice President for Legal and Corporate Affairs

Filipino, 63 years old, is the Corporate Secretary and concurrently the Assistant Vice President for Legal and Corporate Affairs of CLIHC. She also serves as the Corporate Secretary of Chelsea Shipping Corp. and its subsidiaries, and other Companies in the Udenna Group. Prior to joining the Company, she worked for Petron Corporation, Petronas Energy & Petroleum, Inc. and Herma Corporation. She has a degree in Bachelor of Arts in Political Science and Bachelor of Laws both from University of the Philippines.

Leandro E. Abarquez

Compliance Officer

Filipino, 41 years old, is the Compliance Officer of the Company. Prior to joining CLIHC, he was a Senior Associate at Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles. He has a Bachelor's degree in Biology from the Ateneo de Manila University and obtained his Juris Doctor degree from the same university in 2009.

Maria Katherine A. Agbay**Chief Audit Executive**

Filipino, 52 years old, is the Chief Audit Executive and Internal Audit Manager of the Company. Prior to joining CLIHC, she was an active Professional Practitioner in audit, insurance and real estate. She was previously a Lecturer at Far Eastern University – Makati and San Beda College, Manila; Vice-President - Audit and Systems Head and Finance Manager of Trust International Paper Corporation (TIPCO); Vice-President – Controller of subsidiary TIPCO Estates Corporation; Assistant Vice-President of Citibank and Accounting Manager of Kuok Philippine Properties, Inc. and KSA Realty Corporation. She started her career as an Auditor at SyCip, Gorres, Velayo & Co. She is a Magna Cum Laude graduate of University of the East, Manila. She also has a Master’s Degree in Business Administration from De La Salle University.

Period of Service in the Company

Name of Executive Officer	Period of Service
Darlene A. Binay	January 4, 2021 to present
Reynaldo A. Phala	April 15, 2020 to present
Ma. Henedina V. San Juan	Since incorporation to present
Leandro E. Abarquez	April 3, 2017 to present
Maria Katherine A. Agbay	December 5, 2017 to present

2. Family Relationships

There are no other family relationships between any Directors and any members of the Company's senior management as of the date of this Information Statement, except for the following:

1. Spouses Dennis A. Uy (Chairman of the Board) and Cherylyn C. Uy (Treasurer)
2. Spouses Arthur Kenneth L. Sy (Director and Trans-Asia Shipping Co-Chairman) and Sheila Fay U. Sy (Trans-Asia Shipping General Manager - Interport)

3. Involvement of Directors and Officers in Certain Legal Proceedings

As of the date of this Information Statement, there are no other material legal proceedings involving CLIHC's Directors and Executive Officers except for the following:

1. *People of the Philippines v. Prospero Pichay, Eduardo Bangayan, et.al., SB Criminal Case Nos. SB16CRM0425-30*

These cases charge Mr. Eduardo Bangayan for (a) violation of Section 3(e) of R.A. 3019; (b) violation of Section X126.2(C)(1)(2) of the Manual of Regulation for Banks in relation to Sections 36 and 37 of R.A. No. 7653; and, (c) committing Malversation of Public Funds under the Revised Penal Code, for allegedly conspiring with the other accused in the (a) Local Water Utilities Association's (LWUA) purchase of 445,377 shares in Express Savings Bank, Inc. (ESBI) and release from the LWUA Fund of at least ₱800,003,070.51 in connection with the said purchase of shares; and, (b) LWUA's deposit and/or capital infusion of the ₱400,000,000.00 and deposit of ₱300,000,000.00 with ESBI, as well as the release of the foregoing amounts from the LWUA Fund.

Mr. Bangayan sought for the dismissal of the criminal cases against him based on his defense that he had acted in good faith, upon the honest belief and based on information made available to him, that LWUA's acquisition of ESBI had the approval of the BSP and complied with all applicable laws and

regulations, and that there was no prima facie evidence on his alleged conspiracy, hence, there is no probable cause to indict him for any of the alleged offenses.

The Sandiganbayan dismissed the case insofar as Mr. Bangayan is concerned through its Resolution dated October 18, 2016. The prosecution moved for reconsideration thereof. On 17 November 2017, the Sandiganbayan issued its Resolution denying the prosecution's Motion for Partial Reconsideration, and thus affirmed the dismissal of all cases against Mr. Bangayan. Claiming grave abuse of discretion on the part of the Sandiganbayan, the prosecution filed its Petition for Certiorari with the Supreme Court. Mr. Bangayan filed his Comment / Opposition dated 1 June 2018 to the prosecution's Petition for Certiorari. The said Petition for Certiorari is pending resolution by the Supreme Court.

2. Ombudsman v. Bundoc, et. Al., G.R. No. 225521-28, Supreme Court, First Division

On November 2012, the Office of the Ombudsman issued a review decision finding certain individuals, including Jesus S. Guevara II, guilty of Grave Misconduct and Conduct Prejudicial to the Best Interest of the Service. On November 2015, the Court of Appeals set aside the decision, which prompted the Office of the Ombudsman to file a motion for reconsideration. The Court of Appeals denied such motion for reconsideration on June 2016. A petition for review on certiorari was filed by the Office of the Ombudsman before the Supreme Court on August 2016. The Supreme Court in its Order dated December 1, 2016 and received on March 30, 2017, ordered the respondents including Jesus Guevara II to comment on the Petition filed by the Ombudsman. In its ruling dated August 7, 2023, the Supreme Court remanded the case to the Sandiganbayan. Jesus Guevara filed his Motion for Reconsideration of this ruling of the Supreme Court, and is awaiting the ruling of the Court on the said Motion.

Other court cases typical and customary in the course of the business operations of the Company such as those, among others, involving collection, qualified theft, breach of contract and reckless imprudence have been filed by and against the Company, by and against its employees and/or third parties. The results of which will not significantly affect the financial standing of the Company.

Except for the above, to the best of the Company's knowledge there has been no occurrence during the past five (5) years up to the date of this Annual Report of any of the following events which are material to an evaluation of the ability or integrity of any Director, person nominated to become a Director, executive officer, or control person of the Company:

- Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two years prior to that time;
- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Any final and executory order, judgment, or decree or any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and
- Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the Commission, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

There are no other pending material legal cases as far as records of the Company are concerned.

II.Executive Compensation

The Company's executive officers are regular employees entitled to a 12-month compensation package and other mandatory pay and benefits. They also receive performance bonuses similar to those of the managerial, supervisory and technical employees.

The members of the Board of Directors are elected for a period of one (1) year. The Company pays its non-executive Directors a per diem of ₱30,000.00 for each meeting. There are no other arrangements for which the members of the Board of Directors are compensated.

The aggregate compensation paid or incurred during the last two (2) fiscal years to the executive officers of the Company are as follows:

Compensation of Executive Officer and Directors (in ₱ millions)					
Name	Principal Position	Salary	Bonus	Other	Total
		Estimated Compensation For the Year Ended December 31, 2025			
Chryss Alfonsus V. Damuy Cherylyn C. Uy Darlene A. Binay	President & CEO Treasurer Chief Financial Officer	27.75	2.05	8.24	38.04
All other officers as a group unnamed		13.18	0.52	2.48	16.18

Compensation of Executive Officer and Directors (in ₱ millions)					
Name	Principal Position	Salary	Bonus	Other	Total
		Actual Compensation For the Year Ended December 31, 2024			
Chryss Alfonsus V. Damuy Cherylyn C. Uy Ignacia S. Braga IV Darlene A. Binay	President & CEO Treasurer Chief Financial Officer (until August 31, 2024) Chief Financial Officer (Starting September 1, 2024)	26.43	2.05	8.24	36.72
All other officers as a group unnamed		12.55	0.52	2.48	15.55

Compensation of Executive Officer and Directors (in ₱ millions)					
Name	Principal Position	Salary	Bonus	Other	Total
		Actual Compensation For the Year Ended December 31, 2023			
Chryss Alfonsus V. Damuy Cherylyn C. Uy Ignacia S. Braga IV	President & CEO Treasurer Chief Financial Officer	20.01	0.29	7.33	27.63
All other officers as a group unnamed		16.45		2.58	19.77

Compensation of Executive Officer and Directors (in ₱ millions)					
Name	Principal Position	Salary	Bonus	Other	Total
		Actual Compensation For the Year Ended December 31, 2022			
Chryss Alfonsus V. Damuy	President & CEO				
Cherylyn C. Uy	Treasurer	15.92	0.18	6.66	22.75
Ignacia S. Braga IV	Chief Financial Officer				
All other officers as a group unnamed		15.99		2.34	18.34

Generally, a typical employment contract executed between the Company and its named executive officers has the following terms:

- a. Specification of job title, commencement date of employment, work assignment and possible need for reassignment of work or location as the need may arise.
- b. Probation of six months from commencement of employment. If the job performance is found to be satisfactory, employment shall be converted to regular status.
- c. Salary & Benefits: specifies that the executive officer shall receive his or her monthly salary and a guaranteed 13th month pay less the necessary government deductions required by law, such as but not limited to SSS premium, PHILHEALTH, and PAG-IBIG contributions. The same section likewise provides that the executive's salary shall be subject to annual review which shall take into consideration his or her performance and the achievement of a mutually-agreed goals.
- d. Exclusivity: The employment contract states that the executive shall render exclusive service to the Company and to work with other companies, regardless of whether such work is done outside of office hours, without the consent of the Company, is prohibited.
- e. Confidentiality: The executive is duty bound to keep confidential information, materials and records which he or she may access in the course of his or her employment with the Company and he or she may not disclose or reproduce the same without the consent of the Company.
- f. Professional Conduct: The executive concerned is expected to comply with all the policies and procedures which the Company may issue from time to time. It is specifically prohibited to accept any or all kinds of gifts from suppliers and customers without the consent of the Company.

Employees' Stock Option Plan (ESOP)

On February 13, 2019, the Board of Directors of the Company approved an ESOP covering all regular employees with at least one year of service from the date of grant. This was subsequently ratified by stockholders holding at least two-thirds of the outstanding capital stock on March 15, 2019. The objective of the ESOP is to recognize the loyalty, dedication and exemplary performance of the employees of the Company, thereby encouraging long-term commitment to the Company.

Under the ESOP, the Company shall initially reserve for exercise of stock options up to 56.3 million common shares of the Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares, 66.67% of which were granted to existing employees as of the initial offering date (IOD) while the remaining 33.33% is reserved for employees hired after the IOD. Stock options may be granted within five years from the adoption of the ESOP and may be exercised within 10 years from the date of grant. The exercise price shall be based on the volume weighted average price of the Company 30 days prior to the IOD. The options shall vest for a period of one to five years from the IOD. The Company shall receive cash for the stock options.

In 2022, the Company amended the subscription price of the stock options to P3.99 per share from P6.28 per share and the exercise periods to the first five trading days of September of every year. This change was taken prospectively from date of approval and resulted to an increase in share options expense amounting to P18.8 million in 2022.

As of December 31, 2024 and 2023, pursuant to the ESOP, the Company has granted the option to its eligible employees to subscribe to 37.6 million shares of the Company. An option holder may exercise in whole or in part his vested option, provided that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. No options have been exercised as at December 31, 2024 and 2023.

The fair value of the option granted was estimated using binomial option pricing model that takes into account factors specific to the ESOP. The principal assumptions used in the valuation are shown below:

Grant date	:	May 15, 2019
Vesting period ends	:	May 15, 2024
Option life	:	Five years
Share price at grant date	:	P6.05
Amended exercise price	:	P3.99
Original exercise price at grant date	:	P6.28
Average fair value at grant date	:	P3.16
Average standard deviation of share price returns	:	51.28%
Average risk-free investment rates	:	6.14%

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

Shown below are the information on options held by Directors and Officers of the Company:

Options Held by Directors and Officers						
Name	Option Granted	2020	2021	2022	2023	2024
CEO and Most Highly Compensated Executive Officers	6,570,922	1,314,184	1,273,494	1,273,494	1,273,494	1,273,494
All other Officers of the Company	1,251,102	205,043	205,043	205,043	205,043	205,043

As of December 31, 2024, none of these options have been exercised.

The Employee Stock Option Plan, as amended, was submitted to the Securities and Exchange Commission for approval on December 27, 2022.

b. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Records and Beneficial Owners as of December 31, 2024

Title of Class	Name & Address of Record Owner & Relationship to Issuer	Name of Beneficial Owner & Relationship to Record Owner	Citizenship	No. of Shares	Percentage of Outstanding Shares
Common	Udenna Corporation Stella Hizon Reyes Road, Bo. Pampanga, Davao City <i>Stockholder</i>	Udenna Corporation	Filipino	1,650,384,605	72.55%
Common	PCD Nominee Corporation 29/F BDO Equitable Tower 8751 Paseo de Roxas, Makati City <i>Stockholder</i>	PCD participants acting for themselves or for their customers	Filipino	528,923,067	23.25%

**PCD Nominee Corporation is not a related Company*

Udenna Corporation is the holding company of the Uy family. It is directly owned by spouses Dennis A. Uy and Cherylyn C. Uy.

The 528,923,067 Common shares under the name of PCD Nominee Corporation are owned by PCD participants acting for themselves or for their Filipino customers.

Other than the stockholders identified above, as of December 31, 2024, there are no other stockholders other than participants under PCD account who own more than five percent (5%) of the voting securities. Of the increase in the authorized capital stock of the Corporation from Two Billion Pesos (₱2,000,000,000.00) to Three Billion Five Hundred Million Pesos (₱3,500,000,000.00), which was approved by the Securities and Exchange Commission on April 4, 2022, Udenna Corporation subscribed to 375,000,000 additional shares, which are not yet recorded in the books of the Corporation's Stock Transfer as the shares are not yet fully-paid.

As of December 31, 2024, 0.6675% or 15,184,825 Common Shares are owned by foreign stockholders.

2. Security ownership of Directors and Management as of December 31, 2024

Title of Class	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership	No. of Shares	Percentage of Outstanding Shares
Directors					
Common	Dennis A. Uy	Filipino	Direct	215,501	.01%
			Indirect	770,234,496	33.86%
Common	Cherylyn C. Uy	Filipino	Direct	1	NIL
			Indirect	219,996,268	9.67%
Common	Chryss Alfonsus V. Damuy	Filipino	Direct	1,668,000	0.04%
Common	Eduardo A. Bangayan	Filipino	Direct	70,001	NIL
Common	Miguel Rene A. Dominguez	Filipino	Direct	1	NIL
Common	Jesus S. Guevara II	Filipino	Direct	1	NIL
			Indirect	100,000	0.01%
Common	Arthur Kenneth L. Sy	Filipino	Direct	1	NIL

Title of Class	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership	No. of Shares	Percentage of Outstanding Shares
Common	Efren E. Uy	Filipino	Direct	270,001	0.01%
Common	Gilbert F. Santa Maria	Filipino	Direct	1	NIL
Executive Officers					
Common	Darlene A. Binay	Filipino	Direct	NIL	NIL
Common	Reynaldo A. Phala	Filipino	N/A	NIL	NIL
Common	Ma. Henedina V. San Juan	Filipino	Direct	219,000	0.01%
Common	Maria Katherine A. Agbay	Filipino	N/A	NIL	NIL
Common	Leandro E. Abarquez	Filipino	Direct	36,300	NIL
All Directors and Officers as a group				992,809,572	43.64%

As of December 31, 2024, Directors and Executive Officers of the Company owned an aggregate of 992,809,572 shares of the Company, equivalent to 43.64% of the Company's total issued and outstanding shares.

3. Changes in Control

The Company is not aware of any arrangements that may result in a change of control in the Company since the beginning of its fiscal year.

4. Voting Trust Holders of 5% or more

Other than those mentioned above, there are no persons holding more than five percent (5%) of a class under a voting trust or any similar agreements as of the date of this Report.

c. Certain Relationships and Related Transaction

The Company's related parties include its parent company, related parties under common ownership, the Company's key management personnel and stockholders.

A summary of the Company's and its Subsidiaries' transactions with its related parties for the periods ended December 31, 2024, 2023 and 2022 and the related outstanding balances as of December 31, 2024 and 2023 is presented below.

	Notes	Amounts of transaction		Outstanding balances		
		2024	2023	2022	2024	2023
Parent Company:						
Cash advances granted	17.4	(11,699,608)	4,338,633	(21,936,541)	7,105,760,704	7,117,460,312
Subsidiaries:						
Sale to Dito	8,17.4	-	-	-	271,874,967	271,874,967
Related parties under common ownership:						
Chartering of services rendered	17.1	-	9,881,618	109,987,271	55,471,143	64,184,585
Fuel purchases	17.2	424,755,506	308,319,152	787,817,140	(2,924,642,783)	(2,918,883,787)
Acquisition of CSC's shares	17.6	-	-	-	(500,000,000)	(500,000,000)
Rental expense	17.3	-	1,025,325	1,504,479	-	(3,430,866)
Cash advances granted	17.4	-	-	17,291,343	86,032,238	86,032,238
Cash advance obtained	17.4	-	(25,490,390)	71,198,734	(504,000,000)	(504,000,000)
Right-of-use assets	7,17.7	(5,552,180)	(16,656,541)	(12,492,405)	-	9,716,315
Lease liabilities	10.4, 17.7	5,118,195	17,220,905	12,708,552	-	(8,956,841)
Stockholders:						
Cash advances granted	17.4	(8,013,185)	2,661,432	-	172,950,418	150,885,270
Key management personnel						
Compensation and benefits	19.8	52,270,000	43,978,811	42,670,026	-	-

Unless otherwise stated, the outstanding receivables and payables from and to related parties are unsecured, non-interest bearing and are generally settled in cash upon demand or through offsetting arrangement with the related parties.

Charter Fees

The Group entered into chartering agreements with Phoenix Petroleum Philippines, Inc. (PPPI), a related party under common ownership, which are made on the same terms as those transactions with third parties. The amounts of revenue recognized are presented as part of Charter Fees under the Revenues section of the Consolidated Statements of Profit or Loss. The related outstanding receivable as of December 31, 2024 and 2023 is presented as part of Trade receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 5)

The outstanding receivables from related parties are unsecured and do not bear any interest as the credit terms range from 30 to 45 days. Further, no impairment loss was recognized on the outstanding receivables from related parties as of December 31, 2024 and 2023 based on Management's assessment.

Fuel Purchases

The Group purchases fuel and lubricants from PPPI, a related party under common ownership. Fuel consumed is included as part of Bunkering under the Cost of Sales and Services account in the Consolidated Statements of Profit and Loss (see Note 14) while the remaining fuel and lubricants inventory amounting to Php88.1M and Php86.7M as of December 31, 2024 and 2023, respectively, are included as part of the Inventories account in the Consolidated Statements of Financial Position (see Note 6). The outstanding liability, which is unsecured, and do not bear any interest as the credit terms range from 30 to 90 days, arising from these transactions as of December 31, 2024 and 2023, is presented as part of Trade Payables and Accrued Expenses under the Trade and Other Payables account in the Consolidated Statements of Financial Position (see Note 13).

Rentals

The Group entered into a one-year contract of lease covering vehicles with Valueleases, Inc., a related party under common ownership, renewable at the end of the lease term upon mutual agreement of the parties. Related expense is presented as part of Rentals under Cost of Sales and Services in the Consolidated Statements of Profit or Loss (see Notes 14 and 15). The outstanding security deposits arising from this transaction are presented as part of Security Deposits under the Other Non-current Assets accounts in the Consolidated Statements of Financial Position (see Note 11).

Advances to and from Related Parties

In the normal course of business, the Group grants and obtains unsecured, non-interest-bearing cash advances to and from its related parties mainly for working capital requirements and to bridge financing of vessel acquisitions pending draw down of related loans.

As of December 31, 2024 and 2023, the outstanding receivable and payable balances from these advances are shown as Advances to Related Parties and Advances from Related Parties, respectively, in the Consolidated Statements of Financial Position. These advances have no repayment terms and are payable in cash on demand or through offsetting arrangement with the related parties.

The movements in Advances to Related Parties as of December 31, 2024 and 2023 are as follows:

	Parent company	Associate	Related parties under common ownership	Stockholders	Total
December 31, 2024					
Balance at beginning of year	7,117,460,312	271,874,967	86,032,238	150,885,270	7,626,252,787
Advances				22,065,148	22,065,148
Collections	(11,699,608)				(11,699,608)
Balance at end of year	7,105,760,704	271,874,967	86,032,238	172,950,418	7,636,618,327
December 31, 2023					
Balance at beginning of year	7,113,121,679	271,874,967	86,058,666	148,223,838	7,619,279,150
Advances	4,338,633	-	-	-	4,338,633
Collections	-	-	(26,428)	2,661,432	2,635,004
Balance at end of year	7,117,460,312	271,874,967	86,032,238	150,885,270	7,626,252,787

Based on Management's assessment, no impairment loss is recognized in 2024, 2023 and 2022 related to the advances granted to related parties (see Note 25.2).

In addition, the following table presents the outstanding balance of advances to officers and employees of the Company as of December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Advances to officers and employees	₱ 22,900,011	₱ 28,717,705

Advances to officers and employees represent unsecured, non-interest bearing cash advances for business-related expenditures and are subject to liquidation.

d. Ownership structure and parent company

As of December 31, 2024, Udenna Corporation owns 72.55% of the outstanding shares of the Company.

e. Resignation of Directors

Since the organizational meeting of the Company on September 20, 2024, no Director or Officer has resigned because of a disagreement with the Company on any matter relating to the Company's issuance, operations, policies or practices.

PART V – CORPORATE GOVERNANCE

The Company adopted a Manual of Corporate Governance (the "Manual") to ensure its compliance with the leading practice on good corporate governance and related Philippine SEC rules and regulations. The Manual was approved and adopted by its Board of Directors and deemed effective as of March 27, 2017.

The Manual features the following provisions:

- *Protection of investors.* The Manual provide for shareholders' rights and protection, investor relations and a disclosure system to ensure transparency and accountability.
- *Board of Directors and Management.* The detailed qualifications and disqualifications, duties, functions and responsibilities of the Board and executive officers are also enumerated in the Manual.
- *Checks and balances.* The Manual contains the vision, strategic objectives, key policies,

procedures for the management of the Company, and mechanisms for monitoring and evaluating management's performance.

- *Compliance with the Manual.* The appointment of a Compliance Officer to monitor compliance with and violations of the Manual is also provided.
- *Creation of committees.* The Manual mandates the creation of the Nomination Committee, the Audit Committee, the Corporate Governance Committee, the Board Risk Oversight Committee and the Related Party Transaction Committee, to ensure the performance of certain important functions of the Board and of Management.

The Company will continue to improve its corporate governance, and will amend, the Manual as may be necessary.

Compliance with Corporate Governance Manual

The Company strives to fully comply with its Corporate Governance Manual. To date, the Company's compliance is not measured by weight program nor by a grading system. The Company's compliance with its Corporate Governance Manual, however, is manually examined against the adopted written principles.

In August 2018, in pursuance of its commitment to adopt leading corporate governance practices, Company with the approval of its Board of Directors adopted four (4) Board Committee Charters, namely: (i) Board Risk Oversight Committee Charter, (ii) Corporate Governance Committee Charter, (iii) Audit Committee Charter; and (iv) Related Party Transactions Committee Charter.

Further, on the same year, the members of the Audit Committee were also changed to adopt the corporate governance recommendation that the Audit Committee be composed of at least three (3) Independent Directors, including the Chairman of the Committee.

Similarly, in October 2018, the re-designing and re-development of the Company's website was completed in order to conform to the mandatory website contents of the Philippine Securities and Exchange Commission and Philippine Stock Exchange (PSE). All Company disclosures made through the PSE Edge System are mirrored in the Company website. The Company charters, policies and manual for various activities and processes are also available on the Company website.

Corporate Governance Outlook

In 2019, in order to improve on the corporate governance practices of the Company, a Committee was created to formulate governance related policies, including the Code of Business Conduct and Ethics, Insider Trading Policy and Policy on Conflict of Interest.

In addition, the Company has rolled out its Amended Employee Stock Option Plan, as approved during the Annual Stockholders' Meeting held on May 3, 2022. This will form part of the Company's program in recognizing and rewarding the performance of its employees beyond short-term financial measures. The implementation of this program is currently in process.

The members of the Board of Directors of the Company and its Management Team are required to attend a Corporate Governance Seminar at least once a year. For 2024, the Company's Corporate Governance Seminar was held on 3 December 2024 with the following topics:

- I. Review of Code of Corporate Governance Code for Publicly-Listed Companies
- II. Corporate Sustainability / Sustainability Reporting
- III. 2024 Global and Regional Trends in Corporate Governance

- IV.** RP Economic Statistics
- V.** Global and Local events that will affect Business and Governance in 2025

The Company shall endeavor to adopt and implement more leading corporate governance practices in the future.

PART VI – EXHIBITS AND SCHEDULES

I. Exhibits and Reports on SEC Form 17-A

Annex A: Management’s Discussion & Analysis of Financial Condition and Results of Operations for the Year Ended December 31, 2024, 2023 and 2022

Annex B: Statement of Management’s Responsibility for Consolidated Financial Statements and Audited Consolidated Financial Statements

Annex C: Sustainability Report

II. Signatures

MANAGEMENT REPORT

I. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Chelsea Logistics and Infrastructure Holdings Corp. and its Subsidiaries' (CLIHC or the Group) Discussion and Analysis provides an overview of the Group's financial activities as of and for the years ended December 31, 2024 and 2023. The following discussions should be read in conjunction with the attached Audited Consolidated Financial Statements of the Group as of December 31, 2024 and 2023.

Comparable discussion on Material Changes in Results of Operations for the years ended December 31, 2024 and 2023.

Amounts in millions (Php)	December 31,					
	2024	%Rev	2023	%Rev	% Change	
Revenues	P 8,007	100%	P 7,048	100%	14%	
Cost of sales and services	6,550	82%	5,598	79%	17%	
Gross Profit	1,457	18%	1,449	21%	1%	
Other operating expenses	1,074	13%	1,398	20%	(23%)	
Provision for expected credit losses	(48)	(1%)	95	1%	(151%)	
Operating profit (loss)	431	5%	(44)	(1%)	(1085%)	
Finance cost, net	(1,112)	(14%)	(1,258)	(18%)	(12%)	
Other income - net	949	12%	254	4%	273%	
Profit (Loss) Before Tax	268	3%	(1,047)	(15%)	(126%)	
Tax expense	91	1%	96	1%	(4%)	
Net Profit (Loss) After Tax	P 177	2%	P 1,143	(16%)	(116%)	
Add Back:						
Tax expense (income)	91	1%	96	1%	(4%)	
Depreciation and amortization	1,690	21%	1,353	19%	25%	
Interest expense	1,041	13%	1,227	17%	(15%)	
Gain on debt modification	(472 )	(	( 242)	(3%)	95%
Loss (gain) on sale of property and equipment	(458)	(6%)	161	2%	(384%)	
Provision for expected credit losses	(48)	(1%)	95	1%	(151%)	
Unrealized foreign currency exchange losses	28	0%	(10)	(0%)	(391%)	
Impairment losses on property and equipment	18	0%	16	0%	14%	
Share option benefit expense	5		8	0%	(41%)	
Interest Income	(1)	(0%)	(1)	(0%)	20%	
Impairment loss on investment	-	0%	81	1%	(100%)	
Gain on pretermination of lease liability	-	0%	(6)	(0%)	(100%)	
Gain on sale of an associate	-	0%	(96)	(1%)	(100%)	
EBITDA	P 2,072	26%	P 1,541	22%	34%	

Chelsea Group maintained robust momentum in 2024, marking the start of economic recovery. The Group focused on stabilizing its operations amidst the impact of the global pandemic and uneven progress of recovery in certain markets and industries.

In 2024, Chelsea Group achieved consolidated Revenues of ₱8.007 Billion, reflecting 14% year-on-year growth from ₱7.048 Billion in 2023. This growth was attributed to increased revenue across all

business segments, despite challenges in vessel availability, which were mitigated through enhanced asset optimization and strategic deployment of trading vessels.

The increase in revenue, despite the tough market dynamics, was driven by higher freight and passenger volumes, improved rates, and additional trading vessels and ports of call in 2024. The freight segment remained the primary revenue contributor, accounting for 47% of total revenues. This was supported by the deployment of additional chartered RoRo vessels to new routes and existing ports of call. However, its share declined in 2024 due to growth in passage and chartering segments.

This year's growth outpaced pre-pandemic revenue levels by 11%.

As a result of group-wide continuing cost management initiatives and operational efficiency improvements, the Group's consolidated operating performance surged by 10.9 times, achieving an Operating Profit of ₱431 Million compared to an Operating Loss of ₱44 Million in 2023 - a significant milestone since the pandemic.

However, an unparalleled year-on-year increase in Total Direct Costs impacted consolidated Gross Profit margins, which fell from 21% in 2023 to 18% in 2024. Rising fuel prices led to a 17% increase in Bunkering cost. Fuel consumption rose due to an increased number of trips and additional trading vessels. Depreciation and Amortization costs increased by 29%, driven by vessel revaluation and high drydocking costs. Repairs and maintenance cost surged by 45% due to vessel breakdowns, while Crew costs increased by 27%. Charter hire fees saw a steep 34-fold rise due to addition of RoRo vessels and tugs chartered to meet growing customer demand.

The Group managed to reduce Other Operating Expenses by 23%, lowering costs from ₱1.398 Billion in 2023 to ₱1.074 Billion in 2024, mainly due to a 72% reduction in Outside Services cost.

A ₱48 Million net reversal of Provision for Expected Credit Losses (ECL) was recorded, reflecting ongoing asset quality monitoring. Total Allowance for ECL was considered sufficient at year-end to cover potential doubtful accounts.

In 2024, the Group continued its Liability Management Exercise (LME), restructuring certain interest-bearing loans. This resulted in a 15% reduction in consolidated Interest Expense to P1.041 Billion.

Consolidated Net Other Income rose to ₱951 Million, a 2.74-fold increase from the prior year. This was driven by a ₱472 Million Gain on Debt Modification, representing a 95% year-on-year increase, and a ₱458 Million Gain on the Sale of Investment Property through a Dacion-En-Pago arrangement with a bank. The latter involved transferring the rights and ownership of a certain portion of the Company's property in Taguig City to settle loans and partially cover accrued interest obligations of its two (2) subsidiaries with a bank.

As a result, Chelsea Group turned its financial performance around, achieving a Consolidated Net Profit After Tax of ₱177 Million – a significant recovery from the ₱1.143 Billion Net Loss in 2023 and a 24% improvement compared to 2017's Net Income.

Consolidated Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) rose by 35%, higher at ₱2.074 Billion, and Earnings per Share improved to ₱0.083 in 2024 from a Loss per Share of ₱0.545 in 2023.

Financial Condition

December 31, 2024 and 2023

<i>Amounts in millions</i>	December 2024		December 2023		% Change
Current Assets	P	10,983	P	10,946	0%
Non-Current Assets		20,430		22,005	(7%)
Total Assets	P	31,413	P	32,951	(5%)
Current Liabilities	P	12,603	P	15,057	(16%)
Non-Current Liabilities		14,549		13,990	4%
Total Liabilities	P	27,152	P	29,047	(7%)
Total Equity	P	4,261	P	3,904	9%
Total Liabilities and Equity	P	31,413	P	32,951	(5%)

As of December 31, 2024, Chelsea Group's consolidated Total Assets amounted to ₱31.413 Billion, reflecting a 5% decline compared to the same period in 2023. This reduction was mainly attributed to the disposal of an investment property through Dacion-En-Pago, which consequently decreased loan and interest obligations. This also contributed to a 16% reduction in Current Liabilities, which stood at ₱12.603 Billion in 2024.

Meanwhile, Non-current Liabilities rose by 4% to ₱14.549 Billion, primarily due to the reclassification of certain accrued interest to Long-term Interest-Bearing Loans and Obligation following loan restructuring, as well as the recognition of past service costs amounting to P182 Million, increasing the Retirement Benefit Obligation.

Total Stockholders' Equity reached ₱4.261 Billion as of December 31, 2024, marking a 9% increase from 2023. This growth was driven by the Group's Consolidated Net Comprehensive Income for the year.

The current ratio improved to 0.87 at year-end, compared to 0.73 in the previous year. Additionally, the total debt to equity ratio declined from 7.44 in 2023 to 6.37 in 2024.

Book Value per Share rose to ₱1.99 in December 2024 from ₱1.82 in December 2023

Comparable discussion on Material Changes in Results of Operations for the period ending December 31, 2023 and 2022.

Amounts in millions (Php)	December 31					
	2023	%Rev	2022 as restated	%Rev	% Change	
Revenues	P 7,048	100%	P 6,433	100%	10%	
Cost of sales and services	5,598	79%	5,642	88%	(1%)	
Gross Profit	1,449	21%	791	12%	83%	
Other operating expenses	1,398	20%	1,114	17%	25%	
Provision for expected credit losses	95	1%	42	1%	128%	
Operating loss	(44)	(1%) (	365)	(6%)	(88%)	
Finance cost, net	(1,258)	(18%) (	1,381)	(21%)	(9%)	
Other charges (income) - net	254	4% (	729)	(11%)	(135%)	
Loss before tax	(1,047)	(15%) (	2,475)	(38%)	(58%)	
Tax expense	96	1%	57	1%	69%	
Net loss after tax	(P 1,143)	(16%) (	P 2,531)	(39%)	(55%)	
Add Back:						
Tax expense (income)	96	1%	57	1%	69%	
Depreciation and amortization	1,353	19%	1,256	20%	8%	
Interest expense	1,227	17%	1,256	20%	(2%)	
Impairment losses on property and equipment	16	0%	624	10%	(97%)	
Loss on sale of property and equipment	161	2% (	3)	(0%)	(5678%)	
Impairment loss on investment	81	1%	233	4%	(65%)	
Gain on debt modification	(242)	(3%) (	134)	(2%)	80%	
Unrealized foreign currency exchange losses	(10)	(0%)	125	2%	(108%)	
Impairment loss on goodwill	-		64	1%	(100%)	
Provision for expected credit losses	95	1%	42	1%	128%	
Share option benefit expense	8	0%	19	0%	(55%)	
Gain on pretermination of lease liability	(6)	(0%)	-	0%	100%	
Gain on sale of an associate	(96)	(1%)	-	0%	100%	
Share in net income from associate	-	0% (	15)	(0%)	(100%)	
Interest Income	(1)	(0%) (	4)	(0%)	(71%)	
Adjusted EBITDA	P 1,541	22%	P 987	15%	56%	

The Group had a revenue growth of 10% in 2023, surpassing the pre-pandemic 2019 performance, and posted an all-time high from 2017 Revenue of ₱7.048 Billion. The Passage and Freight segments of the Group continued to make progress in 2023 and delivered increases in revenues by 50% and 3%, respectively. These improvements in revenues were in part driven by the increase in average rates to cover the rising fuel prices in the early part of the year. With COVID-19 restrictions almost entirely relieved in 2023, passengers carried by our three (3) shipping lines increased by 44%, and the number of trips likewise went up by 14% in the current year.

Consolidated Gross Profit increased to ₱1.449 Billion from the prior year for a 21% margin, driven by improvements in revenues and the unparalleled reduction in total direct costs in 2023. Additional vessels were brought back to trading status this year which reduced Fixed Costs' impact on margins.

As a result, the Group posted a considerable reduction in Consolidated Loss from Operations of ₱44 Million in 2023 from a loss of ₱365 Million in 2022, or an 88% decrease, driven by solid topline growth across our major subsidiaries. Group-wide cost containment initiatives helped mitigate other operating costs despite increased business requirements, but the vessel availability issues still pulled down overall growth. Likewise, additional provision of ₱95 Million on Expected Credit Loss this period was provided to uplift the coverage and to closely monitor asset quality.

The Group's Liability Management Exercise (LME) resulted to a reduction of 9% in the consolidated finance costs to ₱1.258 Billion in the current year. Loans restructured in 2023 generated a gain of ₱242 Million on debt modification, 80% higher from 2022.

Also, during the year, the Group recognized a one-off Gain on Sale of Investment in Associate amounting to ₱96 Million and a Gain on Pre-termination of Lease Liability amounting to ₱6 Million. Likewise, foreign currency transactions in the current year gave rise to net unrealized foreign currency exchange gain of ₱10 Million, a turnaround from a loss taken up amounting to ₱125 Million in previous year.

Certain vessels of the Group were impaired this year amounting to ₱16 Million Impairment Losses on Property and Equipment, a 97% reduction from last year which includes loss taken up on MV TransAsia 1 which caught fire in 2022. In addition, the Group disposed two (2) freighter vessels in 2023 and recognized a total Net Loss on Sale of Property and Equipment of ₱161 Million.

In 2023, a non-cash Impairment Loss on Investment in a joint venture was recognized amounting to ₱81 Million, while the Group took up Impairment Loss on Investment Property in 2022 amounting to ₱233 Million which pertained to the cost of construction project of a warehouse terminated last year.

Further, the Group took up Share Option Benefit Expense of ₱8 Million in 2023, a decrease from ₱19 Million booked in 2022.

The Goodwill from the acquisition of Michael, Inc. was determined to be unrecoverable in 2022. An Impairment Loss on Goodwill was taken up amounting to ₱64 Million last year and at NIL in 2023.

The Group's Consolidated Net Loss After Tax amounted to ₱1.143 Billion, reflecting the effect of high finance cost. This was a significant reduction of 55% from prior period's Consolidated Net Loss of ₱2.531 Billion.

The Consolidated Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) posted at ₱1.541 Billion in 2023, a 56% significant increase from ₱987 Million in 2022.

Loss per Basic and Diluted Share this year is ₱0.587, a 56% improvement from last year's ₱1.343 loss per share.

Financial Condition

December 31, 2023 and 2021

Amounts in millions		2023		2022	% Change
Current Assets	P	10,946	P	10,668	3%
Non-Current Assets		22,005		22,618	(3%)
Total Assets	P	32,951	P	33,286	(1%)
Current Liabilities	P	15,057	P	16,747	(10%)
Non-Current Liabilities		13,990		12,812	9%
Total Liabilities	P	29,047	P	29,558	(2%)
Total Equity	P	3,904	P	3,727	5%
Total Liabilities and Equity	P	32,951	P	33,286	(1%)

The Group's financial condition remained sound. As a result of the Group's LME, certain restructured loans were reclassified from current to non-current interest-bearing loans, hence the 10% decrease in Current Liabilities and 9% increase in the Non-Current Liabilities in 2023. Further, in October 2023, the Group entered into a Subscription and Debt Conversion Agreement with certain private institutional lenders to pay its outstanding loan amounting to ₱233 Million through issuance of 77,791,000 shares of the Company. Additional paid-in capital was recognized amounting to ₱156 Million, increasing total Equity by 5%.

Book value per share posted at ₱1.82, down by 7% from ₱1.95 in 2022.

Restatements of Results of Operations and Financial Condition 2022 and 2021

In 2023, the Group made specific retrospective adjustments of certain accounts in the 2022 and 2021 Consolidated Financial Statements.

These prior period adjustments were taken due to the following:

- Error related to the omission of the investment in an associate acquired in 2021 and interest bearing loan that was obtained in 2021 and its related interest expense;
- Reclassification of certain loan previously presented as part of non-current portion to current portion under Interest-bearing Loans and Borrowings; and,
- Error related to the non-recording of advances from related party to settle an outstanding term loan of a subsidiary in 2021.

The affected accounts in the books of an associate, Investment and Interest-bearing loans were identified to be understated in 2021 when the said investment was made and the corresponding loans were incurred, and were due to error related to omission.

The recording of 2021 investment, interest-bearing loans, and advances from related party resulted to the net change in Assets of ₱340 Million and net change in Liabilities of ₱383 Million, respectively, and were reflected in the third Consolidated Statement of Financial Position as of January 1, 2022. Likewise, the corresponding share in Net Income of Associates and Finance Cost during the year were shown in the restated Consolidated Statements of Profit and Loss. This resulted to a net reduction to Net Profit of ₱1.7 Million.

In 2022, the retrospective adjustments for the Investment Account amounted to ₱15 Million due to share in Net Income of Associates for the year and for the Liabilities, ₱47 Million in accrued interest was recorded. The same adjustments impacted Consolidated Statements of Profit and Loss for the year.

These changes resulted to an Adjusted Loss per Share, basic and diluted in 2021 of ₱2.142 from ₱2.143. While in 2022, Loss per Share amounted to ₱1.343 from ₱1.341 Loss per Share. These restatements have zero net impact on Cash from Operating Activities in the Consolidated Statements of Cash Flows for the years ended December 31, 2022 and 2021.

These retrospective adjustments are less than 1% of the original consolidated Total Assets for both years.

Comparable discussion on Material Changes in Results of Operations for the period ending December 31, 2022 and 2021.

Amounts in millions (Php)	December 31						
	2022 as restated		%Rev	2021 as restated		%Rev	% Change
Revenues	P	6,433	100%	P	4,469	100%	44%
Cost of sales and services		5,642	88%		4,904	110%	15%
Gross Profit		791	12% (		435)	(10%)	(282%)
Other operating expenses		1,114	17%		1,094	24%	2%
Provision for expected credit losses		42	1%		396	9%	(89%)
Operating loss	(	365)	(6%) (		1,926)	(43%)	(81%)
Finance cost, net	(	1,381)	(21%) (		1,432)	(32%)	(4%)
Other charges (income) - net	(	729)	(11%) (		611)	(14%)	19%
Loss before tax	(	2,475)	(38%) (		3,969)	(89%)	(38%)
Tax expense		57	1% (		65)	(1%)	(187%)
Net loss after tax	(P	2,531)	(39%) (	P	3,904)	(87%)	(35%)
Add Back:							
Tax expense (income)		57	1% (		65)	(1%)	(187%)
Depreciation and amortization		1,256	20%		1,484	33%	(15%)
Interest expense		1,256	20%		1,410	32%	(11%)
Impairment losses on property and equipment		624	10%		71	2%	779%
Loss (Gain) on sale of property and equipment	(	3)	(0%)		496	11%	(101%)
Impairment loss on investment		233	4%		-	0%	100%
Gain on debt modification	(	134)	(2%)		-	0%	100%
Unrealized foreign currency exchange losses		125	2%		13	0%	863%
Impairment loss on goodwill		64	1%		10	0%	516%
Gain on sale of an asset held for sale	-		0% (		145)	(3%)	(100%)
Gain on redemption of preferred shares	-		0% (		355)	(8%)	(100%)
Provision for expected credit losses		42	1%		396	9%	(89%)
Share option benefit expense		19	0%		6	0%	216%
Gain on pretermination of lease liability	-		0% (		313)	(7%)	100%
Share in net loss (income) from associate	(	15)	(0%)		887	20%	(102%)
Interest Income	(	4)	(0%) (		1)	(0%)	503%
Adjusted EBITDA	P	987	15% (	P	8	(0%)	(11725%)

The COVID-19 pandemic and containment actions implemented by the Philippine Government upset domestic activity and trade. Although most containment measures have been relaxed and businesses have re-opened, as of December 31, 2022, there is still the risk of new variants of the virus. In addition, at the start of 2022, the escalating geopolitical tensions in Europe caused by the Russian-Ukraine conflict, produced cascading effects on the world economy already battered by the pandemic. This caused an unprecedented increase in fuel prices that hit oil-exporting developing countries like the Philippines.

The double blow of the lingering effects of COVID-19 outbreak and the rising fuel prices hampered the anticipated economic and business recovery of the Group during the year.

Nevertheless, CLIHC and subsidiaries reported a 35% reduction in its Consolidated Net Loss after Tax posting ₱2,531 Million in 2022 from ₱3,904 Million in 2021.

The substantial improvement in the Group's consolidated revenues alleviated the effects of the pandemic and rising fuel prices. The Group achieved an increase in consolidated revenues by 44% to

₱6,433 Million in the current year primarily driven by the improvement in revenue performance of all business segments with the abatement of most of the containment restrictions implemented during the COVID-19 pandemic. The relaxation of containment restrictions allowed businesses to re-open, which increased the movement of goods and passenger volume during the year.

Passage revenue rose to ₱1,225 Million, up by more than 3x year on year from ₱293 Million in 2021, which is attributable to higher passage volume as well as rates. Passenger volume surged by 174% to 1,874,301 passengers during the period. Likewise, passage-related Sale of Goods segment grew by 137% to ₱115 Million. Freight revenue continued to grow, posting a 24% escalation to ₱3,383 Million this year. The Chartering and Tugboat segments of the Group, each contributed 30% growth in the topline, and generated ₱718 Million and ₱424 Million in current revenues, respectively. The positive results of the Shipping segment were attained despite vessel availability issues which was countered by deploying vessels to profitable routes, and by managing the drydock schedules of vessels to ensure their immediate return to trading. Moreover, the Logistics segment provided a 7% increase year on year to ₱552 Million. The increase in Vessel, Truck and Warehouse Utilization lessened the negative impact of rising fuel prices in 2022.

The Group continues to implement cost containment measures. Direct Cost Ratio to Revenues was reduced to 88% in the current year from 110% in the prior year. The increase in Consolidated Direct Costs was only 15% this year.

The significant growth in the topline, coupled with the conscientious efforts to manage cost and the increased utilization of profit-generating assets, helped the Group in reversing its negative Gross Margin of 10% in 2021 to a Gross Profit Margin of 12% in 2022.

The Group thoroughly considered and set aside the expected credit loss this period of P42 Million in addition to P396 Million provided in 2021 to uplift the coverage as well as to closely monitor asset quality.

As a result of the measures taken by the Group, Consolidated Operating Loss was significantly reduced to ₱365 Million or by 81% from ₱1,926 Million for the same period last year.

The Group's Finance cost was ₱1,381 Million, a 4% decrease from prior year of ₱1,432 Million with the loan restructuring secured by the Group.

Share in Net income of P15M was taken up this year, a reversal from loss of P887M incurred in 2021.

Net Other Income in the period amounted to ₱729M from last year's ₱611M and comprised the following loss (income) items:

- In 2022, part of the Group's loans was restructured generating gain of ₱134M on debt modification.
- Certain vessels of the Group were impaired during the year amounting to ₱624M which includes loss taken up on MV TransAsia 1 which caught fire in 2022 compared to ₱71M in 2021.
- Impairment loss on investment property of the Group amounted to ₱233M pertaining to the cost of construction project of a warehouse terminated during the year.
- On March 18, 2021, CLIHC entered into a Share Purchase Agreement (SPA) with a third party for the sale of its investments in 2GO Group, Inc. In May and June 2021, the sale of investments was executed with total consideration of ₱7,460M, in which the Group recognized a Gain on Sale of an Asset Held for Sale amounting to ₱154M.

- On August 19, 2021, The SuperCat Fast Ferry Corp. (SFFC) sold MV Supercat 36 for a total consideration of ₱2.5M, in which SFFC recognized a Loss on Sale amounting to ₱9.4M.
- In 2021, CLIHC acquired the Redeemable Preferred Shares from a previous holder for a total consideration of ₱875M and recognized a Gain on Redemption amounting to ₱355M.
- The Goodwill from the acquisition of Michael, Inc. (MI) and Bunkers Manila, Inc. (BMI) was determined to be unrecoverable and an Impairment Loss was taken up, amounting to ₱64M in 2022 and ₱10M in 2021, respectively.
- Gain was recognized relative to the termination of a Time Charter contract amounting to ₱313M in 2021.
- In 2021, certain vessels and vessel equipment were sold to third parties for a total consideration of ₱358M and a Loss on Sale amounting to ₱355M was recognized. Also, a floating dock was sold in the same year for the amount of ₱232M and a Loss on Sale amounting to ₱141M was recognized. Total Loss on sale of vessels and equipment totaled ₱496M during the year.
- Unrealized foreign currency exchange losses this year amounted to ₱125M, a significant surge from ₱13M taken up in 2021. Share option benefit recorded this year amounted to ₱19M from ₱6M in prior year.

The Group's overall financial performance during the year translates to a ₱1.343 Loss per Basic and Diluted Share, an improvement from ₱2.142 loss in the same period in 2021.

The Group posted adjusted EBITDA of ₱987M, a reversal from the adjusted negative EBITDA of ₱8M in 2021, substantially due to reduction in Net Losses of the Group year on year.

Financial Condition

December 31, 2022 versus December 31, 2021

Amounts in millions		2022		2021	% Change
Current Assets	P	10,668	P	11,038	(3%)
Non-Current Assets		22,618		23,425	(3%)
Total Assets	P	33,286	P	34,463	(3%)
Current Liabilities	P	16,747	P	16,614	1%
Non-Current Liabilities		12,812		12,242	5%
Total Liabilities	P	29,558	P	28,856	2%
Total Equity	P	3,727	P	5,607	(34%)
Total Liabilities and Equity	P	33,286	P	34,463	(3%)

The Group's Financial Condition during both periods is almost the same. However, the total Equity of the Group decreased by 34% to ₱3,727 Million against the ₱5,607 Million last year. This was due to additional losses this year amounting to ₱2,531 Million which were however offset by additional equity on the collection of subscription receivable from the parent company. This resulted to a decrease in Book Value per Share to ₱1.95 in 2022 from ₱3.08 in 2021.

Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	Dec 2024	Dec 2023	Dec 2022
Current ratio	0.87	0.73	0.64
Debt-to-equity ratio	6.37	7.44	7.93
Book value per share	1.99	1.82	1.95
EBITDA margin	26%	22%	15%
Return on equity	4%	(29%)	(68%)
Loss per share	₱0.083	(₱0.545)	(₱0.796)

These key indicators were chosen to provide Management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Return on Equity, Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

Known Trends or Demands, Commitments, Events or Uncertainties that will impact Liquidity

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will materially affect its liquidity.

Events that will trigger Direct or Contingent Financial Obligation that is material to the Company, including any default or acceleration of an obligation

The Company is not aware of other events that will materially trigger a direct or contingent financial obligation.

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

The Company has no material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the period that is not included in the Financial Statements.

Material Commitments for Capital Expenditures, the General Purpose of the Commitment and Expected Sources of Funds

The Company has no material commitments for capital expenditures, the general purpose of the commitment and expected sources of funds.

Known Trends, Events or Uncertainties that will impact Sales / Revenues / Income from Continuing Operations

The Company is not aware of any known trends, events or uncertainties that will impact its sales and/or income from continuing operations.

Significant Elements of Income or Loss that Did Not Arise from Continuing Operations

The Company is not aware of any significant elements of income or loss that did not arise from continuing operations.

Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operations

The RoPax segment transports passengers and cargoes within Philippine territorial waters and/or on the high seas. Due to the seasonal nature of this segment, higher passage revenues and operating profits are usually experienced in the summer months of the year (March, April and May), school holidays (October and November) and Christmas holidays (December and January) rather than in the other months of the year. Freight revenues, on the other hand, are higher at the last quarter of the year rather than in the early months.

The seasons of the year have no or little effect on the operations of the tanker and tugboat segments.

***STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS AND
CONSOLIDATED AUDITED FINANCIAL STATEMENTS***

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries (A Subsidiary of Udenna Corporation)

Consolidated Financial Statements with Supplementary Schedules for the Securities and Exchange Commission December 31, 2024

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FIRST SECTION

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

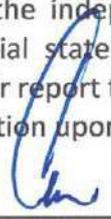
The management of Chelsea Logistics and Infrastructure Holdings Corp and its subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022 in accordance 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 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 to do so.

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

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

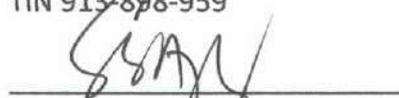
Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders or members, have expressed their opinion on the fairness of presentation upon completion of such audit.



DENNIS A. UY
Chairman of the Board
TIN 172-020-135



CHRYSS ALFONSUS V. DAMUY
President and CEO
TIN 913-898-959

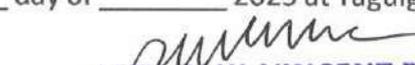


DARLENE A. BINAY
Chief Financial Officer
TIN 145-150-987

MAR 28 2025

SUBSCRIBED AND SWORN to before me this ____ day of _____ 2025 at Taguig City, affiants exhibited to me their respective TIN.

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Book No. 11
Series of 2025



ATTY. PAUL VINCENT P. SIOCHI
Notary Public for Taguig City
Notarial Commission No. 53 (2024-2025)
Roll of Attorneys No. 68383
IBP Lifetime No. 016219; 05/08/17; Makati City
PTR No. A-6465786; 01/13/2025; Taguig City
MCLE Compliance No. VII-0014795 valid until 04/14/2025

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries

(A subsidiary of Udenna
Corporation)

Consolidated Financial Statements
As at and for the year ended December 31, 2024
(With comparative figures as at December 31, 2023 and for
the years ended December 31, 2023 and 2022)



Independent Auditor's Report

To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)
Stella Hizon Reyes Road
Bo. Pampanga, Davao City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Chelsea Logistics and Infrastructure Holdings Corp. (the "Parent company") and its Subsidiaries (together, the "Group") as at December 31, 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of total comprehensive income for the year ended December 31, 2024;
- the consolidated statement of changes in equity for the year ended December 31, 2024;
- the consolidated statement of cash flows for the year ended December 31, 2024; and
- the notes to the consolidated financial statement, comprising material accounting policy information and other explanatory information

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udena Corporation)
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We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matters identified in our audit are summarized as follows:

Key audit matter	How our audit addressed the key audit matter
<p>a) <i>Revenue recognition</i></p> <p>Refer to Notes 22.5 and 28.11 to the consolidated financial statements.</p> <p>The Group's revenue streams are mainly recognized over a period of time particularly freight, charter, passage and tugboat fees. These account for 97% of total consolidated revenue for the year ended December 31, 2024. Accordingly, ascertaining proper recognition in the correct accounting period requires audit attention. In addition, these revenue streams are comprised of significant volume of transactions that are processed either through automated or manual systems and occur at a number of different ports across the country.</p>	<p>Our audit procedures to address relevant assertions over revenue recognition included the following:</p> <ul style="list-style-type: none">• We obtained understanding of the Group's revenue recognition policies in accordance with PFRS 15, <i>Revenue from Contracts with Customers</i>, and the related business processes including an understanding of the related Information Technology (IT) environment and relevant IT systems.• With the assistance of our IT specialists, we evaluated the design and tested the operating effectiveness of the IT general controls over the relevant IT systems. We also performed test of manual controls surrounding revenue recognition. In particular, we tested controls over revenue recording to collections covering the relevant financial statement assertions with respect to revenue.



To the Board of Directors and Shareholders of
 Chelsea Logistics and Infrastructure Holdings Corp.
 (A subsidiary of Udenna Corporation)
 Page 3

Key audit matter	How our audit addressed the key audit matter
<p>These processes encompass, among others, controls from obtaining contracts with the customers, transportation of cargoes and passengers, delivery of services, recognition of sales and recording of collections.</p> <p>For the year ended December 31, 2024, total consolidated revenue recognized over time amounted to P7.8 billion.</p>	<ul style="list-style-type: none"> • We performed substantive audit procedures on a sampling basis over revenue-related accounts recognized over time which include inspection of contracts with customers including charter agreements, billing invoices, vessel fixture notes, bills of lading, acknowledgement receipts for collections, and sending out confirmation letters to customers and verifying their replies. • We evaluated journal entries posted to revenue accounts, on a specific risk-based sample basis, and by examining the relevant supporting documentation to confirm appropriateness and authorization of these journal entries.
<p><i>b) Revaluation of vessels and vessel equipment</i></p> <p>Refer to Notes 7, 18.2, 27.2 and 28.5 to the consolidated financial statements for the corresponding details and discussion of the Group’s policy on revaluation of vessels and vessel equipment presented as part of property and equipment.</p> <p>In 2024, the Group recognized a net revaluation increase amounting to P164.2 million, net of tax, based on the results of most recent appraisal reports finalized for certain vessels that were subjected to drydocking (i.e., performed once every two years) during the year. Accordingly, this resulted in the increase of the Group’s vessels and vessel equipment’s net book value and revaluation reserve, which amounted to P13.9 billion and P1.7 billion, respectively, as at December 31, 2024. This is an area of focus due to the material impact of these account balances to total consolidated assets and consolidated total comprehensive income.</p> <p>Likewise, the process of revaluation entails distinct expertise particularly third-party appraisers, whose calculations also depend on certain assumptions such as listing of comparable properties, adjustments to sales price based on weight, capacity and year built, as well as replacement cost.</p>	<p>Our audit procedures to address the valuation assertion over revaluation of vessels and vessel equipment included the following:</p> <ul style="list-style-type: none"> • Obtained the appraisal reports for vessels and assessed the objectivity and competence of the accredited appraiser engaged by the Group by evaluating their professional qualifications, experience and reporting responsibilities, as well as confirmed that they are duly accredited by the Securities and Exchange Commission (SEC). • Performed understanding and evaluation of the accredited appraiser’s work including but not limited to the completeness and accuracy of data used specifically on age of vessel, tonnage and capacity, reasonableness of assumptions and calculation methods used. • Confirmed that appraised values were determined using a combination of cost and market approaches. Correspondingly, we traced indicated values to available listing of similar properties as referred to by the third-party appraiser, and confirmed comparability based on gross tonnage, power or capacity and year built, among others. • We checked the accuracy of adjustments made to revaluation reserves, depreciation and to impairment losses, as applicable.



To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)
Page 4

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="272 613 794 640">c) <i>Goodwill impairment</i></p> <p data-bbox="336 674 794 815">Refer to Notes 21, 27.2 and 28.9 to the consolidated financial statements for the corresponding details and discussion of the Group's policy on goodwill impairment.</p> <p data-bbox="336 848 794 1529">The Group has goodwill with carrying amount of P1.77 billion (net of allowance for impairment of P74.29 million) that represents 6% of the Group's total assets. An annual Goodwill impairment review is performed by management in accordance with the requirements of <i>Philippine Accounting Standard (PAS) 36, Impairment of Assets</i>. Management's goodwill impairment review is material to our audit primarily due to its complexity and requires significant management estimates, assumptions and judgment. Key assumptions used in management's impairment testing relate to the discount rate and terminal growth rate applied together with the assumptions supporting the underlying forecasted cash flows, in particular the revenue growth rates, cost ratios, and terminal value.</p>	<p data-bbox="815 613 1476 674">Our audit procedures to address relevant assertions over impairment of goodwill included the following:</p> <ul data-bbox="815 707 1476 1529" style="list-style-type: none"><li data-bbox="815 707 1476 790">• Engaged our valuation experts to assist us in evaluating the assumptions and methodologies used in management's calculation.<li data-bbox="815 792 1476 875">• Reviewed management's basis for identifying the different cash generating units (CGUs) where goodwill is attributed to.<li data-bbox="815 878 1476 960">• Performed test of completeness and accuracy of the key inputs such as carrying amounts and historical financials used in management's calculation.<li data-bbox="815 963 1476 1529">• Performed evaluation and tested reasonableness of assumptions, estimates, and judgments used in the valuation model that include, among others, the following:<ul data-bbox="863 1088 1476 1261" style="list-style-type: none"><li data-bbox="863 1088 1476 1171">○ inputs used in determining the Weighted Average Cost of Capital (WACC) with reference to comparable companies.<li data-bbox="863 1173 1476 1234">○ revenue growth rates to historical data and terminal growth rates to externally derived data.<li data-bbox="863 1236 1476 1261">○ cost ratios based on historical results.<li data-bbox="815 1263 1476 1323">• Tested the accuracy of the discounted cash flow and the CGU's carrying amount calculation.<li data-bbox="815 1326 1476 1408">• Checked if there is a portion of goodwill attributed to specific CGUs that may be impaired based on sensitivity analysis on the assumptions used.<li data-bbox="815 1411 1476 1529">• Evaluated the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.



To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
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Page 5

Key audit matter	How our audit addressed the key audit matter
<p>d) <i>Compliance with existing covenants</i></p> <p>As at December 31, 2024, the Group had total outstanding debt with banks and other financial institutions of P12.95 billion, representing 41% of the Group's capital structure. The Group is subject to various financial covenants tied to its debt agreements, including maintaining specific financial ratios and limits on additional borrowing. A breach of these covenants could lead to accelerated repayment terms or penalties, which might significantly impact the Group's liquidity and financial position. This requires audit attention given the materiality of the Group's debt and the potential implications of non-compliance with covenants.</p>	<p>Our audit procedures to address the matter included the following:</p> <ul style="list-style-type: none">• Obtained bank confirmation for all borrowings of the Group and inspected related documents including loan agreements and promissory notes.• Reviewed the terms and conditions of the Group's major debt agreements to understand the specific covenants and obligation and discussed with management their process for monitoring compliance with these covenants.• We tested the Group's compliance with covenants as of the reporting date by recalculating covenant ratios and ensuring they were within the required thresholds. We inspected correspondence with lenders for any waivers or amendments related to covenant breaches.• Validated any subsequent events up to the date of our audit report that might impact the Group's debt position or ability to comply with covenants, including new financing arrangements or changes in lender terms.• Evaluated the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.

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 auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and 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 auditor's 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.



To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Other Matter

The consolidated financial statements of the Group as at and for each of the three years in the period ended December 31, 2023 were audited by another auditor whose report dated August 2, 2024 expressed an unmodified opinion on those statements.

As part of our audit of the 2024 consolidated financial statements, we also audited the adjustments described in Note 28.15 that were applied to reclassify certain accounts in the consolidated financial statements as at and for each of the three year in period ended December 31, 2023. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Group's consolidated financial statements as at and for each of the three year in the period ended December 31, 2023 other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2023 consolidated financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, 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.



To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)
Page 7

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)
Page 8

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report is Pocholo C. Domondon.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read 'Pocholo C. Domondon', written over a faint circular stamp.

Pocholo C. Domondon
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 3, 2025 at Makati City

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2024; issued on November 9, 2024; effective until November 8, 2027

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 2, 2025



Statements Required by Rule 68, Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)
Stella Hizon Reyes Road
Bo. Pampanga, Davao City

We have audited the consolidated financial statements of Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries (the "Group") as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 2, 2025. The supplementary information shown in the Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration, A Map Showing the Relationships between and among the Parent Company and its Subsidiaries and Associates, and Schedules A, B, C, D, E, F, G as required by the Revised SRC Rule 68, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information and schedules are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information and schedules have been prepared in accordance with the Revised SRC Rule 68.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "Pocholo C. Domondon", is written over the printed name.

Pocholo C. Domondon
Partner

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P.T.R. No. 0011401; issued on January 3, 2025 at Makati City

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Makati City
April 2, 2025

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Statements Required by Rule 68, Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)
Stella Hizon Reyes Road
Bo. Pampanga, Davao City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Chelsea Logistics and Infrastructure Holdings Corp. (the "Parent Company") and its Subsidiaries (together, the "Group") as at and for the year ended December 31, 2024, and have issued our report thereon dated April 2, 2025. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the year ended December 31, 2024 and no material exceptions were noted.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "Pocho C. Domondon", is written over a faint, larger version of the same signature.

Pocho C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 3, 2025 at Makati City
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April 2, 2025

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Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A subsidiary of Udenna Corporation)

Consolidated Statement of Financial Position
As at December 31, 2024
(With comparative figures as at December 31, 2023)
(All amounts in Philippine Peso)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	2	317,837,548	392,586,988
Trade and other receivables, net	3	652,019,783	622,856,457
Inventories	4	370,456,250	272,632,109
Advances to related parties	17	7,636,618,327	7,626,252,787
Other current assets	5	2,006,068,743	2,031,879,227
Total current assets		10,983,000,651	10,946,207,568
Non-current assets			
Investment properties	6	95,111,170	1,270,907,961
Property and equipment, net	7	18,063,144,033	18,140,459,806
Goodwill	21	1,774,083,332	1,774,083,332
Retirement benefit asset	14	1,992,064	1,911,736
Deferred tax assets, net	16	109,368,990	37,582,101
Other non-current assets, net	9	386,172,854	780,205,282
Total non-current assets		20,429,872,443	22,005,150,218
Total assets		31,412,873,094	32,951,357,786
Liabilities and Equity			
Current liabilities			
Trade and other payables	11	9,055,911,418	10,248,262,229
Loans and borrowings, current portion	10	2,112,867,004	3,855,694,365
Advances from related parties	17	504,000,000	504,000,000
Advances from customers	28.10	388,124,983	436,376,981
Income tax payable		30,674,588	13,053,090
Total current liabilities		12,091,577,993	15,057,386,665
Non-current liabilities			
Loans and borrowings, net of current portion	10	13,957,755,059	13,182,631,974
Retirement benefit obligation, net	14	310,039,822	127,226,447
Deferred tax liabilities, net	16	774,366,393	642,683,350
Other non-current liabilities		18,378,637	37,157,877
Total non-current liabilities		15,060,539,911	13,989,699,648
Total liabilities		27,152,117,904	29,047,086,313
Equity			
Attributable to shareholders of the Parent Company			
Share capital	18	2,144,018,615	2,144,018,615
Additional paid-in capital	18	11,204,327,157	11,204,327,157
Share options outstanding	18	54,900,701	49,940,776
Revaluation reserves	18	1,849,585,883	1,917,069,636
Other reserves	18	(1,058,033,280)	(1,058,033,280)
Deficit		(10,114,043,886)	(10,533,051,431)
		4,080,755,190	3,724,271,473
Non-controlling interest	18	180,000,000	180,000,000
Total equity		4,260,755,190	3,904,271,473
Total liabilities and equity		31,412,873,094	32,951,357,786

The notes on pages 1 to 72 are integral part of these consolidated financial statements.

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A subsidiary of Udenna Corporation)

Consolidated Statement of Total Comprehensive Income
For the year ended December 31, 2024
(With comparative figures for the years ended December 31, 2023 and 2022)
(All amounts in Philippine Peso)

	Notes	2024	2023	2022
Revenues	22	8,007,232,841	7,047,698,048	6,432,753,269
Cost of sales and services	12	6,550,257,544	5,598,374,534	5,641,753,157
Gross income		1,456,975,297	1,449,323,514	791,000,112
Operating expenses	13	1,074,448,553	1,397,808,992	1,114,334,027
(Reversal of) provision for expected credit losses on receivables	3	(48,386,857)	95,276,386	41,872,781
Operating income (loss)		430,913,601	(43,761,864)	(365,206,696)
Other income (expenses), net				
Finance costs	15	(1,112,963,933)	(1,258,453,107)	(1,384,914,944)
Gain on debt modification	10	471,893,237	241,501,013	134,355,784
Gain on sale of investment property	6	458,037,754	-	-
Impairment losses on property and equipment	7	(18,151,241)	(15,919,578)	(624,441,740)
Finance income	15	1,341,662	811,044	4,105,441
Gain on sale of investment in associate	8	-	96,046,458	-
Impairment loss on investment in a joint venture	8	-	(81,001,439)	-
Impairment loss on investment properties	6, 10	-	-	(232,607,476)
Impairment loss on goodwill	21	-	-	(63,919,114)
Share in net income of associates	8	-	-	14,985,078
Other income	15	37,777,928	13,575,374	42,988,497
		(162,064,593)	(1,003,440,235)	(2,109,448,474)
Income (loss) before income tax		268,849,008	(1,047,202,099)	(2,474,655,170)
Income tax expenses	16	(91,453,878)	(95,628,671)	(56,680,786)
Income (loss) for the year		177,395,130	(1,142,830,770)	(2,531,335,956)
Other comprehensive (loss) income for the year				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of vessels	7, 18	218,916,615	839,224,129	714,299,589
Remeasurement of retirement benefit obligation	14, 18	14,425,595	(6,291,481)	34,014,774
Income tax expense	16	(58,973,846)	(243,380,779)	(200,672,418)
		174,368,364	589,551,869	547,641,945
<i>Item that will be reclassified subsequently to profit or loss</i>				
Currency exchange differences on translating financial statements of foreign operations		(239,702)	(266,430)	82,486
Other comprehensive income for the year, net		174,128,662	589,285,439	547,724,431
Total comprehensive income (loss) for the year		351,523,792	(553,545,331)	(1,983,611,525)
Earnings (loss) per share				
Basic and diluted		0.083	(0.587)	(1.343)

The notes on pages 1 to 72 are integral part of these consolidated financial statements.

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A subsidiary of Udenna Corporation)

Consolidated Statements of Changes in Equity
For the year ended December 31, 2024
(With comparative figures for the years ended December 31, 2023 and 2022)
(All amounts in Philippine Peso)

	Notes	Capital Stock (Note 18)	Deposits on future stock subscription (Note 18)	Additional paid-in capital (Note 18)	Share options outstanding (Note 18)	Revaluation reserves (Note 18)	Other reserves (Note 18)	Deficit (Note 18)	Total	Non-controlling interest (Note 18)	Total equity
Balance as at January 1, 2022		1,821,977,615	720,425,000	9,998,370,157	22,812,287	1,050,911,063	(1,058,033,280)	(7,129,736,002)	5,426,726,840	180,000,000	5,606,726,840
Transaction with owners											
Subscriptions of common shares during the year	18	93,750,000	(305,625,000)	211,875,000	-	-	-	-	-	-	-
Issuance of common shares during the year	18	500,000	(414,800,000)	499,500,000	-	-	-	-	85,200,000	-	85,200,000
Total transactions with owners		94,250,000	(720,425,000)	711,375,000	-	-	-	-	85,200,000	-	85,200,000
Comprehensive loss											
Loss for the year		-	-	-	-	-	-	(2,531,335,956)	(2,531,335,956)	-	(2,531,335,956)
Other comprehensive income for the year		-	-	-	-	547,724,431	-	-	547,724,431	-	547,724,431
Total comprehensive loss for the year		-	-	-	-	547,724,431	-	(2,531,335,956)	(1,983,611,525)	-	(1,983,611,525)
Share based compensation	18	-	-	-	18,760,422	-	-	-	18,760,422	-	18,760,422
Transfer of revaluation reserves through depreciation, net of tax	18	-	-	-	-	(107,379,607)	-	107,379,607	-	-	-
Balance as at December 31, 2022		1,916,227,615	-	10,709,745,157	41,572,709	1,491,255,887	(1,058,033,280)	(9,553,692,351)	3,547,075,737	180,000,000	3,727,075,737
Transaction with owners											
Collection of subscription during the year	18	150,000,000	-	339,000,000	-	-	-	-	489,000,000	-	489,000,000
Issuance of common shares during the year	18	77,791,000	-	155,582,000	-	-	-	-	233,373,000	-	233,373,000
Total transactions with owners		227,791,000	-	494,582,000	-	-	-	-	722,373,000	-	722,373,000
Comprehensive loss											
Loss for the year		-	-	-	-	-	-	(1,142,830,770)	(1,142,830,770)	-	(1,142,830,770)
Other comprehensive income for the year		-	-	-	-	589,285,439	-	-	589,285,439	-	589,285,439
Total comprehensive loss for the year		-	-	-	-	589,285,439	-	(1,142,830,770)	(553,545,331)	-	(553,545,331)
Share based compensation	18	-	-	-	8,368,067	-	-	-	8,368,067	-	8,368,067
Transfer of revaluation reserves through depreciation, net of tax	18	-	-	-	-	(163,471,690)	-	163,471,690	-	-	-
Balance as at December 31, 2023	18	2,144,018,615	-	11,204,327,157	49,940,776	1,917,069,636	(1,058,033,280)	(10,533,051,431)	3,724,271,473	180,000,000	3,904,271,473
Comprehensive income											
Income for the year		-	-	-	-	-	-	177,395,130	177,395,130	-	177,395,130
Other comprehensive income for the year		-	-	-	-	174,128,662	-	-	174,128,662	-	174,128,662
Total comprehensive income for the year		-	-	-	-	174,128,662	-	177,395,130	351,523,792	-	351,523,792
Share based compensation	18	-	-	-	4,959,925	-	-	-	4,959,925	-	4,959,925
Transfer of revaluation reserves through depreciation, net of tax	18	-	-	-	-	(241,612,415)	-	241,612,415	-	-	-
Balance as at December 31, 2024	18	2,144,018,615	-	11,204,327,157	54,900,701	1,849,585,883	(1,058,033,280)	(10,114,043,886)	4,080,755,190	180,000,000	4,260,755,190

The notes on pages 1 to 72 are integral part of these consolidated financial statements.

Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udena Corporation)

Consolidated Statement of Cash Flows
For the year ended December 31, 2024
(With comparative figures for the years ended December 31, 2023 and 2022)
(All amounts in Philippine Peso)

	Notes	2024	2023	2022
Cash flows from operating activities				
Income (loss) before tax		268,849,008	(1,047,202,099)	(2,474,655,170)
Adjustments for:				
Depreciation and amortization	7, 9	1,690,379,027	1,353,139,809	1,255,702,826
Interest expense	15	1,044,583,159	1,227,384,987	1,255,841,870
Gain on debt modification	10	(471,893,237)	(241,501,013)	(134,355,784)
Gain on sale of investment property	15	(458,037,754)	-	-
Retirement benefit expense, net	14	194,495,688	34,865,658	46,661,437
(Reversal of) provision for expected credit losses on receivables	3	(48,386,857)	95,276,386	41,872,781
Unrealized foreign currency exchange losses (gains), net	15	28,930,399	(9,610,837)	124,988,169
Impairment losses on property and equipment	7	18,151,241	15,919,578	624,441,740
(Gain) loss on sale of property and equipment	7, 15	(8,405,252)	161,386,160	(2,893,508)
Share option benefit expense	18	4,959,925	8,368,067	18,760,422
Interest income	15	(1,341,662)	(1,115,715)	(3,859,469)
Gain on sale of investment in an associate	8	-	(96,046,458)	-
Impairment loss on investment in joint venture	8	-	81,001,439	-
Gain on pretermination of lease liability	10	-	(6,191,781)	-
Impairment losses on investment properties	6	-	-	232,607,476
Impairment losses on goodwill	21	-	-	63,919,114
Share in net income of associates	12	-	-	(14,985,078)
Operating income before working capital changes		2,262,283,685	1,575,674,181	1,034,046,826
Decrease (increase)				
Trade and other receivables		19,223,531	71,916,188	223,319,106
Inventories		(97,824,141)	(4,118,050)	228,939,758
Advances to related parties		(10,365,540)	(6,973,637)	175,231,292
Other current assets		(15,998,721)	(323,016,223)	(410,568,063)
(Decrease) increase				
Trade and other payables		(479,111,611)	(421,896,838)	87,420,277
Advances from customers		(48,251,998)	186,792,991	133,815,743
Other non-current liabilities		(18,779,240)	33,222,377	-
Cash generated from operations		1,611,175,965	1,111,600,989	1,472,204,939
Interest received		1,341,662	1,115,715	3,859,469
Contributions to the retirement plan asset		(1,435,130)	-	-
Benefits paid from operating funds		(4,211,006)	(2,432,149)	(3,803,825)
Cash paid for income taxes		(31,340,569)	(6,340,330)	(1,600,984)
Net cash from operating activities		1,575,530,922	1,103,944,225	1,470,659,599
Cash flows from investing activities				
Acquisitions of property and equipment	7	(663,293,384)	(628,253,055)	(443,525,122)
Decrease (increase) in other non-current assets	9	388,202,930	(196,886,455)	(45,432,740)
Proceeds from disposal of property and equipment	7	8,405,252	220,558,217	4,141,328
Proceeds from disposal of investment in associate	8, 10	-	198,000,001	-
Acquisition of software	9	-	(1,300,447)	(746,702)
Net cash used in investing activities		(266,685,202)	(407,881,739)	(485,563,236)
Cash flows from financing activities				
Interest paid		(679,993,381)	(717,695,246)	(461,654,232)
Repayments of loans and borrowings	10	(714,347,830)	(711,100,382)	(546,238,299)
Proceeds from loans and borrowings	10	11,724,600	425,000,000	-
Collection of subscription receivable	18	-	489,000,000	-
Repayment of advances from related parties	17	-	(25,490,390)	(94,533,448)
Proceeds from deposits for future stock subscriptions	18	-	-	85,200,000
Net cash used in financing activities		(1,382,616,611)	(540,286,018)	(1,017,225,979)
Net (decrease) increase in cash and cash equivalents		(73,770,891)	155,776,468	(32,129,616)
Cash and cash equivalents at beginning of year		392,586,988	236,810,520	269,690,887
Effect of foreign exchange changes in cash		(978,549)	560,683	(750,751)
Cash and cash equivalents at end of year		317,837,548	392,586,988	236,810,520

The notes on pages 1 to 72 are integral part of these consolidated financial statements.

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries

(A subsidiary of Udenna Corporation)

Notes to the Consolidated Financial Statements

As at and for the year ended December 31, 2024

(With comparative figures as at and for the years ended December 31, 2023 and 2022)

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

1 Corporate information

1.1 Information and operations

Chelsea Logistics and Infrastructure Holdings Corp. (CLC or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) as Chelsea Shipping Group Corp. on August 26, 2016 primarily to subscribe for, invest and re-invest in, purchase, or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, deal in and hold investment or otherwise, any and all properties of every kind and description and wherever situated, including but not limited to shares of stocks, bonds, debentures, notes, evidences of indebtedness, promissory notes, or other securities or obligations, created, negotiated or issued by any corporation, association, or other entity, including, but not limited to, securities in corporations engaged in shipping and logistics.

On August 8, 2017, the shares of stock of the CLC were listed at the Philippine Stock Exchange (PSE).

On April 4, 2022, the SEC approved CLC's application for increase in authorized capital stock. The approval resulted in the increase in Udenna Corporation's (Udenna or the Ultimate Parent Company) effective ownership interest in CLC from 70% in 2021 to 75% in 2022. In October 2023, CLC entered into debt-to-equity conversion agreements with two of its lenders as part of its liability management exercise, reducing Udenna's effective ownership interest to 72.55% (Note 18.1).

The Parent Company is a subsidiary of Udenna, a company primarily organized to purchase, acquire, take over and manage all or any part of the rights, assets, business and property; undertake and assume the liabilities of any person, firm, association, partnership, syndicate of corporation; and to engage in the distribution, selling, importation, installation of pollution control devices, units and services, and all Other pollution control related products and emission test servicing. The registered office of CLC and Udenna, which is also their principal place of business, is located at Stella Hizon Reyes Road, Bo. Pampanga, Davao City.

As at December 31, 2024, the Parent Company has 35 shareholders (2023 - 28), 26 of which holds at least 100 common shares each (2023 - 20). The Parent Company's major shareholders are Udenna and its directors holding 72.70% of its total issued shares and the remaining 27.30% of total issued shares as at December 31, 2024 (2023 - 27.34%) are held by the public.

1.2 Subsidiaries, associate and their operations

As at December 31, the Parent Company holds ownership interests in the following subsidiaries and associate:

Company Name	Notes	Percentage of ownership	
		2024	2023
Subsidiaries through direct interest:			
Chelsea Shipping Corp. (CSC)	a	100%	100%
Trans-Asia Shipping Lines, Incorporated (Trans-Asia)	b	100%	100%
Udena Investments B. V. (UIBV)	c	100%	100%
Starlite Ferries, Inc. (Starlite)	d	100%	100%
Worklink Services, Inc. (WSI)	e	100%	100%
TASLI Services, Incorporated (TSI)	f	100%	100%
The Supercat Fast Ferry Corporation (SFFC)	g	100%	100%
Subsidiaries through indirect interest:			
Bunkers Manila, Inc. (BMI) ¹	h	100%	100%
Michael, Inc. (MI) ¹	i	100%	100%
PNX-Chelsea Shipping Corp. (PNX-Chelsea) ¹	j	100%	100%
Chelsea Ship Management & Marine Services Corp. (CSMMSC) ¹	k	100%	100%
Fortis Tugs Corporation (FTC) ¹	l	100%	100%
Davao Gulf Marine Services, Inc. (DGMSI) ²	l	100%	100%
Chelsea Marine Manpower Resources, Inc. (CMMRI) ¹	m	100%	100%
Chelsea Dockyard Corporation (CDC) ¹	n	100%	100%
CD Ship Management and Marine Services Corp. (CDSMMSC) ¹	o	100%	100%
Chelsea Shipping and Logistics Singapore Pte. Ltd. (CSLSP) ¹	p	100%	100%
Quality Metals & Shipworks, Inc. (QMSI) ³	q	100%	100%
Oceanstar Shipping, Inc. (Oceanstar) ³	r	100%	100%
Dynamic Cuisine, Inc. (DCI) ³	s	100%	100%
Starsy Shoppe, Inc. (SSI) ³	t	100%	100%
Star Maritima Port and Allied Services (Star Maritima) ³	u	100%	100%
Starbites Food Services Corp. (Starbites) ⁴	v	100%	100%
Starlite Gallant Ferries, Inc. (SGFI) ⁴	d	100%	100%
Starlite Premiere Ferries, Inc. (SPFI) ⁴	d	100%	100%
Precision Supply Chain Solution, Inc. ⁴ (Precision) ⁴	z	100%	-
Big Hub Transport and Logistics Corp. (Big Hub) ³	w	100%	100%
Chelsea Business Solutions Corp. (CBSC) ⁴	aa	100%	-
KGLI-NM Holdings, Inc. (KGLI-NM) ⁵	x	100%	100%
Associate:			
Dito Holdings Corporation (DHC)	y	8.59%	8.59%

¹Wholly owned subsidiary of CSC

²Wholly owned subsidiary of FTC

³Wholly owned subsidiary of Trans-Asia

⁴Wholly owned subsidiary of Starlite

⁵60.29% owned by CLC and 39.71% owned by UIBV, based on voting rights

Except for UIBV and CSLSP, which were organized and incorporated in the Netherlands and Singapore, respectively, all the subsidiaries and associates were organized and incorporated in the Philippines.

- a. Incorporated on July 17, 2006 and is engaged in the business of maritime trade in the conveyance or carriage of petroleum products, goods, wares and merchandise of every kind, over domestic and international oceans, seas, lakes, rivers, canals, harbours, and other waterways in the Philippines.
- b. Incorporated on March 25, 1974 and is engaged in the transport of passengers and cargoes within Philippine territorial waters and/or in the high seas. Trans-Asia was acquired by the Parent Company on December 12, 2016.
- c. Incorporated on August 25, 1994 under the laws of the Netherlands, having its corporate seat in Amsterdam, and is incorporated to participate in, to administer, to finance, to conduct the management of and to render advice and services to other companies and enterprises. UIBV is formerly known as KGL Investment B.V, a private company with limited liability.

UIBV owns 80% economic interest and 39.71% of the voting rights in KGLI-NM.

- d. Incorporated on August 25, 1994 and is primarily engaged in general business of domestic shipping, to own and operate vessels of any class, type of description for domestic trade, to charter in and out any such vessel. and operate vessel of any class, type or description for domestic trade; and, to charter in and out any vessel. SFI was acquired by the Parent Company on November 9, 2017.

On August 10, 2018 and October 22, 2018, Starlite acquired all of the outstanding shares of stock of SGFI and SPFI, respectively. Both companies are primarily engaged in the general business of domestic shipping; to own and operate vessel of any class, type or description for domestic trade; and, to charter in and out any vessel.

- e. Incorporated on June 2, 1994 and is engaged in logistics services such as but not limited to cargo freight forwarding (air, land and sea), cargo consolidation, courier services, distribution, trucking, warehousing, customs brokerage, packing and crafting, etc. WSI was acquired by the Parent Company on November 8, 2017.
- f. Incorporated on September 2, 2019 and is primarily engaged in shipping agency business and maritime operation and services.
- g. Incorporated on June 20, 2001 and is primarily engaged in domestic shipping business - transporting both passenger and cargoes, to own, operate, and charter vessels of any class or type, and to own, control, construct and operate passenger terminals.
- h. Incorporated on March 7, 2000 and is established to serve the growing demand of marine fuel (bunker) of foreign vessels calling on the ports of the Philippines and hauling of marine fuel and petroleum products for major oil companies.
- i. Incorporated on December 26, 1957 and is engaged in the business of acquiring and operating floating equipment for charter or hire, and for the conveyance and carriage of goods, wares, and merchandise of every description in the Philippines coastwise traffic without any fixed schedule.
- j. Incorporated on February 2, 2011 and is engaged in the ownership and operation of vessels for domestic trade for the purpose of conveyance or carriage of petroleum products, goods, wares and merchandise of every kind and description.
- k. Incorporated on March 30, 2012 and is engaged in the business of ship management and to act as agent, broker, ship handler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels.

- l. Incorporated on April 8, 2013 and is engaged in the towage and salvage of marine vessels and other crafts including their cargoes upon seas, lakes, rivers, canals, bays, harbours, and other waterways between the various ports of the Philippines.

On December 15, 2016, FTC acquired 100% of the outstanding capital stock of DGMSI, a Davao-based tug service provider. DGMSI is engaged in, operates, conducts, and provides tug and marine services to all vessels, foreign or coastwise that dock and undock in the District Port of Davao and all other ports in the Philippines.

- m. Incorporated on June 9, 2016 and is primarily engaged in the business of providing full and partial crewing for domestic and foreign vessels, to act as the authorized representative and crew manager of shipping companies, and to provide allied maritime services for said vessels and companies.
- n. Incorporated on January 8, 2018 and is engaged in the general business of building and repair of ships, boats and other kinds of vessels as well as in ship breaking activities.
- o. Incorporated on March 14, 2018 to primarily engage in the business of ship management and to act as agent, broker, ship chandler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels.
- p. Incorporated and domiciled in the Republic of Singapore and is primarily engaged in the business and management consultancy services. CSLSP has not yet started commercial operations as at December 31, 2024.
- q. Incorporated on November 28, 2007 and is engaged in machining and mechanical works on ship machineries and industrial plants.
- r. Incorporated on July 6, 2006 primarily to engage in the business of domestic shipping for the transportation of passengers and cargoes with territorial waters and/or in the high seas and is presently engaged in the charter or lease of maritime vessels.
- s. Incorporated on June 21, 2000 primarily to establish and maintain restaurant, coffee shops, refreshment parlors, cocktail lounges and cater goods, drinks, refreshments and other food commonly served in such establishments.
- t. Incorporated on December 31, 2005 and is engaged in the purchase of all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation for purposes of selling the same on retail or wholesale, either local and/or through importation.
- u. Incorporated on October 11, 2018 and is primarily engaged in arrastre services. As at December 31, 2024, Star Maritima has not yet started commercial operations.
- v. Incorporated on June 27, 2018 and is engaged to purchase all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation, for purposes of selling the same on retail or wholesale locally.
- w. Incorporated on November 14, 2018 and is primarily engaged to act as cargo consolidator, to engage in the business of transporting by land natural persons and/or their baggages, cargo, goods merchandise or effects, and to own, lease or charter, offer for lease or charter or operate land vehicles such as, but not limited to buses, cars, jeeps or vans.
- x. Organized under Philippines laws and registered with SEC on August 8, 2008 as an investment holding company.

- y. Incorporated on November 4, 2019 and is primarily engaged to acquire, hold, sell, exchange, deal and invest in real or personal property of all kinds, including stocks, bonds, or securities of any public or private corporation, including any government or any subdivision thereof, in the same manner and to the extent as a natural person might, could, or would do, to exercise all the rights, powers, and privileges of ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes, without however managing securities, portfolio, or funds of the managed entity or firm, nor shall the corporation act as a stock dealer in securities or broker, nor engage in investment solicitation nor take investments from the public sector. The Parent Company initially subscribed to 41.67% ownership interest in DHC on November 4, 2019. DHC has not yet started commercial operations as of December 31, 2024.

In 2023, the SEC approved the increase in authorized capital stock of DHC, which resulted in the dilution of the Parent Company's ownership interest in DHC from 10.54% to 8.59% upon subscription by another investor of additional P2.2 billion in DHC. Such dilution did not result in cessation of significant influence of the Parent Company over DHC.

- z. Incorporated on December 28, 2023 and is primarily engaged to provide complete foreign and domestic end to end logistics, and distribution services for any and all kinds of goods including last mile delivery through the use of all available motor vehicles and vessels, aircraft, and to operate the necessary warehouses in connection with said logistics and distribution services. Precision has not yet started commercial operations as at December 31, 2024.
- aa. Incorporated on November 2, 2024 and is primarily engaged in the general business of a one-stop shop providing travel products and services for domestic and international travels including transportation arrangements, accommodations and travel packages. CBSC has not yet started commercial operations as at December 31, 2024.

CLC together with CSC, Trans-Asia, UIBV, Starlite, WSI, TSI, SFFC, KGLI-NM and their respective subsidiaries are collectively referred herein as the Group.

1.3 Status of the Group's operations

The continued rapid economic expansion in 2024 marks the beginning of the Group's recovery, following a strong rebound in 2023 that contributed to the growth of the Philippine economy. Despite the challenging economic conditions, such as volatile fuel prices, high interest rates, and inflation, the Group concluded the 2024 with notable improvements and milestones from prior years. Throughout the year, the Group implemented various strategies to overcome these challenges and ensure the sustainability of its operations that includes the following:

- Increased the number of vessels put into operation and/or trading status from 47 in 2022 to 49 in 2023 as funds become available to generate more revenues. In 2024, additional five (5) vessels were chartered to cater the increase in demand.
- Rationalized routes and deployed vessels to the most profitable routes;
- Reliable vessel schedule and load factor optimization;
- Expanding strategic partnerships;
- Reduced non-essential capital expenditure and deferred or cancelled discretionary spending;
- Development of skills and talent of personnel to fully utilize existing manpower and to motivate and improve the general well-being of the workforce;
- Divested certain investments and disposed underperforming and non-performing assets;
- Negotiated for longer payment terms with business partners, creditors and suppliers;
- Ongoing drive for innovation and digitalization to increase productivity and raise customer experience;
- Statutory compliance and risk-mitigation measures to establish sustainability; and
- Ongoing Liability Management Exercise (LME) with bankers and other financial institutions for the refinancing or restructuring of existing debt, or deferring payment of debt service.

With the Group's businesses strongly directed on recovery and driving steady growth, the Group thrives on the accomplishment of key strategic projects, furthering resilience alongside external pressures and improving long-term growth prospects. The Group are in talks with Japanese and Korean shipbuilding partners for additional roll-on/roll-off passenger (ROPAX) vessels to be funded by partners, to add to fleet to serve and expand the Group's ports of call.

Based on these factors, the Group projects sufficient cash flows to support its operations. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

1.4 Approval of consolidated financial statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2024 were authorized and approved for issuance by the Parent Company's Board of Directors (BOD) on March 28, 2025. There were no events during the intervening period between BOD approval and report date that will warrant adjustment or disclosures into the consolidated financial statements.

2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2024	2023
Cash on hand	77,944,477	59,207,866
Cash in banks	226,184,112	285,206,218
Cash equivalents	13,708,959	48,172,904
	317,837,548	392,586,988

Cash in banks generally earn interest based on daily bank deposit rates. Cash equivalents represent short-term placements in local banks with varying periods from 30 to 90 days and earn effective interest ranging from 1.00% to 3.50% per annum.

Cash in banks as at December 31, 2024 do not include cash in bank amounting to P9.3 million (2023 - P7.2 million), related to a cash reserved principal and interest payments for certain loans (Note 10.1), thus, is not available for the general use of the Group. This is presented restricted cash under other current assets and other non-current assets accounts in the consolidated statements of financial position (Notes 5 and 9).

Movements of short-term placements for the year ended December 31 are as follows:

	2024	2023
Beginning	48,172,904	12,656,762
Addition	5,542,436	40,006,381
Matured during the year	(40,006,381)	(4,490,239)
	13,708,959	48,172,904

3 Trade and other receivables, net

Trade and other receivables, net as at December 31 consist of:

	Note	2024	2023
Trade receivables			
Third parties		1,324,965,685	1,509,275,142
Related parties	17.1	55,471,143	64,184,585
Due from agencies		77,380,118	53,215,701
Advances to officers and employees		22,900,011	28,717,705
Claims receivables		5,094,404	4,779,384
Others		46,286,573	25,943,988
		1,532,097,934	1,686,116,505
Allowance for expected credit loss on receivables		(880,078,151)	(1,063,260,048)
		652,019,783	622,856,457

Trade and other receivables are non-interest bearing and generally have a 30 to 60 days term.

Due from agencies represent claims from authorized agents for tickets sold to customers.

Advances to officers and employees represent unsecured, non-interest-bearing cash advances for expenditures and are subject to liquidation.

Claims receivables refer to insurance claims from the retirement of certain vessels and charges made by the customers to the Group for claims on damages due to handling of goods and/or cargoes. These are reimbursable from the transacting agency.

The Group's trade and other receivables have been assessed for impairment using the expected credit loss (ECL) methodology. Based on the assessment made using the provisional matrix as determined by the management, adequate allowance for ECL on trade receivables from third parties has been provided as at December 31, 2024 and 2023. For other receivables, management assessed that the balance as at December 31, 2024 and 2023 are collectible in full.

A reconciliation of the allowance for expected credit losses on trade receivables from third parties as at December 31 are as follows:

	2024	2023
Balance at beginning of the year	1,063,260,048	1,067,091,982
(Reversal of) provision for ECL during the year	(48,386,857)	95,276,386
Write offs during the year	(134,795,040)	(99,108,320)
Balance at end of the year	880,078,151	1,063,260,048

Certain trade receivables amounting to P303.7 million as at December 31, 2024 (2023 - P339.5 million) were used as collateral to secure the payment of the Group's interest-bearing loans (Note 10.1 - b.1, 10.1 - d.1 and 10.1 - f.4). Portion of the trade receivables, which were used as collateral as at December 31, 2024 amounting to P228.1 million (2023 - P240.6 million) was provided with impairment loss based on the application of the Group's ECL methodology.

For the year ended December 31, 2024, the Group wrote-off trade receivables amounting to P134.8 million (2023 - P99.1 million) pertaining to claims from customers that are inactive for more than five (5) years or confirmed by a third-party collection agent to be uncollectable.

Critical accounting estimate - Expected credit losses (ECL) on trade and other receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgments. In determining the ECL of trade receivables, the Group used three years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in inflation rate and gross domestic product to reflect the current and forward-looking information.

Any change in the Group's assessment of the collectability of trade and other receivables could impact the recorded carrying amount of receivables and related provision for impairment.

4 Inventories

Inventories, at costs, which are lower than their net realizable values as at December 31 consist of:

	Note	2024	2023
Spare parts		182,233,861	141,515,670
Fuel and lubricants	17.2	88,082,471	84,311,925
Shipping supplies		66,014,706	40,046,800
Food, beverage and other supplies		34,125,212	6,757,714
		370,456,250	272,632,109

Spare parts include inventory items such as bearings, cylinders, fuel injectors and other items used for the routine repair, maintenance or replacement of vessel that do not meet the definition of property and equipment in accordance with PAS 16, Property, Plant and Equipment.

Costs incurred relating to these inventories, such as bunkering, repairs and maintenance and supplies are presented under the cost of sales and services in the consolidated statements of total comprehensive income (Notes 12).

As at December 31, 2024 and 2023, there are no inventories pledged as security for any of the Group's liabilities.

Critical accounting judgment - Impairment of inventories

Provision against the carrying value of inventories is recognized if there is an indication that the cost of the inventories may not be recovered for slow-moving and non-moving inventories. In these cases, management uses judgment and assessment based on available facts and circumstances including but not limited to historical experience and the net realizable value of inventories at the time of disposal. The evaluation of the inventories, including adequacy of recorded provision, is performed on a continuous basis throughout the year.

The carrying values of the inventories at the end of the reporting period and the amount and timing of recorded provision for any period could be materially affected by actual experience and changes in such judgment and assessment such as effect of technological obsolescence, competition in the market and changes in prices. As at December 31, 2024 and 2023, management assessed that the net realizable value of inventories is higher than cost.

5 Other current assets

Other current assets as at December 31 consist of:

	Note	2024	2023
Creditable withholding taxes		526,715,281	466,286,132
Advance to suppliers		509,508,404	499,987,908
Input Value Added Taxes (VAT)		386,436,213	446,058,026
Deferred input VAT, current portion		385,209,886	412,132,136
Prepayments		189,243,006	200,589,971
Restricted cash, current portion	2	8,955,953	6,825,054
		2,006,068,743	2,031,879,227

Advances to suppliers pertain to the Group's advance payments for the purchases of goods and services, other than those capitalizable purchases, that are yet for delivery or to be performed to the Group.

Deferred input VAT pertains to the input VAT on services rendered to the Group that remains unpaid as at December 31, 2024 and 2023.

Prepayments mainly pertains to prepaid taxes and licenses, rentals, and insurance.

Restricted cash represents bank accounts that are reserved for debt service requirements in relation to certain loans of the Group (Note 10.1 - b.3).

Critical accounting judgment: Recoverability of input VAT and creditable withholding taxes

In determining the recoverable amount of input VAT and creditable withholding taxes, management considers the probability of future transactions that will be available against which the input VAT and creditable withholding taxes can be utilized, including adequacy of and compliance with the required documentation for anticipated tax audits in case the entities within the Group opted to file for refund with the tax authorities in the future.

Management uses judgment based on the best available facts and circumstances, including but not limited to, the adequacy of documentation, timely filing of application with the tax authority and evaluation of the individual tax credit claim's future recoverability and utilization. As of reporting date, management believes that it will be able to recover these input VAT and creditable withholding taxes on the following basis:

- Input VAT carried in the VAT returns and creditable withholding taxes carried in income tax returns do not expire and can be used against future output VAT obligations and income tax payable, respectively. As disclosed in Note 1, the Group has identified target projects and business ventures that will generate revenues subject to VAT and income tax; and
- The Group has the option to apply for a tax refund on unused input VAT within a period of two (2) years.

6 Investment properties

The Group's investment properties include a parcel of land located at Brgy. Ligid-Tipas, Taguig City. This was acquired by the Group in the prior years for WSI's warehousing operations. Pursuant to the plan of the Group to venture into e-Commerce business, the management has deemed that the use of the properties is currently undetermined.

The gross carrying amounts of investment properties as at December 31 are shown below.

	2024	2023
Balance at beginning of year	1,270,907,961	1,270,907,961
Disposal during the year	(1,175,796,791)	-
Balance at end of year	95,111,170	1,270,907,961

In 2024, the Group entered into a Deed of Assignment (Dacion En Pago) with China Banking Corporation (CBC) assigning its rights and ownership to a certain portion of its investment property with a carrying value of P1,175.8 million to CBC for a total consideration of P1,633.8 million. The consideration was applied as full payment to the outstanding loan and unpaid interest of the Group amounting to P1,013.8 million and partial payments to unpaid interest on loans of CSC and Tran-Asia with CBC amounting to P620.0 million (Note 10.1 - b.3). This resulted to a gain on sale of investment property amounting to P458.0 million presented under other income (expenses), net in the consolidated statements of total comprehensive income.

In 2022, the management has decided to permanently cease the construction of the warehouse and write-off the related CIP amounting to P232.6 million. This was recognized as impairment loss on investment properties under other income (expense) in the consolidated statements of total comprehensive income. In addition, the Group acquired an additional lot within the same area amounting to P71.2 million in 2022. The outstanding liability arising from this transaction is presented as part of trade and other payables in the 2024 and 2023 consolidated statements of financial position (Note 11).

The property of the Group as at December 31, 2024 with net carrying amount of P95.1 million (2023 - P1,270.9 million) was used as a collateral to secure payment of the Group's term loan (Note 10.1 - b.3).

Fair value measurement and disclosures related to the investment property are presented in Note 25.4.

7 Property and equipment, net

Details and movements of property and equipment, net as at and for the years ended December 31 are as follows:

	Land	Vessels and vessel equipment	Transportation equipment	Building and leasehold improvements	Office furniture, fixture and equipment	Right-of-use assets	CIP	Total
At December 31, 2024								
Cost or revalued amounts								
Cost	213,761,703	-	178,006,694	244,887,808	193,187,502	4,191,389,939	304,609,236	5,325,842,882
Revalued amounts	-	27,951,587,738	-	-	-	-	-	27,951,587,738
	213,761,703	27,951,587,738	178,006,694	244,887,808	193,187,502	4,191,389,939	304,609,236	33,277,430,620
Accumulated depreciation and amortization	-	(13,175,449,110)	(150,777,486)	(113,904,626)	(175,779,899)	(794,116,367)	-	(14,410,027,488)
Accumulated impairment losses	-	(804,259,099)	-	-	-	-	-	(804,259,099)
Net carrying amount	213,761,703	13,971,879,529	27,229,208	130,983,182	17,407,603	3,397,273,572	304,609,236	18,063,144,033
At December 31, 2023								
Cost or revalued amounts								
Cost	213,761,703	-	187,132,367	233,428,856	178,866,690	3,615,407,688	210,895,053	4,639,492,357
Revalued amounts	-	29,662,452,335	-	-	-	-	-	29,662,452,335
	213,761,703	29,662,452,335	187,132,367	233,428,856	178,866,690	3,615,407,688	210,895,053	34,301,944,692
Accumulated depreciation and amortization	-	(14,323,918,649)	(165,339,519)	(93,831,584)	(166,444,920)	(625,605,359)	-	(15,375,140,031)
Accumulated impairment losses	-	(786,344,855)	-	-	-	-	-	(786,344,855)
Net carrying amount	213,761,703	14,552,188,831	21,792,848	139,597,272	12,421,770	2,989,802,329	210,895,053	18,140,459,806
At January 1, 2023								
Cost or revalued amounts								
Cost	213,761,703	-	203,988,390	224,641,523	175,578,549	3,899,937,372	207,129,013	4,925,036,550
Revalued amounts	-	25,468,068,867	-	-	-	-	-	25,468,068,867
	213,761,703	25,468,068,867	203,988,390	224,641,523	175,578,549	3,899,937,372	207,129,013	30,393,105,417
Accumulated depreciation and amortization	-	(10,251,521,274)	(164,676,189)	(76,678,607)	(159,329,139)	(552,886,436)	-	(11,205,091,645)
Accumulated impairment losses	-	(770,425,277)	-	-	-	-	-	(770,425,277)
Net carrying amount	213,761,703	14,446,122,316	39,312,201	147,962,916	16,249,410	3,347,050,936	207,129,013	18,417,588,495

A reconciliation of the carrying amounts of property and equipment as at December 31 is shown below:

	Land	Vessels and vessel equipment	Transportation equipment	Building and leasehold improvements	Office furniture, fixture and equipment	Right-of-use assets	CIP	Total
Balance at January 1, 2024 net of accumulated depreciation and amortization and impairment losses	213,761,703	14,552,188,831	21,792,848	139,597,272	12,421,770	2,989,802,329	210,895,053	18,140,459,806
Additions	-	547,302,367	17,794,137	9,796,057	16,182,701	659,318,447	153,764,809	1,404,158,518
Revaluation increment, net	-	218,916,615	-	-	-	-	-	218,916,615
Reclassification	-	60,050,626	-	-	-	-	(60,050,626)	-
Impairment losses	-	(18,151,241)	-	-	-	-	-	(18,151,241)
Depreciation and amortization expense for the year	-	(1,388,427,669)	(12,357,777)	(18,410,147)	(11,196,868)	(251,847,204)	-	(1,682,239,665)
Balance at December 31, 2024 net of accumulated depreciation and amortization and impairment losses	213,761,703	13,971,879,529	27,229,208	130,983,182	17,407,603	3,397,273,572	304,609,236	18,063,144,033
Balance at January 1, 2023 net of accumulated depreciation and amortization and impairment losses	213,761,703	14,446,122,316	39,312,201	147,962,916	16,249,410	3,347,050,936	207,129,013	18,417,588,495
Additions	-	439,785,509	1,178,571	5,270,506	7,404,690	17,843,959	172,359,763	643,842,998
Revaluation increment, net	-	839,224,129	-	-	-	-	-	839,224,129
Reclassification	-	320,485,186	-	-	-	(151,891,463)	(168,593,723)	-
Lease termination	-	-	-	-	-	(12,882,780)	-	(12,882,780)
Disposals, net	-	(377,008,890)	(4,935,487)	-	-	-	-	(381,944,377)
Impairment losses	-	(15,919,578)	-	-	-	-	-	(15,919,578)
Depreciation and amortization expense for the year	-	(1,100,499,841)	(13,762,437)	(13,636,150)	(11,232,330)	(210,318,323)	-	(1,349,449,081)
Balance at December 31, 2023 net of accumulated depreciation and amortization and impairment losses	213,761,703	14,552,188,831	21,792,848	139,597,272	12,421,770	2,989,802,329	210,895,053	18,140,459,806

The fair values of the Group's vessels were based on the latest appraisal reports as shown below and in the succeeding page.

Name of vessel	Date of appraisal report	Net appraised values
M/Tug Samal	March 4, 2025	13,448,000
M/Tug Pindasan	March 4, 2025	44,354,000
M/Tug Sigaboy	November 6, 2024	35,539,000
MV Trans-Asia 12	March 20, 2025	240,541,000
MV Trans-Asia 15	March 20, 2025	440,735,000
M/Tug Fortis V	February 23, 2023	36,886,000
M/Tugs Fortis II	April 30, 2024	25,679,000
M/Tug Fortis VIII	March 3, 2025	19,670,000
M/Tug Fortis XII	November 25, 2024	35,861,000
M/Tug Fortis XV	December 10, 2024	25,026,000
M/T Chelsea Endurance	October 4, 2024	325,000,000
MV Starlite Archer	September 20, 2024	451,995,000
MV Starlite Annapolis	August 24, 2024	72,227,000
MV Trans-Asia 20 (Starlite Phoenix)	August 24, 2024	934,699,000
MV Starlite Stella Del Mar	August 24, 2024	464,440,000
MV Trans Asia 3	September 18, 2024	217,150,000
MV Trans-Asia 18	September 18, 2024	510,922,000
MV Starlite Pioneer	September 20, 2024	423,419,000
MV Starlite Eagle	December 29, 2023	442,963,000
MV Starlite Tamaraw	February 8, 2024	28,772,000
MV Starlite Saturn	September 20, 2024	429,549,000
Starlite Sprint 1	December 16, 2024	127,140,000
M/Tug Orishima	December 1, 2024	2,100,000
M/Tug Fortis XI	December 1, 2024	5,100,000
M/Tug Fortis IX	December 1, 2024	29,800,000
MV St. Uriel	December 6, 2024	51,500,000
MV St. Sealthiel	December 6, 2024	71,650,000
MV St. Jhudiel	December 10, 2024	74,850,000
MV St. Braquiel	December 10, 2024	70,000,000
MV St. Emmanuel	January 4, 2024	100,000,000
MV St. Camael	December 11, 2024	179,000,000
MV St. Sariel	December 11, 2024	182,300,000
MV St. Micah	January 4, 2024	103,000,000
M/Tug Fortis VI	February 24, 2023	47,645,000
M/Tug Dav Tug XI	February 19, 2024	21,872,000
MT Global Dominance	February 20, 2024	388,969,000
MV Asia Philippines	February 16, 2024	74,038,000
M/Tug Fortis X	February 14, 2024	49,959,000
MV St. Nicolas of Myra	February 13, 2024	201,708,000
MV Starlite Pacific	February 7, 2024	35,520,000
MV Trans-Asia 17	February 2, 2024	345,299,000
MT BMI Patricia	February 2, 2024	10,745,000
MT Chelsea Intrepid	February 2, 2024	24,559,000
MV Asia Pacific	January 31, 2024	71,160,000
MV Trans-Asia 10	February 19, 2024	348,123,000
MV Trans-Asia 2	February 19, 2024	105,023,000
MV Trans-Asia 16	January 30, 2024	213,601,000
MT Ernesto Uno	January 12, 2024	78,609,000
MT Chelsea Resolute	January 11, 2024	80,475,000
MT Great Princess	January 11, 2024	801,544,000
MT Maria (Chelsea Denise II)	January 10, 2024	440,000,000

Name of vessel	Date of appraisal report	Net appraised values
<i>(continued)</i>		
MT Chelsea Jasaan	January 9, 2024	47,787,000
MT Chelsea Denise	December 29, 2023	181,000,000
MV Starlite Reliance	November 10, 2023	442,185,000
MV Starlite Stella Maris	November 10, 2023	533,652,000
MT Chelsea Excellence	November 9, 2023	117,000,000
MV Trans-Asia 19	November 6, 2023	758,740,000
Mt Chelsea Providence	September 20, 2023	1,816,640,000
Mt Chelsea Charlize	September 18, 2023	204,800,000
M/Tug Fortis I	July 31, 2023	25,354,000
MT Chelsea Enterprise	April 22, 2023	96,500,000
MV Trans-Asia 8	March 10, 2023	99,866,000
M/Tug Fortis III	February 23, 2023	25,676,000
M/Tug Fortis VII	February 19, 2024	27,314,000
MV Starlite Venus	December 30, 2022	926,106,000
MV Starlite Jupiter	November 29, 2022	52,974,000
MT Global Cherylyn	November 4, 2022	851,253,000
MV Starlite Salve Regina	November 10, 2023	742,782,000

Revaluation increments and decrements arising from the revaluations above were recognized directly in equity under revaluation reserves (Note 18.2) in the consolidated statements of financial position.

Management believes that there is no significant change in the fair values of the Group's vessels since the dates of their last appraisals.

If the Group's vessels and vessel equipment were measured under the cost model, the cost, accumulated depreciation, accumulated impairment losses and net carrying amount as at December 31 are as follows:

	2024	2023
Cost	18,384,407,514	18,024,650,877
Accumulated depreciation	(6,162,896,473)	(6,014,861,647)
Accumulated impairment losses	(804,259,099)	(786,344,855)
Net carrying amount	11,417,251,942	11,223,444,375

Impairment loss for the year ended December 31, 2024 amounting to P18.2 million was recognized (2023 - P15.9 million; 2022 - P624.4 million) as a result of the latest appraisal of vessels where impairment indications triggered by age of the vessel. The amount is presented as impairment losses on property and equipment in the consolidated statements of total comprehensive income.

Depreciation and amortization expense is presented in the consolidated statements of total comprehensive income as follows:

	Notes	2024	2023	2022
Cost of sales and services	12	1,627,670,045	1,265,327,437	1,175,522,855
Operating expenses	13	54,569,620	84,121,644	76,184,389
		1,682,239,665	1,349,449,081	1,251,707,244

Certain vessels of the Group with a total net carrying amount of P11,680.7 million as at December 31, 2024 (2023 - P12,168.8 million), were used to secure the payment of certain loans and borrowings (Note 10). There were no capitalized borrowing costs in 2024 and 2023.

In 2024, the Group disposed various fully depreciated equipment for P8.4 million. The amount is presented as part of gain (loss) on sale of property and equipment under other income (expense) in the consolidated statements of total comprehensive income (Note 15.3).

In 2023, PNX-Chelsea disposed two vessels with a total net book value of P377.0 million for a total consideration of US\$3.8 million (P211.7 million) in which PNX-Chelsea recognized a loss on sale amounting to P162.9 million. The amount is presented as part of gain (loss) on sale of property and equipment under other income (expense) in the consolidated statements of total comprehensive income (Note 15.3).

In 2023, the finance lease for certain vessel equipment of Trans-Asia ended. As a result, the related right-of-use asset which had a carrying value of P151.9 million was reclassified to vessel and vessel equipment.

In 2022, certain vessel of the Group was caught on fire with a carrying amount of P566.5 million. The Group provided a full impairment loss, which was presented as part of impairment losses on property and equipment under other income (expense) consolidated statements of total comprehensive income. As at date of issuance of the consolidated financial statements, the recoverable amount from insurance claims is yet to be determined by the insurance company.

Certain vessels of the Group with a total net carrying amount of P793.4 million as at December 31, 2024 (2023 P875.9 million) were temporarily idle and laid up.

Critical accounting estimate - Estimated useful lives of property and equipment

The Group's management determines the estimated useful lives for its property and equipment at cost based on the period over which the assets are expected to be available for use. The Group annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

If the actual useful lives of the property and equipment differ by +/- 10% from management's estimates, the carrying amount of property and equipment at cost, net as at December 31, 2024 would have been P6.1 million higher or P7.5 million lower (2023 - P6.1 million higher or P7.4 million lower). The range used was based on the management's assessment where potential impact to operations might occur.

Critical accounting judgment - Impairment of property and equipment

The Group's property and equipment, except for vessels and vessel equipment, is carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period.

As at December 31, 2024 and 2023, based on management's assessment and judgment, there are no indications of impairment or changes in circumstances indicating that the carrying value of their property and equipment may not be recoverable.

Critical accounting estimate - Fair value estimation of vessel and vessel equipment and investment properties

Vessel and vessel equipment is measured at revalued amount, which approximates its fair value at the date of the revaluation less any accumulated impairment losses. In determining the fair value of vessel and vessel equipment, the Group, through the professional services of the independent appraisers, utilized a comparative or market data approach. The technique of this approach establishes value of the basis of sales or offerings of properties similar to that under appraisalment with adjustments made to the subject property to compensate for differences.

When a valuation is obtained, management reviews the competence, capabilities and objectivity of the valuer, key inputs, assesses valuation movements and holds discussions with the valuer as part of the process. Discussions about the valuation processes and results are held between the management and the Parent Company's BOD.

For the Group's vessels and vessel equipment with valuation conducted prior to the end of the reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those assets. In 2024 and 2023, the fair value of certain vessels was referred to the appraisal reports. Investment property is measured using the cost model. The fair value disclosed in Note 25.4 to the consolidated financial statements is determined by the Group using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations.

A significant change in the inputs and assumptions in fair value measurement discussed in Note 25.4 may affect prices and the value of the assets.

8 Investment in associates and a joint venture

The carrying value of the Group's investments in associates and a joint venture as at December 31 are as follows:

	2024	2023
Associates:		
DHC:		
Cost	1,041,666,665	1,041,666,665
Accumulated equity share in the total comprehensive loss from previous year	(1,041,666,665)	(1,041,666,665)
	-	-
Oroport:		
Cost	-	419,111,213
Accumulated equity share in the total comprehensive income from previous year		20,131,299
Disposal	-	(439,242,512)
	-	-

8.1 Investment in associates

On October 4, 2019, the Group subscribed to 1,041,666,665 common shares or equivalent to 41.67% interest of DHC's authorized capital stock for a total amount of P1.0 billion. Out of the subscribed shares, P781.2 million worth of shares remains unpaid as at December 31, 2022 and is presented as subscription payable under trade and other payables in the consolidated statements of financial position (Note 11). In 2023, a third party subscribed to the additional common shares in DHC, causing the dilution of the Group's effective ownership from 10.54% to 8.59%. Management assessed that the Group still exercises significant influence over DHC; hence, is still recognized as an investment in associate.

On November 20, 2023, the Group divested its stake in Oroport for a total consideration of P535.3 million, resulting in a gain on sale amounting to P96.0 million and is presented as gain on sale of investment in associate in the consolidated statements of total comprehensive income.

The carrying amount of the identifiable assets and liabilities of the associates upon acquisition approximates their respective fair values.

Presented below are the financial information of the Group's associates as at December 31:

	2024	2023	2022
DHC			
Total current assets	6,880,862,878	5,849,819,114	5,719,445,983
Total non-current assets	212,145,358,269	206,215,350,738	187,193,137,598
Total assets	219,026,221,147	212,065,169,852	192,912,583,581
Total current liabilities	77,567,657,858	73,288,304,191	199,728,080,588
Total non-current liabilities	217,708,023,684	175,199,554,962	20,143,313,324
Total liabilities	295,275,681,542	248,487,859,153	219,871,393,912
Total revenue	16,299,102,708	11,049,783,480	7,235,722,053
Net loss	40,824,847,245	19,677,782,977	24,973,966,130
	2024	2023	2022
Capital deficiency, January 1	(36,422,689,301)	(26,958,810,331)	(1,984,844,201)
Loss for the year	(40,824,847,245)	(19,677,782,977)	(24,973,966,130)
Adjustment to equity	(998,076,151)	(10,213,904,007)	-
Capital deficiency, December 31	(76,249,460,395)	(36,422,689,301)	(26,958,810,331)
Group's share in %	8.59%	10.54%	10.54%
Group's share in net assets	(6,549,828,648)	(3,838,951,452)	(2,841,458,609)
Carrying amount	-	-	-

DHC is in net capital deficiency as at December 31, 2024 and 2023.

As at December 31, 2024 and 2023, the Group's cumulative share in net losses from the associates already exceeded the investments in the said entities. As such, recognized losses is only up to the extent of the investment. Unrecognized cumulative share in net losses from the associates amounted to P7,829.4 million as at December 31, 2024 (2023 - P4,322.6 million).

No dividends were received from the Group's associates for each of the periods ended December 31, 2024. The Group's associates are private companies; therefore, no quoted market prices are available for these shares.

8.2 Investment in a Joint Venture

In 2016, the Group entered into a Memorandum of Agreement with Meridian whereby both parties agreed to establish and operate a training facility on a parcel of land at the Calaca Seaport in Calaca, Batangas. The training facility shall be called the Meridian Maritime Training Center. The establishment of the facility shall have a total project cost of P50.0 million, which will be financed by the Group and any profits will be distributed 70% to the Group and 30% to Meridian until such time that the Group achieves 100% return on investment, after which, profit sharing will be 50% both to the Group and Meridian.

In 2023, management terminated the agreement with Meridian. Consequently, the Group recognized a full impairment of its investment in the joint venture amounting to P81.0 million and is presented as impairment loss on investment in joint venture under other income (expense) in the consolidated statements of total comprehensive income.

Critical accounting judgment - Determination of significant influence over entities in which the Group holds less than 20% ownership

Judgment is exercised in determining whether the Group already has significant influence or control over an entity. In assessing each interest over an entity, the Group considers the power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investors return.

Management has assessed that despite the dilution of effective ownership interest in DHC in 2022 (Note 8.1), the Group continues to exercise significant influence arising from its representation on the board of directors and participation in policymaking processes of DHC.

The Group reassesses whether or not it controls an entity if facts and circumstances indicates that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

Critical accounting judgment - Impairment of investment in associate and joint venture

The carrying value of investment in an associate and joint venture is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those management judgment and assessment could have a significant effect on the carrying value of investments and the amount and timing of recorded provision for any period.

As at December 31, 2024 and 2023, based on management's assessment and judgment, the carrying value of the Group's investments may not be recoverable.

9 Other non-current assets

Other non-current assets as at December 31 consist of:

	Notes	2024	2023
Advances to suppliers	20.4	200,005,778	527,742,418
Deferred input VAT, net of current portion		115,373,166	114,906,491
Security deposits	17.3	46,823,449	50,355,290
Software, net of amortization		23,635,349	30,464,845
Restricted cash, net of current portion	2	335,112	335,112
Deferred charges		-	56,401,126
		386,172,854	780,205,282

Advances to suppliers include down payments made to suppliers for the acquisition and construction of long-term assets, which include vessels and parcels of land.

Deferred input VAT pertains to the input VAT on services rendered to the Group that remains unpaid as at December 31, 2024.

Security deposits include rental deposits and guarantee deposits for the Group's ongoing projects.

Software refers to computer software licenses and software development costs, net of amortization. A reconciliation of the carrying amount of software at the beginning and end of 2024 and 2023 is shown below.

	Note	2024	2023
Balance at beginning of year		30,464,845	32,855,126
Additions		-	1,300,447
Amortization during the year	13	(6,829,496)	(3,690,728)
Balance at end of year		23,635,349	30,464,845

Restricted cash represents cash in bank accounts that are reserved for debt service requirements in relation to certain loans of the Group (Note 10.1).

Deferred charges pertain to downpayments made to suppliers for future projects that are still in pre-development stage. For the year ended December 31, 2024, the Group wrote-off the deferred charges amounting to P56.4 million (2023 - nil).

10 Loans and borrowings

Loans and borrowings as at December 31 consist of:

	Notes	2024	2023
Current:			
Term loans	10.1	606,680,502	624,924,007
Bank loans	10.2	1,014,726,393	3,008,112,614
Mortgage loans	10.3	54,672,705	20,297,990
Lease liabilities	10.4	436,787,404	202,359,754
		2,112,867,004	3,855,694,365
Non-current:			
Term loans	10.1	10,978,967,355	10,370,290,498
Bank loans	10.2	195,587,138	122,510,363
Mortgage loans	10.3	98,191,326	153,709,019
Lease liabilities	10.4	2,685,009,240	2,536,122,094
		13,957,755,059	13,182,631,974
		16,070,622,063	17,038,326,339

The Group has taken necessary steps to improve its financial condition, including negotiating with banks for the refinancing, extension, or temporary relief of its loan obligations as part of the Group's LME. Relative to this, the Group was able to agree with bank restructuring or modification of terms of certain loans.

For those that qualify as a significant loan modification for the year ended December 31, 2024, the Group recognized the difference between the fair value of the new debt and the carrying amount of the old debt as gain on debt modification amounting to P177.9 million (2023 - P169.9 million; 2022 - nil), presented under other income (expenses) in the consolidated statements of total comprehensive income (Note 10.1 - l).

For those that did not qualify as significant loan modification for the year ended December 31, 2024, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted in a catch-up income amounting to P294.2 million (2023 - P71.6 million; 2022 - P134.4 million), presented as part of the gain on debt modification under other income (expenses) in the consolidated statements of total comprehensive income (Notes 10.1 - b.1, 10.1 - b.2 and k).

In October 2023, the Group entered into subscription and debt conversion agreements with certain private institutional lenders. As a result, the outstanding loan amounting to P233.4 million has been derecognized and converted through the issuance of 77,791,000 shares of the Group (Note 18.1).

A reconciliation of the carrying amounts of loans and borrowings as at December 31 is shown below.

	Term loans (Note 10.1)	Bank loans (Note 10.2)	Mortgage loans (Note 10.3)	Lease liabilities (Note 10.4)	Total
Balance as of January 1, 2023	10,618,240,263	4,333,388,044	184,109,308	2,935,096,174	18,070,833,789
Cash flows from financing activities:					
Additions	425,000,000	-	-	-	425,000,000
Repayments	(245,248,295)	(271,392,067)	(11,026,299)	(183,433,721)	(711,100,382)
	179,751,705	(271,392,067)	(11,026,299)	(183,433,721)	(286,100,382)
Non-cash financing activities:					
Extinguishment of loan	(335,288,970)	-	-	-	(335,288,970)
Gain on debt modification, net	(241,501,013)	-	-	-	(241,501,013)
Debt to equity conversion	-	(233,373,000)	-	-	(233,373,000)
Reclassification	774,851,371	(698,000,000)	-	-	76,851,371
Termination of lease	-	-	-	(19,074,562)	(19,074,562)
Additions in lease liabilities	-	-	924,000	14,665,944	15,589,944
Restatement of foreign currency denominated loans	(838,850)	-	-	(8,771,987)	(9,610,837)
	197,222,537	(931,373,000)	924,000	(13,180,605)	(746,407,068)
Balance at December 31, 2023	10,995,214,505	3,130,622,977	174,007,009	2,738,481,848	17,038,326,339
Cash flows from financing activities:					
Additions	-	11,724,600	-	-	11,724,600
Repayments	(159,475,916)	(229,491,711)	(21,142,978)	(304,237,225)	(714,347,830)
	(159,475,916)	(217,767,111)	(21,142,978)	(304,237,225)	(702,623,230)
Non-cash financing activities:					
Gain on debt modification, net	(471,893,237)	-	-	-	(471,893,237)
Dacion En Pago (Note 6)	(800,000,000)	-	-	-	(800,000,000)
Additions in lease liabilities	-	-	-	659,318,447	659,318,447
Reclassification	2,021,105,680	(1,702,542,335)	-	-	318,563,345
Restatement of foreign currency denominated loans	696,825	-	-	28,233,574	28,930,399
	749,909,268	(1,702,542,335)	-	687,552,021	(265,081,046)
Balance at December 31, 2024	11,585,647,857	1,210,313,531	152,864,031	3,121,796,644	16,070,622,063

The reclassification for the years ended December 31, 2024 and 2023 are related to loan restructurings in which the outstanding balances of bank loans and unpaid interests are converted into term loans. The unpaid interests are presented under trade and other payables in the statements of financial position.

10.1 Term loans

The details of the Group's term loans as at December 31 are as follows:

	Notes	Security	Terms	Interest rates	Outstanding balance	
					2024	2023
China Banking Corporation (CBC)	b.1	Real Estate Mortgage (REM), Continuing Suretyship, MT Chelsea Great Princess, MT Chelsea Charlize, MT Chelsea Resolute, MT Chelsea Enterprise, MT Chelsea Excellence, MT Chelsea Ernesto Uno, MT Chelsea Jasaan Assignment of receivables	7 years	5.00%	1,932,000,000	1,926,396,728
Development Bank of the Philippines (DBP)	f.4	MT Chelsea Providence, MT Chelsea Cherylyn, MV Starlite Stella Maris, Corporate/Continuing Suretyship	15 years	5.00%	1,766,729,006	1,818,060,107
Land Bank of the Philippines (LBP)	l	MT Chelsea Intrepid, MT BMI Patricia	8 years	5.00%	1,104,941,460	-
Philippine Business Bank (PBB)	c.2	MV Eagle, MV Archer, MV Saturn	8 years	3.00% - 7.00%	809,172,721	823,893,366
CBC	b.2	Trans - Asia 2, 3, 5, 12 and 15	8 years	5.75%	642,300,000	161,393,098
Amalgamated Investment Bancorporation (AIB)	i	Unsecured	9 years	6.48%	599,710,259	576,851,371
DBP	f.3	Trans-Asia 16, 17 and 18	15 years	5.00%	549,807,588	549,807,588
PBB	c.4	Corporate/Continuing Suretyship, MV Salve Regina	8 years	3.00% - 7.00%	457,700,000	467,888,754
DBP	f.1	Corporate/Continuing Suretyship	15 years	5.00%	450,514,005	450,514,006
PBB	c.1	MT Chelsea Dominance MT Chelsea Endurance	8 years	3.00% - 7.00%	433,944,577	442,696,689
Asia United Bank (AUB)	d.2	MTug Fortis I, MTug Fortis II MTug Fortis III, Mtug Fortis V MTug Fortis VI, MTug Fortis VII MTug Fortis Mtug Fortis X	6 years	4.00%	417,916,667	425,000,000
DBP	f.2	Corporate/Continuing Suretyship MV St. Nicholas of Myra Assignment of receivables Trans-Asia 1, 8, 9 and 10, CY3	15 years	5.00%	415,100,000	415,100,000
BDO Unibank, Inc. (BDO)	a	REM, Continuing suretyship	6 years	6.50%	349,241,720	383,548,077
PBB	c.3	MV Stella Del Mar	8 years	3.00% - 7.00%	307,676,240	314,848,713
DBP	f.5	Corporate/Continuing Suretyship MV St. Camael and MV St. Saniel	15 years	5.00%	300,086,565	300,086,565
Mega International Commercial Bank Co. (MICBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	245,025,000	247,500,000
Robinsons Bank Corporation (RBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	245,025,000	247,500,000
CTBC Bank (Phils) Inc. (CTBC)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	245,025,000	247,500,000
Pentacapital	k	Unsecured	8 years	6 to 7.00%	205,042,335	-
Union Bank of the Philippines (UB)	j	Continuing Suretyship	9 years	3.00%	198,000,000	198,000,000
First Commercial Bank, Ltd. (FCB)	e	Pledge of shares, Continuing Suretyship	5 years	6.37%	163,350,000	165,000,000
Rizal Commercial Banking Corp. PBB	g c.5	Starlite Sprint I Pledge of shares of stocks MTug Fortis IX, MTug Fortis X	7 years 8 years	9.50% 11.00%	104,024,977 13,893,988	105,074,977 52,788,650
AUB	d.1	Assignment of receivables MTug Fortis VI, MTug Fortis VII	7 years	8.02%	15,957,667	23,049,963
AUB	d.1	MTug Fortis VIII, Assignment of receivables, MTug Fortis III and MTug	7 years	8.11%	10,422,210	20,845,468
AUB	d.1	Fortis V, Assignment of receivables	7 years	5.56%	-	7,613,562
CBC	b.3	REM	15 years	7.25%	-	800,000,000
Net discount on loans payable					11,982,606,985	11,170,957,683
					(396,959,128)	(175,743,178)
					11,585,647,857	10,995,214,505

a. Term loan agreement (TLA) with BDO - Trans - Asia 1, 8 and 10

In 2014, Trans-Asia availed loans from BDO for the acquisition of MV Trans-Asia 10 amounting to P120.0 million at an interest rate of 4.5% per annum. Principal and interest payments on these loans are made monthly. Additional loans were made from BDO amounting to P243.5 million and P166.0 million in 2016 and 2017, respectively, with an interest rate of 4.25% to 5.00% per annum. Principal payments are made monthly with a grace period of one year and interest on these loans is payable monthly in arrears.

In 2020, Trans-Asia and BDO amended the existing loan agreement, revising the interest payment schedules in which 40% of all unpaid interest as of July 30, 2020 were to be paid equally without interest on interest from August 2020 to December 2020 and the remaining 60% to be paid in equal monthly basis with interest on interest from January 2021 to June 2021.

On September 8, 2021, Trans-Asia and BDO agreed on the second amendment of the loan agreement wherein the deferred principal and principal due from June to July 2021 be added and paid in the December 2021 and January 2022 repayment schedules.

On June 20, 2022, Trans-Asia and BDO amended the existing loan agreements, revising the previously approved terms of the preceding loans wherein BDO extended the maturity dates of the loans for six years, inclusive of a grace period of one year reckoning at the beginning of 2022, provided a sculpted quarterly principal repayment, and reduced interest rates for the first two years with a provision for a recapture rates towards the end of the loans.

The loan is secured by the same properties as mentioned in the initial bank loan with chattel mortgage of certain vessels amounting to P422.9 million as at December 31, 2024 (2023 - and P457.8 million) (Note 7). The loan is also secured by a continuing suretyship by the chairman of the BOD of the Parent Company and a real estate property owned by Trans-Asia with a carrying amount of P10.3 million as at December 31, 2024 and 2023 (Note 7). These loans do not contain any financial covenants.

b. TLA or OLSA with CBC

b.1 CSC - CSC's outstanding shares

In 2016, the Parent Company obtained a P1.8 billion loan from CBC to finance the acquisition of the outstanding shares of CSC. The loan is subject to annual interest rate of 4.50% and is payable on a lump sum basis in 181 days. The loan is secured by means of mortgage, pledge, assignment or any other form of encumbrance upon any and all properties or assets of the Parent Company's Chairman of the BOD (Note 17.9).

In 2017, the Group converted its P1.8 billion bank loan to a six-year term loan with a grace period of four quarters commencing from the date of conversion. The principal is payable in quarterly installments with balloon payment at maturity and shall commence on the quarter after the grace period with the interest paid in arrears. The loan is secured by the same properties as mentioned in the initial bank loan.

On January 23, 2018, the Parent Company's BOD approved the transfer of the loan to CSC.

On October 1, 2020, the bank approved CSC's request for the refinancing of outstanding loan obligations of CSC for a total of P1.9 billion, including unpaid interest. The principal payments begin on the 3rd anniversary with the following sculpted repayment schedule: year 3 - 5%; year 4 - 10%; year 5 - 20%; year 6 - 25%; and year 7 - 40%. The restructured loan is subject to annual interest rate of 6.75%.

On December 18, 2024, CBC approved the restructuring of the outstanding loans and unpaid interests of CSC into an eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower interest rates for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted to a catch-up income amounting to P235.1 million, presented as part of the gain on debt modification under other income (expenses) in the consolidated statements of total comprehensive income.

The restructured loan is secured by the same properties as mentioned in the initial bank loan with chattel mortgage of certain vessels amounting to P1,303.7 million as at December 31, 2024 (2023 - P1,416.9 million). The loan is also secured by a continuing suretyship by the Parent Company and Ultimate Parent Company, and assignment of certain receivables amounting to P228.1 million as at December 31, 2024 (2023 - P250.2 million) (Note 3). The restructured agreement does not contain any financial covenants.

b.2 Trans - Asia - MV Asia Philippines and MV Asia Pacific

On October 2, 2018, Trans-Asia obtained a long-term loan from CBC amounting to P200.0 million to fund its acquisition of vessels. The loan is subject to annual interest rate of 7.00% and is payable monthly in arrears up to 10 years from the initial drawdown, inclusive of one-year grace period from the date of drawdown. Principal shall be repayable in equal monthly amortizations to commence at the end of the 13th month of the drawdown.

On August 30, 2019, Trans-Asia obtained additional loan from the same bank amounting to P50.0 million to fund its acquisition of vessels. The loan is subject to annual interest rate of 7.00% and is payable monthly in arrears up to four years from the date of drawdown. Principal shall be repayable in equal monthly amortizations to commence at the end of the 13th month of the drawdown. These loans do not contain any financial covenants.

On December 18, 2024, CBC approved the restructuring of the outstanding loans and unpaid interests of Trans-Asia into an eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower interest rates for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted to a catch-up income amounting to P49.4 million, presented as part of the gain on debt modification under other income (expenses) in the consolidated statements of total comprehensive income.

Certain vessels with a net carrying amount of P1,116.8 million as at December 31, 2024 (2023 - and P228.6 million) was used as collateral to secure the payment of these loans (Note 7).

b.3 CLC and WSI

On August 27, 2019, CLC and WSI entered into a loan agreement with CBC to finance the acquisition of a real estate property and for the construction of a warehouse facility on the said property amounting to P800.0 million and P450.0 million, respectively. The loan is subject to a fixed interest rate of 7.25% for the first ten years and subject to repricing for the remaining five years. On the interest rate resetting date, the interest rate shall be repriced and determined based on the higher of the benchmark rate and interest spread of 250 bps, divided by the interest premium of factor of 95% or a floor rate of 7.25%. The loan is payable on a quarterly basis up to 15 years from the initial drawdown, inclusive of two-years grace period from the date of signing. As at December 31, 2023, WSI has no loan drawdowns and CLC has total drawdown amounting to P800.0 million from the term loan facility.

In 2024, the outstanding loan of CLC amounting to P800.0 million was fully paid through a Deed of Assignment (Dacion En Pago) agreement with CBC. CLC also settled the related interest on this loan amounting to P213.8 million and the interest on CSC and TASLI's loans with CBC amounting to P620.0 million (Note 6).

The land of the Group, classified under investment properties in the consolidated statements of financial position, with net carrying amount of P95.1 million as at December 31, 2024 was used as a collateral to secure payment of the loans of CSC and Trans-Asia (Notes 6).

c. TLA with PBB

c.1 PNX - Chelsea - MT Chelsea Endurance and MT Chelsea Dominance

On July 25, 2016 and August 18, 2016, PNX-Chelsea entered into term loan agreements with PBB amounting to US\$6.5 million and US\$7.6 million to finance the acquisition of MT Chelsea Endurance and MT Chelsea Dominance, respectively. On the anniversary year, these loans were converted into peso loans. The loans are subject to annual effective interest rate of 6.06% and are payable in 24 equal quarterly installments with one-year grace period from date of each release. The loans do not include any financial covenants.

On June 24, 2022, PBB approved the restructuring of the outstanding loans and unpaid interests of PNX-Chelsea into an eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower interest rates for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year.

The restructured loans are secured by a chattel mortgage on MT Chelsea Endurance and MT Chelsea Dominance with net carrying amounts totaling P685.7 million as at December 31, 2024 (2023 - P694.5 million) (Note 7).

c.2 Starlite - MV Eagle, MV Archer and MV Saturn

In 2015, Starlite entered into a 10-year term loan agreement amounting to P1,037.4 million with PBB to finance the acquisition of MV Eagle, MV Archer and MV Saturn. The loans are subject to a fixed interest rate of 7.5% and the principal is payable in arrears.

In 2017, Starlite obtained a 15-year term loan agreement amounting to P800.0 million with PBB. The loan is subject to annual interest rate of 7.0% and principal repayments including the interest shall commence on the first quarter after a grace period of one year from the date of availment. The loan does not include any financial covenants.

On June 24, 2022, PBB approved the restructuring of the outstanding loans and unpaid interests of SFI into an 8-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower annual interest rate for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year.

Certain vessels of Starlite with net carrying amounts of P1,283.4 million as at December 31, 2024 (2023 - P1,228.2 million), were used as collateral to secure the payment of these loans (Note 7).

c.3 SPFI - MV Stella Del Mar

In 2017, SPFI entered into a loan agreement with PBB amounting to P368.1 million to finance the acquisition of MV Stella Del Mar. The loan is subject to annual interest rate of 7.50% and is payable quarterly in arrears up to 10 years from the initial drawdown. Principal repayments shall commence after the grace period of six quarters. The loan does not include any financial covenants.

On June 24, 2022, PBB approved the restructuring of the outstanding loans and unpaid interests of SPFI into a eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower annual interest rate for 2 years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the third year.

The vessel of SPFI with net carrying amounts of P464.9 million as at December 31, 2024 (2023 - P510.7 million), was used as a collateral to secure the payment of this loan (Note 7).

c.4 SGFI - MV Salve Regina

In 2018, SGFI entered into a loan agreement with PBB amounting to P460.0 million to finance the acquisition of MV Salve Regina. The loan is subject to annual interest rate of 7.50% and is payable quarterly in arrears up to 10 years from the initial drawdown, inclusive of one-year grace period from the date of signing. The loan does not include any financial covenant.

On June 24, 2022, PBB approved the restructuring of the outstanding loans and unpaid interests of SGFI into an eight-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower annual interest rate for two years, collected quarterly in arrears, to be recaptured annually until the loan matures, with annual repricing based on BVAL plus a fixed interest rate beginning on the 3rd year.

The vessel of SGFI with net carrying amounts of P726.2 million as at December 31, 2024 (2023 - P742.9 million) was used as a collateral to secure the payment of this loan (Note 7).

c.5 CLC - MV Trans-Asia 21

In May 2021, CLC entered into Memorandum of Agreement (MOA) for a loan facility with PBB amounting to US\$3.5 million to finance the Group's equity due on MV Trans-Asia 21. The loan is subject to annual interest rate of 10.0% and is payable on a quarterly basis up to the end of third year.

On August 12, 2022, PBB and CLC has amended the MOA in which the principal repayment will be on a staggered basis commencing at the date of amendment until 2023 with annual interest rate of 11.0%. In 2023, the agreement was amended to extend the payment of principal and interest until January 2025. The loan does not include any financial covenant.

The loan is secured by a deed of pledge of shares of stock by Udenna and CLC with a net book value as at December 31, 2024 of P138.7 million (2023 - P135.7M) (Note 17.9).

d. TLA with AUB

d.1 FTC – M/Tug Fortis III, M/Tug Fortis V, M/Tug Fortis VI, M/Tug Fortis VII, M/Tug Fortis VIII, M/Tug Fortis IX and M/Tug Fortis X

On April 12, 2017, FTC obtained interest-bearing loans amounting to P69.7 million to partially refinance the acquisition of M/Tug Fortis III and M/Tug Fortis V. The loan bears fixed interest rate of 5.56% and the principal is payable in 28 quarterly installments.

On October 5, 2018, FTC obtained additional interest-bearing loans amounting to P70.4 million from the same bank to partially refinance the acquisition of M/Tug Fortis VI, M/Tug Fortis VI, and M/Tug Fortis VIII. The loan bears fixed interest rate of 5.56% and the principal is payable in 28 quarterly installments.

On January 16, 2020, FTC obtained additional interest-bearing loans amounting to P47.9 million from the same bank to partially refinance the acquisition of M/Tug Fortis IX and M/Tug Fortis X. The loan bears fixed interest rate of 7.07% and the principal is payable in 28 quarterly installments.

Certain trade receivables amounting to P47.3 million as at December 31, 2024 (2023 - P44.9 million), were assigned to secure the payment of these interest-bearing loans (Note 3). Moreover, certain tugboats of FTC with net carrying amounts of P215.5 million as at December 31, 2024 (2023 - P220.8 million), were used as collateral to secure the payment of these loans (Note 7). The loans do not include any financial covenants.

d.2 Starlite

On October 27, 2023, Starlite obtained interest-bearing loans amounting to P425.0 million to support its working capital requirement. The loan bears fixed interest rate of 4.0% and the principal is payable in 72 months in equal monthly installment with grace period of one year.

Certain tugboats of FTC with net carrying amount of P215.5 million as at December 31, 2024 (2023 - P235.6 million) were used as collateral to secure the payment of these loans. The loan does not include any financial covenants.

e. TLA with CTBC, MICBC, RBC and FCB - Trans-Asia

In 2017, Trans-Asia entered into a five-year loan facility agreement amounting to P300.0 million each with CTBC, MICBC and RBC and P200.0 million with FCB to bridge the facility obtained by CSC to fund the acquisition of Trans-Asia and for general working capital purposes. In the same year, Trans-Asia made a drawdown of P1,100.0 million loan to bridge the loan obtained by CSC in 2016. The loan is subject to annual repricing of three-month PDST rate plus 3.3% spread and is payable on quarterly basis. Principal repayments shall be 5% of the loan in the first and second year, 15% in the third and fourth year and 60% in the fifth year of the drawdown. The agreement requires Trans-Asia to maintain debt-to-equity ratio of not more than 3.50:1.00 and a DSCR of at least 1.25.

On May 27, 2021, CTBC, MICBC, RBC and FCB has approved the one-year extension of principal due from 2021 to 2022 including the non-application of the required financial covenants during the extension period.

On November 15, 2022, CTBC, MICBC, RBC and FCB approved restructuring of the outstanding loans of Trans-Asia into a five-year term loan, inclusive of two years grace period on principal collection. The restructured loan bears lower interest rate for the first year, collected quarterly in arrears, to be recaptured annually on the 5th year, with annual repricing based on BVAL plus a fixed interest rate beginning on the 3rd year. The principal is payable on installment based on the outstanding principal amount from the amended date as follows; 0% on the first year, 1% on second year, 2% on third, 7% on fourth and balloon payment at the end of the fifth year.

The loan is secured by Trans-Asia shares with a carrying value of P525.0 million, a corporate guarantee by the Parent Company and individual surety of the Parent Company's Chairman of the BOD (Note 17.9).

For the existing loans with financial covenants, Trans-Asia exceeded the agreed debt-to-equity ratio and had a lower DSCR. Trans-Asia requested for the waiver of these financial covenants and management is confident that such will be approved based on the preliminary discussions with the lender banks. Trans-Asia has not received any written notice as at the date of the issuance of the consolidated financial statements, that the loans are due and demandable, as indicated in the loan agreements to be the basis to classify the loan as current liability.

f. TLA with DBP

f.1 Starlite - MV Pioneer and MV Reliance

In 2016 and 2015, Starlite entered into 15-year term loan agreements amounting to P306.0 million and P300.0 million, respectively, with DBP to finance the acquisition of MV Pioneer and MV Reliance. The loan is subject to annual interest rate of 6.95% and is payable on a quarterly basis. Principal repayments shall commence after the grace period of three periods.

On May 23, 2023, DBP approved the waiver of Starlite's compliance with the current ratio for 2023 up to its maturity, meanwhile, compliance with the debt-to-equity ratio and DSCR was temporarily waived for 2023 only.

On October 24, 2023, DBP and Starlite amended the loan agreements in 2015 and 2016 in which the former approved the principal repayment of the outstanding loan beginning in 2025 in sculpted quarterly amortizations to commence at the end of the 1st quarter after the two-year grace period until fully paid. Interest for the first 3 years is fixed at 5.0% per annum, but Starlite will only pay 3% per annum, and the 2% is amortized over three years starting on the 4th year, without interest on interest. The interest for the 4th year and onwards is fixed for one year based on a 1-year BVAL rate plus a spread with a floor rate of 5% per annum, reviewable annually.

The amendment in the agreement also requires Starlite to maintain a debt-to-equity ratio of 2.33:1.00 starting the year 2029 up to the remaining term of the loan and a DSCR of at least 1.00 starting the year 2024.

A corporate suretyship by the Parent Company and certain vessels of Starlite with net carrying amounts of P719.3 million as at December 31, 2024 (2023 - P806.6 million), were used as collateral to secure the payment of these loans (Note 7).

f.2 PNX-Chelsea - MV St. Nicholas of Myra

On January 25, 2018, PNX-Chelsea entered into a loan agreement with DBP amounting to P575.0 million to refinance the acquisition of MV San Pedro Calungsod, MV San Lorenzo Ruiz uno and MV St. Nicholas of Myra. The loan is subject to annual interest rate of 6.50% and is payable in 60 equal quarterly installments commencing on the first quarter from the initial drawdown. The agreement requires PNX-Chelsea to maintain debt-to-equity ratio of not more than 2.34:1.00.

On May 23, 2023, DBP approved the waiver of PNX-Chelsea's compliance with the financial covenants for 2023 until the loan's maturity on March 26, 2033.

On October 24, 2023, DBP and PNX-Chelsea amended the loan agreement in 2018 in which the former approved the principal repayment of the outstanding principal amount beginning in 2025 in sculpted quarterly amortizations to commence at the end of the 1st quarter after the two-year grace period until fully paid. Interest for the first three years is fixed at 5.0% per annum, but PNX-Chelsea will only pay 3% per annum and the 2% per annum is amortized over three years starting on the 4th year, without interest on interest. The interest for the 4th year and onwards is fixed for one year based on a 1-year BVAL rate plus spread with a floor rate of 5% per annum, reviewable annually.

Certain vessels of PNX-Chelsea with net carrying amounts of P175.1 million as at December 31, 2024 (2023 - P205.9 million), were used as collateral to secure the payment of these loans (Note 7). The restructured loan is also secured by a continuing suretyship by the Parent Company and chairman of the BOD of the Parent Company (Note 17.9).

f.3 Trans-Asia - MV Trans-Asia 16, 17 and 18

On May 2, 2018, Trans-Asia entered into a loan agreement with DBP amounting to P618.0 million to finance the acquisition of MV Trans-Asia 16, MV Trans-Asia 17 and MV Trans-Asia 18. The loan is to annual interest rate of 6.50% and is payable quarterly in arrears up to 15 years from the initial drawdown, inclusive of one-year grace period from the date of signing.

On May 23, 2023, DBP approved the waiver of Trans-Asia's compliance with the current ratio for 2023 until the loan's maturity, meanwhile, compliance with the debt-to-equity ratio and DSCR was temporarily waived for 2024 and 2023 only.

On October 24, 2023, DBP and Trans-Asia amended the loan agreement in 2018 in which the former approved the principal of the outstanding principal amount beginning in 2025 in sculpted quarterly amortizations to commence at the end of the 1st quarter after the two-year grace period until fully paid. Interest for the first years is fixed at per annum, but Trans-Asia will only pay p.a. and the is amortized over three years starting on the 4th year, without interest on interest. The interest for the year and onwards is fixed for one year based on a BVAL rate plus a with a rate of 5% per annum, annually.

The amendment in the agreement also requires Trans-Asia to maintain a debt-to-equity ratio of 2.33:1.0 starting year 2031 up to remaining term of the loan, and DSCR of at least 1.0 starting the year 2024.

On December 16, 2024, Trans-Asia requested from DBP a temporary waiver of the DSCR covenant for the year 2024. Trans-Asia received the formal confirmation from DBP on February 26, 2025 that the latter will not make any formal demand for full payment of the loan in so far as Trans-Asia's compliance with DSCR covenant in 2024.

Certain vessels of Trans-Asia with net carrying amounts of P2,991.2 million as at December 31, 2024 (203 - P1,062.8 million), were used as collateral to secure the of these loans (Note 7). The restructured loan is also secured by a continuing suretyship by the Parent Company and chairman of the BOD of the Parent Company (Note 17.9).

f.4 CSC - MT Chelsea Providence

On December 28, 2018, CSC entered into a loan agreement With DBP amounting to P1.5 billion to refinance the acquisition of one second-hand oil/chemical tanker and one second-hand floating dock. The loan is subject to annual interest rate of 6.50% and is payable quarterly in arrears up to 15 years from the initial drawdown, inclusive of one-year grace period from the date of signing. The agreement requires CSC to maintain debt-to-equity ratio of not more than 3.00:1.00 and DSCR of at least 1.00.

On March 28, 2021, DBP approved CSC's request for the refinancing of outstanding loan obligations for a total of P1.8 billion, including unpaid interest. The principal payments begin on the third anniversary with annual interest rate of 6.50%. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9.

On August 15, 2023, DBP approved the waiver of CSC's compliance with the financial covenants for 2023 up to its maturity on December 31, 2035.

On October 24, 2023, DBP and CSC amended the restructuring agreement in 2021 in which the former approved the sculpted principal repayment of the outstanding principal amount beginning in 2023 until year 14. Interest for the first 3 years is fixed at 5.0% per annum, but CSC will only pay 3% per annum and the 2% per annum is amortized over three years starting on the 4th year, without interest on interest. The interest for the 4th year and onwards is fixed for one year based on a 1-year BVAL rate plus a spread, with a floor rate of 5% per annum, reviewable annually.

Certain vessels of CSC and SGFI with net carrying amount of P2,991.2 million as at December 31, 2024 (2023 - P3,162.6 million) was used as collateral to secure the payment of these loans (Note 7). Certain trade receivables amounting to P28.3 million as at December 31, 2024 (2023 - P44.4 million) were assigned to secure the payment of these interest-bearing loans (Note 3).

f.5 SFFC

On May 20, 2016, SFFC obtained a long-term loan facility from DBP amounting to P370.0 million with a term of 15 years, inclusive of 1.5 years grace period, payable in 53 equal quarterly installments to commence at the end of the seventh quarter from the date of the initial drawdown, which can be availed through promissory note with an interest at the prevailing market rate of 6.5% to finance the construction of MV St. Sariel and MV St. Camael. In addition, SFFC is required to maintain debt-to-equity ratio not exceeding 2.30:1.00 and maintain debt service coverage ratio of at least 2.00 at each testing date. On May 23, 2023, DBP approved the waiver of SFFC's compliance with the debt-to-equity ratio for the year 2023. In 2024, DBP approved the waiver of SFFC's compliance with the debt-to-equity ratio and DSCR for the year 2024.

On October 24, 2023, DBP and SFFC amended the loan agreement in 2016 in which the former approved the principal repayment of the outstanding principal amount beginning in 2025 in sculpted quarterly amortizations to commence at the end of the 1st quarter after the two-year grace period until fully paid. Interest for the first 3 years is fixed at 5.0% per annum, but SFFC will only pay 3% per annum and 2% per annum is amortized over three years starting on the 4th year, without interest on interest. The interest for the 4th year and onwards is fixed for one year based on a 1-year BVAL rate plus a spread, with a floor rate of 5% per annum, reviewable annually.

Certain vessels of SFFC with net carrying amount of P361.3 million as at December 31, 2024 (2023 - P370.1 million) was used as collateral to obtain this loan. The restructured loan is also secured by a continuing suretyship by the Parent Company and the Chairman of the BOD of the Parent Company (Note 17.9).

g. TLA with RCBC - Starlite

In 2018, Starlite entered into a loan agreement with RCBC to finance the acquisition of Starlite Sprint I. The first drawdown of P 105.0 million is payable in equal quarterly installments up to eight years from the date of initial drawdown, i.e., July 19, 2019, inclusive of one year grace period. The loan is subject to annual interest rate based on 7-year fixed BVAL plus minimum spread of 1.50% and is payable on a quarterly basis. The agreement requires Starlite to maintain debt-to-equity ratio of not more than 5.50:1.00 and current ratio of not less than 1.00.

On July 24, 2023, Starlite entered into a loan restructuring agreement with RCBC to restructure its outstanding loan amounting to P105.1 million. The restructured loan bears lower annual interest rate applicable for the first three years, to be recaptured annually until year 5. The principal is payable on graduated amounts with balloon payment on the last principal repayment date and inclusive of 2 2-year grace period from July 2022. The restructured loan does not include any financial covenant.

The vessel of Starlite with net carrying amounts of P127.1 million as at December 31, 2024 (2023 - P129.8 million) was used as a collateral to secure the payment of this loan (Note 7).

h. TLA with 8H capital - CDC

In July 2021, CDC entered into a loan agreement with 8H Capital amounting to US\$2.0 million with a term of five years, inclusive of one-year grace period, payable to 16 equal quarterly installments to commence at the end of fifth quarter from the date of drawdown, with a prevailing interest rate of 9% per annum for the first year, and 12% per annum thereafter until the maturity date. The loan is guaranteed by CLC and includes covenants as to restriction on additional indebtedness of CDC, among others. The loan has been fully settled in 2023.

i. TLA with AIB - CLC

On March 31, 2023, CLC entered into a term loan agreement with AIB to restructure the Group's outstanding bank loan and unpaid interest amounting to P500.0 million and P60.4 million, respectively (Note 10.2). The restructured loan bears lower annual interest rate applicable for year 1, collected quarterly in arrears, to be recaptured at a target rate in year 9, with annual repricing based on BVAL plus a fixed interest rate ending on the 3rd year. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted to a catch-up income for the year ended December 31, 2023 amounting to P36.3 million, presented as part of the gain on debt modification under other income (expenses) in the consolidated statements of total comprehensive income. The loan does not include any financial covenant.

j. TLA with UB-CSC

On April 18, 2023, CSC entered into a term loan agreement with UB to restructure the Group's outstanding bank loan amounting to P198.0 million (Note 10.2). The restructured loan bears an annual interest rate of 3.00% applicable for year 1, collected quarterly in arrears, to be recaptured with a target rate of 10.00% per annum in year 9. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. The loan does not include any financial covenant.

k. TLA with Pentacapital - PNX-Chelsea

On January 16, 2024, PNX-Chelsea entered into a restructuring loan agreement with Pentacapital to restructure PNX-Chelsea's outstanding bank loan amounting to P200.0 million and unpaid interest amounting to P5.1 million. The restructured loan bears an annual interest rate of 6.00% subject to adjustment at the end of the 5th year with a floor rate of 6.00% per annum and a ceiling of 7.00% per annum. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. The loan does not include any financial covenant. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted to a catch-up income amounting to P9.8 million, presented as part of the gain on debt modification under other income (expenses) in the consolidated statements of total comprehensive income.

l. TLA with LBP – PNX-Chelsea

On May 31, 2024, PNX-Chelsea entered into a term loan agreement with LBP to restructure PNX-Chelsea's outstanding bank loan amounting to P997.5 million and unpaid interest amounting to P290.1 million (Note 12.2). The restructured loan bears an annual interest rate of 5.00% applicable for years 1 and 2, subject to annual repricing starting year 3 until maturity. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. The loan does not include any financial covenant. The debt restructuring resulted in a substantial modification, thus, the restructured loan was recognized as new loan at fair value and resulted on recognition of a gain on debt modification amounting to P177.7 million in accordance with PFRS 9. The gain on debt modification is presented other income (expenses) in the consolidated statements of total comprehensive income.

The vessel of CSC and BMI with net carrying amounts of P32.3 million as at December 31, 2024 was used as a collateral to secure the payment of this loan (Note 7).

Interest incurred on term loans is included as part of finance costs under the other income (expenses) in the consolidated statements of total comprehensive income (Note 15.1). The related unpaid interest as at December 31, 2024 and 2023 is presented as part of accrued expenses under the trade and other payables account in the consolidated statements of financial position (Note 11).

10.2 Bank loans

The details of the Group's bank loans are as follows:

	Security	Terms	Interest rates	Outstanding balance	
				2024	2023
Landbank of the Philippines	MT Chelsea Intrepid MT BMI Patricia Assignment of receivables Continuing suretyship	90 days	3.00 to 6.75%	156,560,600	1,327,834,768
Primary Institutional Leaders	MV TA21 and Pledge of shares Trans-asia 2, Trans-Asia 3, Trans-Asia 5, Trans-Asia 12, Trans-Asia 15	30 to 180 days	1.00 to 10.00%	702,519,769	608,109,693
CBC	Trans-Asia 15	60 days	5.75%	-	500,000,000
PBB	Unsecured	180 days	7.50%	350,000,000	485,000,000
Pentacapital	Assignment of receivables	360 days	7.00%	1,233,162	209,678,517
				1,210,313,531	3,130,622,977

The bank loans were obtained to finance the drydocking of certain vessels and to support the Group's working capital requirements. These loans are secured by certain vessels owned by the Group with total net carrying amount of P155.5 million as at December 31, 2024 (2023 - P685.7 million) (Note 7). These loans do not include any financial covenants.

Interest incurred on bank loans is presented as part of finance costs under the other income (expenses) in the consolidated statements of total comprehensive income (Note 15.1). The related unpaid interest as at December 31, 2024 and 2023 is presented as part of accrued expenses under the trade and other payables account in the consolidated statements of financial position (Note 11).

10.3 Mortgage loans

The details of the Group's mortgage loans are as follows:

	Security	Terms	Interest rates	Outstanding balance	
				2024	2023
BDO	Trans-Asia 1, 8, 10 CY3 REM, Continuing suretyship	10 years	6.50%	146,781,739	161,867,641
Toyota Financials	Chattel mortgage on transportation equipment	3 years	10.07%	5,292,406	10,537,049
Eastwest	Chattel mortgage on transportation equipment	3 years	9.71%	789,886	1,301,390
BDO	Chattel mortgage on transportation equipment	3 years	10.00%	-	300,929
				152,864,031	174,007,009

Mortgage loans pertain to loans obtained by the Group to finance the acquisition of certain properties and transportation equipment. These loans bear average effective interest rates ranging from 6.75% to 10.28% in both 2024 and 2023. Interest incurred on these loans are included as part of finance costs under the other income (charges) section of the consolidated statements of profit or loss (Note 15.1). These loans do not contain any financial covenants.

These loans are secured by certain properties and transportation equipment with total carrying amount of P176.9 million as at December 31, 2024 (2023 - P230.2 million) (Note 7).

10.4 Lease liabilities

The Group has leases for certain offices, warehouses and related facilities, lots and vessel and vessel equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property and equipment (Note 7).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over offices and warehouse and related facilities, the Group must keep these properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the consolidated statements of financial position as at December 31, 2024 and 2023.

	Number of rights-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
December 31, 2024					
Warehouses and related facilities	6	1-2 years	2 years	2	-
Lot	8	2-8 years	4 years	-	-
Offices	2	1-5 years	3 years	1	-
Vessel and vessel equipment	3	2-20 years	15 years	-	-
December 31, 2023					
Warehouses and related facilities	6	1 - 2 years	2 years	2	-
Lot	7	2 - 10 years	4 years	-	-
Offices	5	1 - 5 years	3 years	2	1
Vessel and vessel equipment	3	2 - 20 years	15 years	-	-

Additional information on the lease liabilities and amounts in respect of possible future lease extension or termination options not recognized as liability are as follows:

	Warehouses and related facilities	Lot	Offices	Vessel and vessel equipment	Total
December 31, 2024					
Lease liabilities	9,910,984	82,944,196	8,393,589	3,020,547,875	3,121,796,644
Number of lease with an extension option that is not considered reasonably certain of exercise	2	-	1	-	3
Additional lease liabilities that would be incurred were it to become reasonably certain that extension option would be exercised	-	-	-	-	-
December 31, 2023					
Lease liabilities	30,644,810	102,803,955	21,022,225	2,584,010,858	2,738,481,848
Number of lease with an extension option that is not considered reasonably certain of exercise	2	-	3	-	5
Additional lease liabilities that would be incurred were it to become reasonably certain that extension option would be exercised	-	-	83,282,702	-	83,282,702

Certain leases with termination option by the Group were exercised but no additional liabilities were charged to the companies. The lease termination option not recognized as part of liability, based on the lease contract, is expected to be equivalent to a certain percentage of the unrealized income of the lessor due to the termination.

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities as at December 31 is as follows:

	Within 1 year	1 to less than 2 years	2 to less than 3 years	3 to less than 4 years	4 to less than 5 years	More than 5 years	Total
December 31, 2024							
Lease payments	1,169,774,405	475,774,340	349,089,975	328,015,308	274,682,701	1,622,033,571	4,219,370,300
Finance charges	(221,117,824)	(164,773,523)	(146,666,239)	(131,220,587)	(115,744,142)	(318,051,341)	(1,097,573,656)
Net present value	948,656,581	311,000,817	202,423,736	196,794,721	158,938,559	1,303,982,230	3,121,796,644
December 31, 2023							
Lease payments	409,449,063	886,801,675	302,731,713	283,213,861	262,150,276	1,802,746,284	3,947,092,872
Finance charges	(207,089,308)	(187,198,995)	(146,263,018)	(133,923,947)	(127,436,046)	(406,699,710)	(1,208,611,024)
Net present value	202,359,755	699,602,680	156,468,695	149,289,914	134,714,230	1,396,046,574	2,738,481,848

As at December 31, 2024 and 2023, the Group had not committed to any leases, which had not commenced.

The Group also has elected not to recognize lease liabilities for short-term leases. Payments made under such leases are expensed on a straight-line basis. The expenses relating to short-term leases for the year ended December 31, 2024 amounted to P186.2 million (2023 - P79.2 million; 2022 - P69.9 million) and is presented as part of rentals under cost of sales and services (Note 12) and operating expenses (Note 13) in the consolidated statements of total comprehensive income. As at December 31, 2024, the Group's total commitment on these short-term leases amounted to P47.2 million (2023 - P24.8 million).

Amount recognized in the statement of total comprehensive income and statement of cash flows

The statement of total comprehensive income shows the following amounts relating to leases for each of the years ended December 31:

	Notes	2024	2023	2022
Amortization expense	7	251,847,204	210,318,323	160,400,910
Interest expense		228,051,866	224,175,196	182,714,815
Expense related to short-term and low value lease	12, 13	186,192,719	80,751,923	120,420,649

The total cash outflow for the lease agreements for the year ended December 31, 2024 amounted to P490.4 million (2023 - P264.2 million; 2022 - P289.5 million).

a. Discount rate

Payments for lease of real property are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Critical accounting estimate and assumption - Determining the incremental borrowing rate

To determine the incremental borrowing rate, the Group uses the government bond yield, adjusted for the (1) credit spread specific to the Group and (2) security using the right-of-use asset. The discount rate applied by the Group for the years ended December 31, 2024 and 2023 ranges from 6.50% to 8.81%.

b. Extension and termination options

Extension and termination options are included in the several leases of the Group. These are used to maintain operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by both the Group and the respective lessor.

Critical accounting judgment - Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

All extension options in leases have been included in the lease liabilities because the renewal is most likely to happen given that the Group could not replace the assets without significant costs or business disruption. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

10.5 Net debt reconciliation

Presented below is the net debt reconciliation as at December 31:

	Notes	2024	2023
Cash	2	317,837,548	392,586,988
Advances from related parties	17	(504,000,000)	(504,000,000)
Loans and borrowings		(16,070,622,063)	(17,038,326,339)
Net debt		(16,256,784,515)	(17,149,739,351)

11 Trade and other payables

Trade and other payables as at December 31 consist of:

	Notes	2024	2023
Trade payables			
Related parties	6, 17.2	2,924,642,783	2,922,304,653
Third parties		2,474,552,586	2,898,345,891
Accrued expenses	10, 17.2	1,101,210,091	2,044,474,354
Subscription payable	8.1	781,249,998	781,249,998
Deferred output VAT		558,616,719	510,802,393
Non-trade payables	17.6	500,000,000	500,000,000
Government-related obligations		365,021,739	301,935,802
Output VAT payable		216,232,684	241,053,686
Deferred income		9,212,953	12,365,370
Provisions	20.3	26,955,942	610,389
Others	7	98,215,923	35,119,694
		9,055,911,418	10,248,262,229

Trade payables are non-interest-bearing payable to suppliers with an average credit period of 30 days.

As at December 31, 2024, portion of the trade payables amounting to P54.01 million (2023 - P46.23 million) pertains to unpaid portion of acquired property, plant and equipment (Note 6).

Accrued expenses comprise amounts to be paid in relation to warehouse construction, repairs and maintenance, fuel and lubricants, interest expense arising from loans, fines and penalties related to taxes, and professional fees rendered to the Group.

Subscription payable pertains to the amount of subscribed shares on the Group's investments in associate that remains unpaid as of December 31, 2024 and 2023 (Note 8.1).

Deferred output VAT pertains to taxes payable based on VATable revenues from services rendered, which remained uncollected as of the end of the reporting periods.

12 Cost of sales and services

The details cost of sales and services for each of the years ended December 31 are shown below.

	Notes	2024	2023	2022
Bunkering	4, 17.2	2,601,654,964	2,230,770,388	2,391,414,527
Depreciation and amortization	7	1,627,670,045	1,265,327,437	1,175,522,855
Salaries and employee benefits	14.1	644,377,191	509,098,886	560,862,757
Outside services		342,249,865	407,764,544	297,234,862
Repairs and maintenance	4	297,185,060	204,545,638	184,779,108
Insurance		215,068,763	239,549,062	211,783,385
Handling costs		210,972,230	211,081,166	207,540,608
Cost of inventories sold		102,873,209	81,301,899	61,984,122
Supplies	4	94,895,951	94,275,622	87,420,260
Port expenses		90,769,094	108,824,999	171,730,096
Charter hire fees		84,451,532	2,403,522	29,483,001
Rentals	17.3	59,299,461	53,522,302	69,880,002
Utilities and communication		47,444,431	47,727,733	32,203,539
Commission		30,019,489	29,947,772	23,492,770
Taxes and licenses		22,741,564	27,931,115	25,562,769
Transportation and travel		16,824,453	13,548,471	13,772,304
Representation and entertainment		1,496,466	1,183,558	1,361,717
Professional fees		86,254	366,303	568,928
Miscellaneous		60,177,522	69,204,117	95,155,547
		6,550,257,544	5,598,374,534	5,641,753,157

13 Operating expense

The details of operating expenses for each of the years ended December 31 are shown below.

	Notes	2024	2023	2022
Salaries and employee benefits	14.1	538,882,929	402,509,532	317,342,187
Outside services		98,759,626	358,984,371	418,171,032
Fines, fees and penalties		81,951,486	210,804,154	48,233,149
Depreciation and amortization	7, 9	62,708,982	87,812,372	80,179,971
Taxes and licenses		47,488,953	71,513,774	126,073,232
Rentals	17.3, 20.2	42,441,726	24,826,099	21,057,646
Professional fees		32,421,287	55,142,212	21,016,134
Transportation and travel		31,105,205	22,830,254	17,970,717
Utilities and communication		24,832,377	20,962,894	18,640,900
Supplies	4	16,901,377	27,292,080	11,189,474
Representation and entertainment		15,098,324	54,903,684	13,394,970
Advertising and promotions		8,806,833	5,346,912	3,007,162
Repairs and maintenance	4	8,403,611	5,981,659	8,053,151
Insurance		1,483,910	1,829,179	3,614,892
Commission		88,421	3,718,132	2,753,690
Miscellaneous		63,073,506	43,351,684	3,635,720
		1,074,448,553	1,397,808,992	1,114,334,027

14 Salaries and employee benefits

14.1 Salaries and employee benefits

The details of salaries and employee benefits for the years ended December 31 are shown below.

	Notes	2024	2023	2022
Short-term employee benefits		887,570,602	817,790,989	782,182,517
Post-employment benefits	14.2 (b)	179,639,382	21,662,787	41,707,685
Bonus and incentives		34,516,576	19,366,676	19,142,211
Share-based compensation	18.5	4,959,925	8,368,067	18,760,422
Other employee benefits		76,573,635	44,419,899	16,412,110
		1,183,260,120	911,608,418	878,204,944

Other benefits include profit sharing, compensated absences, and other allowances.

These expenses are classified in the consolidated statements of profit or loss as follows:

	Notes	2024	2023	2022
Cost of sales and services	12	644,377,191	509,098,886	560,862,757
Operating expenses	13	538,882,929	402,509,532	317,342,187
		1,183,260,120	911,608,418	878,204,944

14.2 Post-employment defined benefit

The Group maintains a funded, non-contributory post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The trustee bank managed the fund in coordination with the Group's management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five periods of credited service. Normal retirement benefit is an amount equivalent to 22.5 days' pay for every year of credited service.

In 2024, the Group amended the retirement plan given to regular employees as follows:

- Less than six (6) years of credited services - an amount equivalent to 22.5 days of the plan salary for every year of service;
- Six (6) years but less than 11 years of credited services - 100% of the plan salary for every year of service;
- 11 years but less than 16 years of credited services - 125% of the plan salary for every year of service;
- 16 years to 20 years of credited services - 150% of the plan salary for every year of service; and
- More than 20 years - 175% of the plan salary for every year of service;

The Group also provides late retirement benefits but not beyond age 65, on a case-to-case and yearly extension basis and subject to the consent of the Group. A percentage of the plan salary for every year of credited service up to 200% if more than 10 years. It also covers death and total permanent disability which is equivalent to 100% of plan salary for every year of credited service.

The above amendments to the retirement plan of the Group resulted in recognition of past services costs for the year ended December 31, 2024.

TASLI defined benefit plan

The post-employment defined benefit plan of Trans-Asia also provides for an early retirement for employees who have served or worked continuously for a period equivalent to the last salary for every year of service as shown below.

- (i) For regular employees who were hired before December 1, 2006
 - more than two periods to five periods - 7.5 days per year of service
 - five periods and years to 10 periods - 15 days per year of service
 - ten periods and years to 15 periods - 22.5 days per year of service
 - 15 periods and years and above - 30 days per year of service
- (ii) For regular employees who were hired starting December 1, 2006
 - Five periods and years to nine periods - 7.5 days per year of service
 - Nine periods and years to 15 periods - 15 days per year of service
 - 15 periods and five months to 20 periods - 22.5 days per year of service
 - 20 periods and years and above - 30 days per year of service

Further, Trans-Asia has provided its employees an opportunity to avail an advance on their retirement benefit. These can be availed by employees who were hired before December 31, 2006 and has rendered more than two periods of service to Trans-Asia and by employees who has been hired starting December 31, 2006 and has rendered at least five periods and years of service to Trans-Asia. The total number of periods of service of employees who availed of advance payment of a portion of his/her retirement shall deducted with the number of periods he/she availed as advance retirement.

Actuarial valuations are made regularly to update the retirement benefit expense and the amount of contributions.

Retirement benefit asset

The retirement benefit asset presented in the statements of financial position as at December 31, 2024 and 2023 pertains to the funded retirement plan of MI, a subsidiary of CSC. In 2017, MI transferred all its regular employees to CMMRI, another subsidiary of CSC, however, the funded retirement plan remains with MI.

The movements on the fair value of plan assets for the years ended December 31 are presented below.

	2024	2023
Balance at beginning of the year	1,911,736	1,800,436
Interest income	80,328	111,300
Balance at end of the year	1,992,064	1,911,736

The composition of the fair value of plan assets as at December 31 by category and risk characteristics is shown below.

	2024	2023
Cash and cash equivalents	89,186	50,805
Government securities	1,082,032	422,948
Corporate debt securities	767,632	1,384,273
Equity securities	48,600	46,500
Others	4,614	7,210
	1,992,064	1,911,736

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets and are classified as Level 1 of the fair value hierarchy.

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

Retirement benefit obligation

The amounts of retirement benefit obligation recognized in the consolidated statements of financial position as at December 31 are determined as follows:

	2024	2023
Present value of the obligation	357,476,282	182,584,582
Fair value of plan assets	(47,436,460)	(55,358,135)
	310,039,822	127,226,447

The amounts of post-employment defined benefit obligation recognized in the consolidated statements of financial position as at December 31 are determined as follows:

	2024	2023
Balance at beginning of year	182,584,582	148,337,058
Current service cost	40,133,221	21,742,924
Interest cost	18,411,984	10,320,804
Past service cost	139,506,161	7,146,446
Actuarial loss (gains) due to changes in:		
Financial assumptions	124,252	17,011,294
Experience assumptions	(17,819,033)	(11,423,842)
Demographic assumptions	10,686,696	-
Benefits paid from plan asset	(11,940,575)	(8,117,953)
Benefits paid from operating funds	(4,211,006)	(2,432,149)
Balance at end of year	357,476,282	182,584,582

The details of the fair value of plan assets as at December 31 are presented below.

	2024	2023
Balance at beginning of year	55,358,135	59,477,983
Benefits paid	(11,940,575)	(8,117,953)
Contributions	1,435,130	-
Interest income	3,475,350	4,233,216
Remeasurement loss	(891,580)	(235,111)
Balance at end of year	47,436,460	55,358,135

The composition of the fair value of plan assets as at December 31 by category and risk characteristics is shown below.

	2024	2023
Cash and cash equivalents	211,557	283,127
Government securities	11,164,411	15,589,595
UITF	4,652,485	-
Corporate debt securities	30,799,353	38,893,213
Equity securities	194,400	184,300
Others	414,254	407,900
	47,436,460	55,358,135

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets and are classified as Level 1 of the fair value hierarchy.

Critical accounting estimate and assumptions - Valuation of post-employment defined benefit obligation

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining retirement benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit obligation.

The principal assumptions used in the actuarial valuations for the years ended December 31 are as follows:

	2024	2023
Discount rates	6.07% - 6.14%	6.06% to 6.36%
Expected rate of salary increases	5.00%	5.00%

Discount rate

The discount rate is determined by reference to the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEX (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, and considering the average years of remaining working life of the employees as at the estimated term of the benefit obligation.

Salary rate increases

This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increases comprise of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

Demographic assumptions

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

Other key assumptions for retirement benefit obligation are based in part on current market conditions.

The average remaining working lives of an individual retiring at the age of 60 is 20.4 years (2022 - 21.4 years).

a. Risks associated with the retirement plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

i. Investment and interest risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yield of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has investments in cash and cash equivalents, debt and equity. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

ii. Longevity and salary risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

b. Other information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

i. Sensitivity analysis

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as at December 31.

	Impact on post-employment benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
December 31, 2024			
Discount rate	+/- 1.0%	(32,495,367)	32,245,394
Salary growth rate	+/- 1.0%	33,100,970	(33,680,581)
December 31, 2023			
Discount rate	+/- 1.0%	(18,321,501)	15,501,467
Salary growth rate	+/- 1.0%	16,272,674	(18,846,109)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the consolidated statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

ii. Asset-liability matching strategies

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of the plan assets as of December 31, 2024 and 2023 consists of equity and debt securities. The Group believes that equity securities offer the best returns over the long term with an acceptable level of risk. The majority of equity securities are in a diversified portfolio of local blue-chip entities.

There has been no change in the Group's strategies to manage its risks from the previous period.

iii. *Funding arrangements and expected contributions*

As at December 31, 2024 the plan is underfunded by P310.0 million (2023 - P127.2 million). While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 21 periods' time when a significant number of employees is expected to retire.

The maturity profile of undiscounted expected benefit payments from the plan within the next ten years from December 31 follows:

	2024	2023
One to five years	129,031,080	76,792,638
More than five years but not more than ten years	468,345,721	247,017,258
	597,376,801	323,809,896

15 Other income (expenses), net

15.1 Finance costs

The details of finance costs for each of the years ended December 31 are shown below.

	Note	2024	2023	2022
Interest expense on -				
Term and bank loans	10	760,621,950	926,769,953	1,028,692,896
Lease liabilities	10	228,051,866	224,175,196	182,714,815
Deficiency income taxes		37,497,359	70,352,250	39,480,407
Post-employment benefits		18,411,984	6,087,588	4,953,752
		1,044,583,159	1,227,384,987	1,255,841,870
Foreign currency exchange losses		66,493,687	27,684,405	127,489,242
Bank charges		1,887,087	3,383,715	1,583,832
		1,112,963,933	1,258,453,107	1,384,914,944

15.2 Finance income

The breakdown of finance income for each of the years ended December 31 are shown below.

	2024	2023	2022
Interest income	1,341,662	1,115,715	3,859,469
Foreign currency exchange gains (losses), net	-	(304,671)	245,972
	1,341,662	811,044	4,106,441

15.3 Other income, net

Presented below are the details of other income, net for each of the years ended December 31 are shown

	Notes	2024	2023	2022
Gain (loss) on sale of property and equipment, net	7	8,405,252	(161,386,160)	2,893,508
Gain on extinguishment of trade and other payables	10	34,521,018	92,451,340	-
Provision for claims payable	20.3	(26,345,553)	-	-
Deferred charges written off	9	(56,401,122)	-	-
Miscellaneous	4	77,598,333	82,510,193	40,094,989
		37,777,928	13,575,374	42,988,497

Miscellaneous includes gain on sale of scrap materials, excess customer charges over baggage, beddings and other services.

16 Income taxes

16.1 Registration with the Board of Investments (BOI)

Starlite had registered MV Archer with BOI which commenced in March 2017 for a period of four years. In 2019, Starlite had registered MV Starlite Sprint 1, which commenced in December 2019 for a period of four years. In August 2020, Starlite registered MV Starlite Venus, which commenced in November 2020 with a period of four years.

SPFI had also registered MV Stella Del Mar on April 2017 for a period of four years. SGFI had also registered MV Salve Regina, MV Stella Maris, MV Starlite Phoenix (formerly Trans-Asia 20) in November 2018, June 2019 and December 2019, respectively, for a period of four years.

In 2019, Trans-Asia had also registered MV Trans-Asia 19, which commenced in January 2019 with a period of four years.

SFFC had also registered MV St. Camael and MV St. Sariel, which commenced in July 2017 for a period of four years.

As a registered entity, Starlite, SPFI, SGFI, Trans-Asia and SFFC are entitled to tax and non-tax incentives, which includes a four-year income tax holiday (ITH). ITH incentives shall be limited only to the revenues generated by the registered activities.

16.2 Current and deferred taxes

The components of tax expense as reported in the consolidated statements of total comprehensive income for each of the years ended December 31 are shown below.

	2024	2023	2022
Recognized in profit or loss:			
Regular corporate income tax at 25%	64,215,262	34,713,440	12,026,297
Minimum corporate income tax (MCIT) at 2.0% in 2024, 1.5% in 2023 and 1% in 2022	25,650,326	24,847,665	12,675,625
Final tax at 20% and 7.5%	665,982	208,020	37,804
	90,531,570	59,769,125	24,739,726
Deferred tax expense relating to origination and reversal of temporary differences	922,308	35,859,546	31,941,060
	91,453,878	95,628,671	56,680,786
Recognized in other comprehensive income			
Deferred tax expense relating to origination and reversal of temporary differences	58,973,846	243,380,779	200,672,418

The reconciliation of tax on pre-tax income (loss) computed at the applicable statutory rate to tax income reported in the consolidated statements of total comprehensive income is as follows:

	2024	2023	2022
Tax on pretax loss at 25%	67,212,252	(261,800,525)	(618,663,792)
Adjustments for income subjected to lower tax rates	(166,495)	(34,258)	(9,451)
Tax effects of:			
Unrecognized deferred tax assets on net operating loss carryover (NOLCO)	231,919,781	256,872,656	682,018,620
Non-deductible expenses	62,623,371	207,846,141	28,267,913
Benefit from previously unrecognized DTA	(171,239,179)	(89,005,456)	-
Nontaxable income	(118,956,351)	(34,238,903)	(34,932,504)
Unrecognized deferred tax assets on MCIT	35,700,640	10,676,255	-
Derecognition of unutilized DTA	-	5,312,761	-
Net loss on BOI-registered activities	(15,640,141)	-	-
	91,453,878	95,628,671	56,680,786

Movements in the DIT assets for the years ended December 31 are as follows:

	Note	2024	2023	2022
Balance at beginning of the year		37,582,101	47,274,610	130,507,493
Credited (charged) to profit or loss		87,951,034	(9,283,220)	(54,935,807)
Charged to other comprehensive income	18.2	(16,164,145)	(409,290)	(28,297,076)
Balance at end of the year		109,368,990	37,582,101	47,274,610

The net deferred tax assets of the Parent Company and certain subsidiaries as at December 31 pertain to the following:

	2024	2023
Revaluation reserves on property and equipment	(66,722,899)	-
Post-employment benefit obligation	55,760,494	19,385,029
MCIT	35,470,885	-
Impairment losses on trade and other receivables	33,749,298	10,482,084
Impairment losses on property and equipment	29,037,205	4,454,824
Leases	14,985,057	(1,589,998)
Gain on debt modification	(9,991,993)	(9,991,993)
Share-based compensation	8,344,660	6,116,487
Unrealized foreign exchange loss	7,700,154	7,760,096
Others	1,036,130	965,572
	109,368,990	37,582,101

Unrecognized DIT assets

The Parent Company and certain subsidiaries have unrecognized DIT assets on NOLCO as at December 31, 2024 amounting to P2,491.4 million (2023 - 2,489.1 million).

Realization of future tax benefit related to DIT assets is dependent on the Parent Company and its subsidiaries' ability to generate future taxable income during the periods in which these are expected to be recovered. The Parent Company and its subsidiaries has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at December 31, 2024 and 2023 and regularly reviews the recoverability of the DIT assets recognized.

The details of the Group's NOLCO and MCIT are shown below.

Year	Original amount	Applied in previous years	Applied in current year	Expired balance	Remaining balance	Valid until
NOLCO:						
2024	1,088,467,554	-	-	-	1,088,467,554	2027
2023	1,636,658,480	-	(1,600,625)	-	1,635,057,855	2026
2022	2,788,158,622	(28,265,644)	(374,733,400)	-	2,385,159,578	2025
2021	3,058,905,374	(5,850,807)	(309,136,537)	-	2,743,918,030	2025
2020	2,472,631,204	(359,785,838)	-	-	2,112,845,366	2025
	11,044,821,234	(393,902,289)	(685,470,562)	-	9,965,448,382	
MCIT:						
2024	31,298,863	-	-	-	31,298,863	2027
2023	24,731,562	-	-	-	24,731,462	2026
2022	7,807,851	273,000	-	-	7,534,851	2025
2021	3,118,990	-	-	(3,118,990)	-	2024
	66,957,266	273,000	-	(3,118,990)	63,565,276	

In 2020, pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Any net operating losses of a business that will be incurred for other taxable years can be carried over as a deductible expense from taxable for three (3) consecutive taxable years following the year of such loss.

The Group is subject to the MCIT, which is computed at 2% of gross income in 2024, 1.5% of gross income in 2023 and 1% of gross income in 2022 as defined under the tax regulations or RCIT, whichever is higher.

Movements in the DIT liabilities for the years ended December 31 are as follows:

	Note	2024	2023	2022
Balance at beginning of the year		(642,683,350)	(370,764,425)	(218,943,926)
(Charged) credited to profit or loss		(88,873,342)	(28,947,436)	20,554,843
Charged to other comprehensive income	18.2	(42,809,701)	(242,971,489)	(172,375,342)
Balance at end of the year		(774,366,393)	(642,683,350)	(370,764,425)

The net deferred tax liabilities of certain subsidiaries as at December 31 are as follows:

	2024	2023
Revaluation reserves on property and equipment	(666,341,428)	(789,688,603)
Gain on debt modification	(167,426,296)	(46,324,646)
Impairment losses on trade and other receivables	129,501,057	187,208,304
Leases	(55,439,912)	(38,404,555)
Capitalized borrowing costs	(30,334,236)	(31,838,769)
Impairment losses on property and equipment	6,681,144	52,353,628
Provisions	6,676,795	90,407
Post-employment benefit obligation	3,834,880	7,810,403
Unamortized foreign exchange gain	(2,371,109)	(2,371,109)
Share-based compensation	837,977	1,881,051
Unamortized past service costs	-	(3,128,341)
MCIT	-	17,949,641
Others	14,734	1,779,240
	(774,366,393)	(642,683,350)

For each of the three years in the period ended December 31, 2024, the Group opted to claim itemized deductions in computing for its income tax due.

16.3 Impact of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) act

On March 26, 2022, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), was signed into law effective after fifteen (15) days from its complete publication in the Official Gazette or in a newspaper of general circulation.

Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) rates as follows:

- Reduction of CIT rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated);
- Reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT; and
- MCIT rate shall also be amended to 1%, instead of 2%, for the period beginning July 1, 2021 until June 30, 2023. Effective July 1, 2023, the MCIT rate reverted to 2%. Accordingly, the Group was subjected to 1.5% MCIT for the year ended December 31, 2023.

Critical accounting judgment - Income taxes; Recoverability of DIT assets

Significant judgment is required in determining the income tax expense recognized in profit or loss. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognizes liabilities for anticipated tax assessment issues when it is probable. The liabilities are based on assessment and judgment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Group's income tax and related liability in the period in which such determination is made.

Further, the recognition of DIT assets depends on management's assessment of the probability and available future taxable income against which the temporary difference can be applied. The Group reviews the carrying amount of its DIT assets at the end of each reporting period and reduces the amounts to the extent it is no longer probable that sufficient taxable profit will allow all or part of its DIT assets to be utilized. Management has assessed during the reporting periods that the Group will be able to generate sufficient future taxable income against which the temporary differences can be applied.

17 Related party transactions

The Group's related parties include Udenna, related parties under common ownership, associates, the Group's key management personnel.

Transactions amounting to more than 10% or more of the total consolidated assets that were entered into with a related party, either individually or in aggregate value over a 12-month period with the same related party, are considered material. This is based on the requirements of SEC Memorandum Circular No. 2019-10, Rules of Material Related Party Transactions of Publicly-listed Corporations.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transactions (RPT) may be ratified by the vote of the stockholders representing at least two-thirds of the capital stock. For aggregate RPT transactions within a 12-month period that breaches the materiality threshold of 10% or more of the total consolidated assets, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

A summary of the Group's transactions with its related parties for the years ended December 31, 2024, 2023 and 2022 and the related outstanding balances as of December 31, 2024 and 2023 is presented below.

	Notes	Amount of transactions			Due from (due to)	
		2024	2023	2022	2024	2023
Parent Company:						
Cash advances granted	17.4	-	4,338,633	-	7,105,760,704	7,117,460,312
Associate:						
Sale to Dito	8, 17.4	-	-	-	271,874,967	271,874,967
Related parties under common ownership:						
Chartering of services rendered	17.1	-	9,881,618	109,987,271	55,471,143	64,184,585
Fuel purchases	17.2	424,755,506	308,319,152	787,617,140	(2,924,642,783)	(2,918,883,787)
Acquisition of CSC's shares	17.6	-	-	-	(500,000,000)	(500,000,000)
Rental expense	17.3	-	1,025,325	1,504,479	-	(3,430,866)
Cash advances granted	17.4	-	-	17,291,343	86,032,238	86,032,238
Cash advance obtained	17.4	-	(25,490,390)	71,198,734	(504,000,000)	(504,000,000)
Right-of-use assets	7, 17.7	(5,552,180)	(16,656,541)	(12,492,405)	-	9,716,315
Lease liabilities	10.4, 17.7	5,118,195	17,220,905	12,708,552	-	(8,956,841)
Stockholders:						
Cash advances granted	17.4	-	2,661,432	-	172,950,418	150,885,270
Key management personnel Compensation and benefits						
	17.8	52,270,000	43,978,811	42,670,026	-	-

Unless otherwise stated, the outstanding receivables and payables from and to related parties are unsecured, noninterest-bearing and are generally settled in cash upon demand or through offsetting arrangement with the related parties.

17.1 Charter fees

The Group entered into chartering agreements with PPPI, a related party under common ownership, which are made on the same terms as those transactions with third parties. The amounts of revenue recognized are presented as part of charter fees under the revenues section of the consolidated statements of profit or loss. The related outstanding receivable as at December 31, 2024 and 2023 is presented as part of trade receivables under the trade and other receivables in the consolidated statements of financial position (Note 3).

The outstanding receivables from related parties are unsecured and do not bear any interest and the credit terms range from 30 to 45 days. Further, no impairment loss was recognized on the outstanding receivables from related parties as of December 31, 2024 and 2023 based on management's assessment.

17.2 Fuel purchases

The Group purchases fuel and lubricants from PPPI, a related party under common ownership. Fuel consumed is included as part of bunkering under the cost of sales and services in the consolidated statements of total comprehensive income (Note 12) while the remaining fuel and lubricants inventory amounting to P88.1 million as at December 31, 2024 (2023 - P86.7 million), are included as part of inventories in the consolidated statements of financial position (Note 4). The outstanding liability, which are unsecured, and do not bear any interest and the credit terms range from 30 to 90 days, arising from these transactions as at December 31, 2024 and 2023 is presented as part of trade payables and accrued expenses under trade and other payables in the consolidated statements of financial position (Note 11).

17.3 Rentals

The Group entered into a one-year contract of lease covering vehicles with Valueleases, Inc., a related party under common ownership, renewable at the end of the lease term upon mutual agreement of the parties. Related expense is presented as part of rentals under cost of sales and services in the consolidated statements of total comprehensive income (Notes 12). The Outstanding security deposits arising from this transaction is presented as part of security deposits under the other non-current assets in the consolidated statements of financial position (Note 9).

17.4 Advances to and from related parties

In the normal course of business, the Group grants and obtains unsecured, non-interest-bearing cash advances to and from its related parties mainly for working capital requirements and to bridge financing of vessel acquisitions pending draw down of related loans.

As at December 31, 2024 and 2023, the outstanding receivable and payable balances from these advances are shown as advances to related parties and advances from related parties, respectively, in the consolidated statements of financial position. These advances have no repayment terms and are payable in cash on demand or through offsetting arrangement with the related parties.

The movements in advances to related parties for the years ended December 31 are as follows:

	Ultimate parent company	Associate	Related parties under common ownership	Stockholders	Total
December 31, 2024					
Balance at beginning of year	7,117,460,312	271,874,967	86,032,238	150,885,270	7,626,252,787
Advances	-	-	-	22,065,148	22,065,148
Collections	(11,699,608)	-	-	-	(11,699,608)
Balance at end of year	7,105,760,704	271,874,967	86,032,238	172,950,418	7,636,618,327
December 31, 2023					
Balance at beginning of year	7,113,121,679	271,874,967	86,058,666	148,223,838	7,619,279,150
Advances	4,338,633	-	-	-	4,338,633
Collections	-	-	(26,428)	2,661,432	2,635,004
Balance at end of year	7,117,460,312	271,874,967	86,032,238	150,885,270	7,626,252,787

Based on management's assessment, no impairment loss is recognized in 2024, 2023 and 2022 related to the advances granted to related parties (Note 23.2).

The movements in the advances from related parties for the years ended December 31 are as follows:

	2024	2023	2022
Balance at beginning of year	504,000,000	529,490,390	624,023,838
Cash flow from financing activities			
Repayments	-	(25,490,390)	(94,533,448)
Balance at end of year	504,000,000	504,000,000	529,490,390

17.5 Transactions with post-employment benefit plan

The Group's retirement fund is a multi-employer retirement plan, which is administered by a trustee bank. The retirement fund includes investments in cash and cash equivalents, equity and debt securities, with fair value totaling P49.3 as at December 31, 2024 (2023 - P57.3 million). As of December 31, 2024 and 2023, the Group's retirement funds do not include any investments in debt or equity securities issued by the Group or any of its related parties.

The details of the contributions of the Group and benefits paid out by the plan to employees are presented in Note 14.2.

17.6 Acquisition of CSC shares

On November 24, 2016, the Parent Company acquired all of the outstanding shares of CSC from PPPI, a related party under common ownership, for a total consideration of P2.0 billion. The carrying amounts of the consolidated assets and liabilities of CSC at the time of acquisition amounted to P8.4 billion and P5.4 billion, respectively. The excess of the net identifiable assets over the acquisition price is presented as other reserves under the equity section of the consolidated statements of financial position (Note 8.3).

As at December 31, 2024 and 2023, the outstanding liability from this transaction amounting to P500.0 million is presented as Non-trade payables under the trade and other payables account in the consolidated statements of financial position (Note 11).

17.7 Lease

Under PFRS 16, the Parent Company recognized right-of use assets and lease liabilities related to lease of a certain office space from a related party under common ownership amounting to P39.4 million and P43.0 million, and P38.9 million and P43.5 million, respectively, in the consolidated statements of financial position (Notes 7 and 10.4). The total amortization on the right-of-use asset is presented as part of depreciation and amortization under other operating expenses in the consolidated statements of total comprehensive income (Note 13). Interest expense arising from the lease liabilities is recognized as part of finance costs under other income (charges) in the consolidated statements of profit or loss (Note 15.1).

17.8 Key management personnel compensation

The Group's key management personnel compensation includes short-term benefits and post-employment defined benefits for the year ended December 31, 2024 amounting to P52.3 million (2023 - P44.0 million; 2022 - P42.7 million) and are included as part of salaries and employee benefits under operating expenses in the consolidated statements of total comprehensive income (Note 13).

17.9 Others

Certain interest-bearing loans of the Group were secured by a corporate guarantee of Udenna and by certain stockholders through a continuing surety agreement with the respective banks (Note 10.1). Certain interest-bearing loans of Udenna were also secured by a corporate guarantee of the Parent Company through a continuing surety agreement with the respective banks.

Related party balances and transactions eliminated during consolidation

The following related party balances as at December 31 were eliminated for the purpose of preparing the consolidated statements of financial position:

	2024	2023
Trade and other receivables	2,963,432,670	2,265,067,378
Advances to related parties	11,236,199,954	11,507,120,911
Investment in subsidiaries	18,564,397,319	18,564,397,319
Trade and other payables	(2,963,432,670)	(2,265,067,378)
Advances from related parties	(11,236,199,954)	(11,507,120,911)

The following related party transactions as at December 31 were eliminated for the purpose of preparing the consolidated statements of total comprehensive income:

	2024	2023
Revenue	1,055,840,328	1,045,172,282
Cost of sales and services	716,770,661	645,278,491
Operating expenses	339,069,667	399,893,791

There are no unrealized gains and losses eliminated in the consolidation.

Critical accounting estimate - Expected credit losses (ECL) on trade receivables from related parties and advances to related parties

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgments. In determining the ECL on trade receivables from related parties and advances to related parties, the Group used three years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in inflation rate and gross domestic product to reflect the current and forward-looking information.

Any change in the Group's assessment of the collectability of due from related parties could impact its carrying amount and related provision for impairment.

Critical accounting judgment: Recoverability of trade receivables from related parties and advances to related parties

Management evaluates specific accounts under due from related parties who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the debtor and the debtors' payment history. The net carrying amounts of due from related parties at the end of the reporting period and the amount and timing of recorded expenses would therefore differ based on actual experience and changes in judgments made.

18 Equity

18.1 Share capital

Share capital as December 31 consists of:

	Shares			Amount		
	2024	2023	2022	2024	2023	2022
Preferred shares - P1 par value						
Authorized	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Issued and outstanding	500,000	500,000	500,000	500,000	500,000	500,000
Common shares - P1 par value						
Authorized	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000
Issued						
Balance at beginning of the year	1,899,768,615	1,821,977,615	1,821,977,615	1,899,768,615	1,821,977,615	1,821,977,615
Issuance during the year	-	77,791,000	-	-	77,791,000	-
Balance at end of the year	1,899,768,615	1,899,768,615	1,821,977,615	1,899,768,615	1,899,768,615	1,821,977,615
Subscription receivable						
Balance at beginning of the year	243,750,000	93,750,000	-	131,250,000	281,250,000	-
Subscribed during the year	-	-	-	-	-	375,000,000
Paid during the year	-	150,000,000	93,750,000	-	(150,000,000)	(93,750,000)
Balance at end of the year	243,750,000	243,750,000	93,750,000	131,250,000	131,250,000	281,250,000
Total issued, subscribed and outstanding shares	2,144,018,615	2,144,018,615	1,916,227,615	2,144,018,615	2,144,018,615	1,916,227,615

On March 27, 2017, the Parent Company acquired all of UIBVs outstanding capital stock through a share swap agreement with Udenna wherein Udenna transferred to the Parent Company 18,200 UIBV shares. In exchange, the Parent Company issued 775,384,615 new common shares from its authorized and unissued capital stock in favor of Udenna. In addition, the Parent Company recognized APIC amounting to P5,272.6 million.

On July 11, 2017, the SEC issued an order approving the Registration Statement covering the securities, which comprised the Parent Company's outstanding capital stock. On August 8, 2017, the Parent Company's shares were listed in the PSE and the trading of offer shares commenced. The Parent Company offered to the public primary shares at an offer price of P10.68 per share for total gross proceeds of P5.8 billion. In addition, the Parent Company recognized the APIC amounting to P4,725.8 million, net of issuance costs amounting to P565.3 million. As at December 31, 2024, the Parent Company's listed shares closed at P1.31 (2023 - P1.49 per share).

On October 6, 2020, the Shareholders ratified the BOD's approval of the issuance of 500,000 preferred shares via private placement to Global Kingdom Investments Limited at the subscription price of P1,000 per share, subject to certain terms and conditions. The par value of the preferred shares is P1.0 per share.

On the same date, the Shareholders also ratified the BOD's approval of the increase in the authorized capital stock of the Parent Company to P3.5 billion. The increase of 1,500,000,000 shares, consists of all common shares. Udenna subscribed to 375,000,000 common shares, which is 25% of the increase, at the price of P3.26 per share with reference to the 90-day volume weighted average price. The par value of the common shares is P1.0 per share.

The receipt of capital infusion from Global Kingdom Investments Limited amounting to P414.8 million and from Udenna amounting to P305.6 million, totaling to P720.4 million was presented as deposits on future stock subscriptions under equity section as at December 31, 2021 and was reclassified as part of share capital and additional paid-in capital in 2022 upon approval of the increase in the authorized capital stock of SEC on April 4, 2022 (Note 1.1).

In 2022, Global Kingdom Investments Limited has fully paid its subscriptions to preferred shares and the Parent Company subsequently issued the preferred shares. The preferred shares are non-voting, redeemable at the option of the issuer at subscription price and earn cumulative cash dividend at a rate of 8% per annum payable upon BOD'S declaration and approval.

The subscription of Udenna diluted the public ownership of the Parent Company from 30% to 25% in 2022.

In October 2023, the Parent Company entered into subscription and debt conversion agreements with lenders Metropolitan Bank & Trust Company - Trust Banking Group (MBTC) and Private Education Retirement Annuity Association (PERPA), in which the Parent Company settled two of its outstanding loans amounting to P221.8 million and P11.6 million through the issuance of and shares, which represents 3.25% and 0.17% of the total issued and outstanding shares of the Parent Company, respectively (Note 8). The conversion price for the MBTC and PERAA shares is P3.00 per share. APIC was recognized amounting to P155.6 million and is presented under equity section as at December 31, 2024 and 2023 in the consolidated statements of financial position.

In 2023, the Parent Company collected from Udenna a partial payment of the subscription receivable amounting to P489.0 million, which 150,000,000 was presented as part of subscribed and 339,000,000 shares as part of APIC as at December 31, 2024 and 2023 in the consolidated statements of financial position.

18.2 Revaluation reserves

Revaluation reserves comprise gains and losses arising from the revaluation of the Group's vessels and vessel equipment, remeasurements of post-employment defined benefit plan and cumulative translation adjustments on financial statements of foreign subsidiaries.

The components and reconciliation of other comprehensive income presented in the consolidated statements of changes in equity for each of the years ended December 31, 2024 at their aggregate amount under the revaluation reserves account are shown below.

	Revaluation of property and equipment (Note 7)	Remeasurements on post-employment benefit plan (Note 14.2)	Cumulative translation adjustments	Total
Balance as at January 1, 2024	1,811,469,432	103,483,674	2,116,529	1,917,069,636
Revaluation increment (Note 7)	218,916,615	-	-	218,916,615
Remeasurements of post-employment benefit obligation (Note 14.2)	-	14,425,595	-	14,425,595
Currency exchange differences on translating financial statements of foreign operations	-	-	(239,702)	(239,702)
Other comprehensive income	218,916,615	14,425,595	(239,702)	233,102,508
Income tax expense	(54,729,154)	(4,244,692)	-	(58,973,846)
Other comprehensive income after tax	164,187,461	10,180,903	(239,702)	174,128,662
Transfer to retained earnings				
Depreciation of revalued vessels	(241,612,415)	-	-	(241,612,415)
Balance at December 31, 2024	1,734,044,478	113,664,577	1,876,827	1,849,585,883
Balance as at January 1, 2023	1,380,564,802	108,308,125	2,382,959	1,491,255,887
Revaluation increment (Note 7)	839,224,129	-	-	839,224,129
Remeasurements of post-employment benefit obligation (Note 14.2)	-	(6,291,481)	-	(6,291,481)
Currency exchange differences on translating financial statements of foreign operations	-	-	(266,430)	(266,430)
Other comprehensive income	839,224,129	(6,291,481)	(266,430)	832,666,218
Income tax (expense) benefit	(244,847,809)	1,467,030	-	(243,380,779)
Other comprehensive income after tax	594,376,320	(4,824,451)	(266,430)	589,285,439
Transfer to retained earnings				
Depreciation of revalued vessels	(163,471,690)	-	-	(163,471,690)
Balance at December 31, 2023	1,811,469,432	103,483,674	2,116,529	1,917,069,636
Balance as at January 1, 2022	968,152,254	80,458,335	2,300,473	1,050,911,063
Revaluation increment (Note 7)	714,299,589	-	-	714,299,589
Remeasurements of post-employment benefit obligation (Note 14.2)	-	34,014,774	-	34,014,774
Currency exchange differences on translating financial statements of foreign operations	-	-	82,486	1,618,520
Other comprehensive income	714,299,589	34,014,774	82,486	748,396,849
Income tax expense	(194,507,434)	(6,164,984)	-	(200,672,418)
Other comprehensive income after tax	519,792,155	27,849,790	82,486	547,724,431
Transfer to retained earnings				
Depreciation of revalued vessels	(107,379,607)	-	-	(107,379,607)
Balance at December 31, 2022	1,380,564,802	108,308,125	2,382,959	1,491,255,887

18.3 Other reserves

Other reserves amounting to P1.1 billion pertain to the excess of the net assets of CSC amounting to P3.0 billion over the Parent Company's acquisition price of P2.0 billion. The business combination entered was accounted for under the pooling-of-interest method (Note 17.6). Under this method, the assets and liabilities of the combining entities are reflected in the consolidated financial Statements at their carrying amounts. No adjustments are made to reflect their fair values or recognize new assets and liabilities.

18.4 Non-controlling interest

Non-controlling interests represent the interest not held by the Group in Trans-Asia. The balance as at December 31, 2024 and 2023 represents preferred shares subscription of certain individuals in Trans-Asia. These shares are non-voting and redeemable at the option of Trans-Asia.

18.5 Employee stock option plan

On February 13, 2019, the BOD of the Parent Company approved an ESOP covering all regular employees with at least one year of service from the date of grant. This was subsequently ratified by stockholders holding at least two-thirds of the outstanding capital stock on March 15, 2019. The objective of the ESOP is to recognize the loyalty, dedication and exemplary performance of the employees of the Group, thereby encouraging long-term commitment to the Group.

Under the ESOP, the Parent Company shall initially reserve for exercise of stock options up to 56.3 million common shares of the Parent Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares, 66.67% of which were granted to existing employees as of the initial offering date (IOD) while the remaining 33.33% is reserved for employees hired after the IOD. Stock options may be granted within five years from the adoption of the ESOP and may be exercised within 10 years from the date of grant. The exercise price shall be based on the volume weighted average price of the Parent Company 30 days prior to the 100. The options shall vest for a period of one to five years from the IOD. The Group shall receive cash for the stock options.

In 2022, the Parent Company amended the subscription price of the stock options to P3.99 per share from P6.28 per share and the exercise periods to the first five trading days of September of every year. This change was taken prospectively from date of approval and resulted in an increase in share options expense amounting to P18.8 million in 2022.

As at December 31, 2024 and 2023, pursuant to the ESOP, the Group has granted the option to its eligible employees to subscribe to 37.6 million shares of the Parent Company. An option holder may exercise in whole or in part his vested option, provided that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. No options have been exercised as at December 31, 2024 and 2023.

The fair value of the option granted was estimated using binomial option pricing model that takes into account factors specific to the ESOP. The principal assumptions used in the valuation are shown below.

Grant date	:	May 15, 2019
Vesting period ends	:	May 15, 2024
Option life	:	Five years
Share price at grant date	:	P6.05
Amended exercise price	:	P3.99
Original exercise price at grant date	:	P6.28
Average fair value at grant date	:	P3.16
Average standard deviation of share price returns	:	51.28%
Average risk-free investment rates	:	6.14%

The underlying expected volatility was determined by reference to historical date of the Parent Company's shares over a period of time consistent with the option life.

Critical accounting estimate and assumptions - Fair value measurement of stock options

The Group estimates the fair value of the stock options by applying an option valuation model, taking into account the terms and conditions on which the stock options were granted. The estimates and assumptions used include, among other things, the option life, average standard deviation of share price returns and applicable risk-free investment rate. Changes in these factors can affect the fair value of stock options at grant date.

On October 28, 2022, the Parent Company's BOD approved the change in the subscription price to P3.99 per share as stipulated in the amended Employee Stock Option Plan (the ESOP). This change was applied prospectively from the date of approval and resulted in an increase in share options expense totaling to P18.8 million in 2022 (Note 18.5). There were no amendments made to the ESOP in 2024 and 2023.

19 Earnings (loss) per share

Basic and diluted earnings (loss) per share attributable to the Parent Company's shareholders are computed as follows:

	2024	2023	2022
Net income (loss)	177,395,130	(1,142,830,770)	(2,531,335,956)
Divided by weighted average shares outstanding	2,144,018,615	1,948,175,365	1,884,810,948
Earnings (loss) per share - basic and diluted	0.083	(0.587)	(1.343)

In relation to the approved ESOP for eligible employees, the options exercisable by any of the option holders are considered as potentially anti-dilutive shares as at the end of December 31, 2024 and 2023. There were no outstanding convertible preferred shares and bonds or other stock equivalents as at December 31, 2024 and 2023, hence, diluted earnings per share is equal to the basic earnings per share.

20 Commitments and contingencies

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

20.1 Charter agreements

The Group has existing commitments to charterers under Time Charter (TC), Continuing Voyager Charter (CVC), and Bare Boat (BB) agreements, which ranges from two to five years, for the use of its vessels in transporting oil products for a fixed period. Also associated with these charter agreements, is the obligation to keep the Group's vessels in good working condition and compliant with all the shipping regulations as required by the Maritime Industry Authority.

20.2 Operating lease commitments - Group as Lessor

The Group entered into BB agreements, which qualifies as a lease. Income recognized under BB agreements for the year ended December 31, 2024 amounted to P118.0 million (2023 - P104.0 million; 2022 - P188.9 million). These are presented as part of charter fees under revenues in the consolidated statements of total comprehensive income (Note 22.5). Commitments relating to these agreements as at December 31, 2024 amounted to P235.9 million (2023 - P330.1 million).

The future minimum lease receivables under these BB agreements are as follows:

	2024	2023
Within one year	101,089,728	106,021,836
After one year but not more than two years	101,089,728	96,019,776
After two years but not more than three years	33,696,576	96,019,776
After three years but not more than four years	-	32,006,592
	235,876,032	330,067,980

To manage its risks over these operating leases, the Group's risk management strategy for the rights it retains in underlying assets, include buy-back agreements and residual value guarantees. These BB agreements do not include provisions on variable lease payments in 2024 and 2023.

20.3 Legal claims

In 2016, Trans-Asia was a defendant of a litigation related to the sinking of MV Asia South Korea. The Regional Trial Court had provided a decision to award the plaintiffs of the case a total of P8.9 million for four casualties and 11 survivors. The Group's legal counsel has advised that it is probable that Trans-Asia will be found liable; hence, a provision for the claim has been made in the consolidated financial statements. On August 9, 2017, Trans-Asia and the plaintiffs signed a compromise agreement whereby Trans-Asia paid P8.8 million.

In October 2017, three other complainants of the similar litigation that was filed against the Group related to a dispute with passengers for the sinking of M/V Asia South Korea signed a compromise agreement with the Group to which Trans-Asia paid P0.5 million. A provision for the claim with probable settlement amount of P0.8 million has been made in the consolidated financial statements. On June 1, 2018, Trans-Asia and the two plaintiffs signed a compromise agreement whereby Trans-Asia paid P0.2 million. The outstanding liability is presented as provisions under the trade and other payables account in the consolidated statements of financial position (Note 11).

MI was a defendant involving the transport of certain product from Mindanao to various ports of destination from December 2009 to July 2010 with a total charter fees in the amount of P15.9 million. However, the customer refused to pay the charter fees on its allegation that the product transported by MI was contaminated with seawater. As these cases have been consolidated, they are being jointly heard.

In the decision dated January 29, 2024, the trial court granted MI's prayer for unpaid charter fees of P159 million but also ruled that MI should pay the customer P27.9 million as actual and consequential damages due to the contaminated CNO cargo; P2.0 million for exemplary damages and P1.6 million for attorney's fees and litigation expenses. MI filed its motion for reconsideration of the decision dated January 29, 2024 and on November 6, 2024, the court issued an order reducing the total judgment award to the customer to P26.3 million and maintaining the judgment award in favor of MI (Note 15.3). Both parties filed their notice of appeal and presently awaiting an order from the Court of Appeals for the filing of Appellant's Brief as at December 31, 2024.

20.4 Warehouse construction

On December 19, 2019, WSI entered into a construction contract with a general contractor to undertake the construction of its central distribution warehouse for a total amount of P390.2 million, exclusive of VAT. In 2022, the construction of the warehouse was put into permanent stoppage and the total capital expenditure amounting to P232.6 million was written off and recognized as impairment losses on investment properties under other income (expenses) in the consolidated statements of total comprehensive income.

20.5 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations which have not been reflected in the Group's consolidated financial statements. Management is of the opinion that losses, if any, from other commitments and contingencies will not have material effects on the Group's consolidated financial statements.

Critical accounting judgment - Recognition of provisions and contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the is recognized as a separate asset not exceeding the amount of the related provision. Judgment is exercised by management to distinguish between provisions and contingencies.

21 Goodwill

Goodwill recognized in the consolidated financial statements primarily comprises the value of expected synergies from the acquisition of subsidiaries as part of the Group's expansion program and is derived by deducting the fair values of the net assets acquired as of the date of acquisition from the amount of total consideration paid.

The gross carrying amount and accumulated impairment loss of goodwill as at December 31 are as follows:

	2024	2023
Cost	1,848,378,146	1,848,378,146
Accumulated impairment loss	(74,294,814)	(74,294,814)
Net carrying amount	1,774,083,332	1,774,083,332

Goodwill recognized by the Group are significantly allocated to the following segments:

	2024	2023
Roll-on/roll-off passenger	1,295,633,122	1,295,633,122
Distribution and warehousing	478,450,210	478,450,210
	1,774,083,332	1,774,083,332

Goodwill is subject to annual impairment testing as required under PAS 36, Impairment of Assets. In 2024 and 2023, the recoverable amounts of the cash-generating units were determined based on value-in-use calculations, which require use of various assumptions.

In 2022 and 2021, the Group determined that the goodwill arising from the acquisition of MI and BMI (under tankering business segment) is no longer recoverable; hence, an impairment amounting to P63.9 million and P10.4 million was recognized and is presented as Impairment loss on goodwill in the consolidated statements of total comprehensive income.

Management's impairment analysis for goodwill were based on budgets approved by management covering a five-year period, which were based on expectation of future outcomes taking into consideration past experience for five years, adjusted for anticipated revenue growth and recalibrated to incorporate COVID-19 impact on projections. The growth rates also reflect the long-term growth rates in the Philippines for the years presented.

	2024		2023	
	Average discount rate	Terminal growth rate	Average discount rate	Terminal growth rate
Roll-on/roll-off passenger	6.30%	3.75%	6.47%	3.70%
Distribution and warehousing	6.30%	3.75%	6.47%	3.70%
Tankering	6.30%	3.75%	6.47%	3.70%

Based on these analyses, management has assessed that no further impairment of goodwill is required to be recognized as of December 31, 2024 and 2023. Management also assessed that a reasonably possible change of +/- 1% on the Group's cost of equity and terminal growth rate would not cause the carrying values of goodwill arising from the Group's acquisitions to materially exceed their recoverable amounts.

Critical accounting estimates and assumptions - Impairment of goodwill

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable WACC. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2022, the Group recognized impairment losses on goodwill amounting to P63.9 million. For the years ended December 31, 2024 and 2023, the estimates made by the Group did not result to recognition of impairment losses.

22 Segment information

22.1 Business segment

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

- (a) Tankering services is involved in the conveyance, carriage, loading, transportation, discharging and storage of petroleum products, goods and merchandise of every kind;
- (b) Tugboats services is involved in the towage and salvage of marine vessels and other crafts including their cargoes upon seas, lakes, rivers, canals, bays, harbors and other waterways between the various ports of the Philippines;
- (c) Roll-on/roll of passenger shipping services is involved in the transport of passengers and cargoes within Philippine territorial waters and/or high seas;
- (d) Distribution and warehousing services is involved in the logistics services such as but not limited to cargo freight forwarding (air, land and sea), cargo consolidation, courier services, distribution, trucking, warehousing, customs brokerage, packing and crating, etc.;
- (e) Ship management and crewing services is involved in the business of ship management and in providing full and partial crewing for domestic and foreign vessels; and,
- (f) Investing and other activities include holding companies.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee, its chief operating decision-maker. The Executive Committee is responsible for allocating resources and assessing performance of the operating segments.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

22.2 Segment assets and segment liabilities

Segment assets include all operating assets used by each business segment and consist principally of operating cash, receivables, inventories and property and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities include all operating liabilities used by each segment and consist principally of accounts, wages, taxes currently payable and accrued liabilities.

22.3 Intersegment transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation and combination in 2024, 2023 and 2022.

22.4 Analysis of segment information

The tables below present revenue and profit information regarding business segments for each of the years ended December 31, 2024 and assets and liabilities information regarding segments as at December 31, 2024 and 2023.

	Investing and other activities	Tankering	Tugboats	Roll-on/roll-off passenger	Distribution and warehousing	Ship management and crewing	Total
December 31, 2024							
Segment results							
Sales to external customers	-	733,218,822	403,989,819	6,320,657,637	549,366,563	-	8,007,232,841
Intersegment sales	339,069,667	-	46,701,416	226,092,237	-	442,071,215	1,055,840,328
Total revenues	339,069,667	733,218,822	452,597,028	6,546,749,874	549,366,563	442,071,215	9,063,073,169
Cost of sales and services	-	721,354,779	347,442,538	5,380,364,269	347,445,482	371,457,108	7,168,064,176
Operating expenses	281,006,829	29,407,213	69,028,952	707,533,024	122,420,047	49,350,507	1,258,746,572
(Reversal of) expected credit losses on receivables	-	(37,309,943)	-	(11,076,914)	-	-	(48,386,857)
Finance costs	84,002,757	372,403,526	3,964,834	626,999,450	4,499,307	21,094,059	1,112,963,933
Gain on debt modification	-	(422,525,498)	-	(49,367,739)	-	-	(471,893,237)
Gain on sale of investment property	(458,037,754)	-	-	-	-	-	(458,037,754)
Impairment losses (reversal of impairment) on property and equipment	-	19,563,512	-	(1,412,271)	-	-	18,151,241
Finance income	(154,339)	(105,041)	(207,633)	(58,346)	(813,031)	(3,272)	(1,112,963,933)
Other loss (income)	52,087,275	64,159,449	(14,772,833)	(94,574,821)	(39,485,304)	(2,610,457)	(35,196,691)
	(41,095,232)	750,966,138	401,437,717	6,713,209,325	434,066,501	439,287,945	8,700,250,708
Segment operating income (loss)	380,164,899	(17,747,316)	51,159,311	(166,459,451)	115,300,062	2,783,270	365,200,775
Segment assets and liabilities							
Total assets	34,277,079,250	8,073,700,757	804,077,974	15,788,998,863	373,127,593	865,900,678	60,182,885,115
Total liabilities	18,081,542,259	9,332,823,366	170,430,561	17,652,055,548	223,785,059	652,362,426	46,112,999,219
December 31, 2023							
Segment results							
Sales to external customers	-	488,236,169	372,371,341	5,657,989,882	529,100,656	-	7,047,698,048
Intersegment sales	399,893,791	-	27,343,607	204,848,571	-	374,570,005	1,006,655,974
Total revenues	399,893,791	488,236,169	399,714,948	5,862,838,453	529,100,656	374,570,005	8,054,354,022
Cost of sales and services	-	677,484,155	301,570,452	4,554,859,772	414,108,960	313,095,296	6,261,118,635
Operating expenses	268,630,435	286,028,245	66,208,418	962,920,166	130,432,931	80,265,176	1,794,485,372
Expected credit losses on receivables	-	9,230,532	2,705,207	77,156,211	6,184,437	-	95,276,386
Finance costs	147,481,605	502,137,675	6,775,504	508,736,152	4,279,114	89,043,057	1,258,453,107
Gain (loss) on debt modification	(36,290,354)	(211,584,711)	-	6,374,052	-	-	(241,501,013)
Gain on sale of investment in associate	(96,046,458)	-	-	-	-	-	(96,046,458)
Impairment loss on investment in a joint venture	81,001,439	-	-	-	-	-	81,001,439
Impairment losses on property and equipment	-	42,593,176	-	(26,673,599)	-	-	15,919,578
Finance income	(13,978)	29,402	(12,599)	80,568	(875,386)	(19,051)	(811,044)
Other loss (income)	(1,569,284)	74,293,065	(16,729,910)	(69,535,870)	(33,375)	-	(13,575,374)
	363,193,405	1,380,211,539	360,517,071	6,013,917,452	554,096,681	482,384,478	9,154,320,628
Segment operating loss	36,700,386	891,975,370	39,197,876	(151,078,999)	(24,996,025)	(107,814,473)	(1,099,966,606)

	Investing and other activities	Tankering	Tugboats	Roll-on/roll-off passenger	Distribution and warehousing	Ship management and crewing	Total
Segment assets and liabilities							
Total assets	34,991,396,110	8,650,256,411	902,202,529	15,645,364,680	401,876,407	659,874,772	61,250,970,909
Total liabilities	19,435,208,233	9,757,849,355	238,336,194	17,520,778,465	369,711,651	424,248,260	47,756,132,158
December 31, 2022							
Segment results							
Sales to external customers	-	568,398,608	424,350,566	4,887,849,262	552,154,833	-	6,432,753,269
Intersegment sales	373,544,871	-	27,225,625	181,200,000	-	370,673,328	952,643,824
Total revenues	373,544,871	568,398,608	451,576,191	5,069,049,262	552,154,833	370,673,328	7,385,397,093
Cost of sales and services	-	738,080,165	350,737,935	4,420,543,377	398,674,694	311,373,363	6,219,409,534
Operating expenses	253,046,119	138,036,981	71,250,331	873,564,350	124,467,936	60,647,701	1,521,013,419
Expected credit losses on receivables	-	(20,032,671)	20,491,460	36,108,694	5,305,298	-	41,872,781
Finance costs	219,074,595	459,748,701	11,053,334	690,460,412	4,069,833	34,115,817	1,418,522,781
Impairment losses on investment in a joint venture	-	-	-	-	232,607,476	-	232,607,476
Gain (loss) on debt modification	(3,677,615)	26,286,127	-	(156,964,296)	-	-	(134,355,784)
Share in net loss (gain) of associates	(14,985,078)	-	-	-	-	-	(14,985,078)
Impairment losses on property and equipment	-	-	16,007,570	608,434,170	-	-	623,441,740
Impairment loss on goodwill	-	63,919,114	-	-	-	-	63,919,114
Finance income	(37,204,945)	(7,322)	(7,084)	(228,496)	(133,817)	(2,915)	(37,584,579)
Other loss (income)	94,548,399	5,955,549	(15,239,640)	(42,878,827)	(3,149)	(1,239,577)	(57,954,043)
	411,704,677	1,411,986,644	454,293,906	6,429,039,384	764,988,271	404,894,389	9,876,907,272
Segment operating loss	(38,159,806)	(843,588,036)	(2,717,715)	(1,359,990,122)	(212,833,438)	(34,221,061)	(2,491,510,179)
Segment assets and liabilities							
Total assets	35,863,993,023	10,506,832,919	911,955,035	13,644,827,403	436,503,677	700,055,521	62,064,167,578
Total liabilities	20,482,502,893	10,049,545,802	314,579,346	15,967,389,225	386,222,111	501,280,797	57,701,510,174

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2024	2023	2022
Revenues			
Total segment revenues	9,063,073,169	8,054,354,022	7,385,397,093
Elimination of intersegment revenues	(1,055,840,328)	(1,006,655,974)	(952,643,824)
Reported as profit or loss	8,007,232,841	7,047,698,048	6,432,753,269
Profit or loss			
Segment operating income (loss)	365,200,775	(1,099,966,606)	(2,491,510,179)
Other unallocated expense	(96,351,767)	52,764,507	16,855,009
Income (loss) before tax as reported in profit or loss	268,849,008	(1,047,202,099)	(2,474,655,170)
Assets			
Segment assets	60,182,885,115	61,250,970,909	51,064,167,578
Elimination of intercompany accounts	(28,770,012,021)	(28,308,553,948)	(28,778,640,581)
Total assets as reported in the consolidated of financial position	31,412,873,094	32,942,416,961	33,285,526,997
Liabilities			
Segment liabilities	46,112,999,219	47,756,132,158	47,701,520,174
Elimination of intercompany accounts	(18,960,881,315)	(18,717,986,670)	(18,143,068,914)
Total liabilities as reported in the consolidated of financial position	27,152,117,904	29,038,145,488	29,558,451,260
Other significant and/or non-cash items			
Additions to vessels at revalued amount	766,218,983	1,279,009,638	998,789,257
Additions to property and equipment at cost	1,405,468,384	643,842,998	566,215,021
Depreciation and amortization	1,684,549,529	1,349,449,081	1,251,707,244
Income tax expense	91,453,878	95,628,671	56,680,786

22.5 Disaggregation of revenues from contracts with customers

The disaggregation of revenues based on the timing of satisfaction of performance obligations for the years ended December 31 are shown below.

	2024	2023	2022
Revenues recognized over time:			
Freight	3,800,208,232	3,496,161,918	3,383,199,650
Passage	2,216,432,415	1,840,302,921	1,224,793,917
Charter fees	798,452,390	650,762,923	718,310,785
Other service revenues	570,154,583	529,965,865	567,512,968
Tugboat fees	403,989,819	372,371,341	424,350,566
	7,789,237,439	6,889,564,968	6,318,167,886
Revenue recognized at a point in time -			
Sale of goods	217,995,402	158,133,080	114,585,383
Total revenues	8,007,232,841	7,047,698,048	6,432,753,269

23 Risk management objectives and policies

The Group is exposed to a variety of financial risks in relation to its financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 24. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated with its Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Group is exposed to are described below and in the succeeding page.

23.1 Market risks

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's cash, trade and other receivables and interest-bearing loans, which are denominated in U.S. dollars.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

U.S. dollar denominated financial assets and financial liabilities, translated into Philippine pesos at the December 31 closing rates follow:

	2024	2023
Financial assets	23,199,655	56,649,350
Financial liabilities	(1,462,297,324)	(934,222,696)
Net exposure	(1,439,097,669)	(877,573,346)

The Group recognized net foreign currency exchange losses of P66.5 million for the year ended December 31, 2024 (2023 - P27.3 million loss; 2022 - P127.6 million loss) of which P28.9 million pertains to unrealized foreign exchange losses as at December 31, 2024 (2023 - P9.6 million gain) (Note 15.3).

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Net foreign currency-denominated financial liabilities as at December 31, 2024 amounted to P1,439.1 million (2023 - P877.6 million). If the Philippine peso had strengthened/weakened against the US Dollar profit before tax for the year ended December 31, 2024 would have been P18.8 million higher/lower (2023 - P7.9 million higher/lower). This sensitivity of the net result assumes a +/-%1.31% change of the Philippine peso/US Dollar exchange rate for the year ended December 31, 2024 (2023 - +/-0.91%). The reasonably possible shift in the foreign currency exchange rate was determined based on the Group's analysis of monthly exchange rate movements in 2024 and 2023.

The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of the reporting period.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

(b) Interest rate sensitivity

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. As at December 31, 2024 and 2023, the Group is exposed to changes in market interest rates through cash in bank and certain bank borrowings, which are subject to variable interest rates (Note 10). All other financial assets and financial liabilities have either fixed interest rates or are non-interest-bearing.

Cash in banks are tested on a reasonably possible change as at December of +/-0.27% in 2024 (2023 - +/- 0.78%), respectively. Bank loans, which vary with certain foreign interest rates, are tested on a reasonably possible change of +/-0.26% in 2024 (2023 - +/-0.11%). These percentages have been determined based on the average market volatility of interest rates, using standard deviation, in the previous twelve months estimated at 99% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at the end of each reporting period, with effect estimated from the beginning of the year. All other variables are held constant.

23.2 Credit risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example, by granting advances and rendering services to customers and related parties and by placing deposits with banks.

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

	Notes	2024	2023
Cash in bank and cash equivalents	2	239,893,071	333,379,122
Trade and other receivables, net (excluding advances to officers and employees)	3	635,072,319	1,657,398,799
Restricted cash	5, 9	9,291,065	7,160,166
Security deposits	9	46,823,449	50,355,290
Advances to related parties	17.4	7,636,618,327	7,626,252,787
		8,567,698,231	9,674,546,164

The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used and credit verification procedures are performed. The Group's policy is to deal only with creditworthy counterparties.

None of the financial assets are secured by collateral or other credit enhancements, except for cash and trade and other receivables as described below.

a. Cash in banks and cash equivalents

The Group does not believe it has any significant exposure to credit risk arising from cash in banks as the Group concentrates its main banking activities with universal banks as defined by the Philippine Banking System. Universal banks represent the largest single group and resource-wise financial institution in the country that has a good credit rating, duly approved by the Parent Company's BOD and, by policy, limits the amount of credit exposure to any of the financial institutions.

To further minimize credit risk exposure from cash, the Group maintains cash deposits in reputable universal banks. The Group assesses that cash in banks have low credit risk considering the bank's external credit ratings.

b. Trade and other receivables

The Group applies the PFRS 9 simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2024 and 2023, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at December 31 was determined based on months past due, as follows for trade receivables (Note 3).

	Current	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months	Total
December 31, 2024					
Expected loss rate	0.65%	30.44%	55.84%	82.13%	
Gross carrying amount - trade receivables	250,388,283	99,146,186	12,449,854	1,024,405,054	1,386,389,376
Loss allowance	1,635,577	30,183,746	6,952,478	841,306,349	880,078,151
December 31, 2023					
Expected loss rate	0.00%	28.17%	50.19%	81.94%	
Gross carrying amount - trade receivables	198,395,522	96,636,313	36,418,001	1,242,009,891	1,573,459,727
Loss allowance	-	27,225,192	18,279,736	1,017,755,121	1,063,260,048

The Group also considers the existence of financial liabilities, which may be offset against the outstanding trade receivables with the same counterparty. Portion of the financial assets past due for more than three months in both years pertain to the trade receivables from PPPI. The management believes that such receivables are not impaired as it may be offset against the Group's outstanding liabilities to PPPI (Notes 17.1 and 17.2).

For due from agencies and claims receivable, no impairment losses were also recognized as these are assessed to be recoverable as there were no historical defaults from the authorized transacting agencies.

Furthermore, the Group's advances to related parties are repayable on demand and the contractual period refers only to the short period needed to transfer the cash once demanded. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date, taking into consideration historical defaults from the related parties. The Group also considers possible recovery strategies and the expected manner in which those will be realized and cash would be available for payment of the advances. Management assessed that the outstanding advances from related parties as at December 31, 2024 and 2023 are recoverable since these the related parties were assessed to have a capacity to pay the advances upon demand and there were no historical defaults. Hence, no impairment is necessary.

c. Security deposits

The credit risk for security and other deposits is also considered negligible as the Group has ongoing lease agreements with the counterparties and the latter are considered to be with sound financial condition and sufficient liquidity.

d. Restricted cash

The restricted cash presented as part of other current assets (Note 5) and other non-current assets (Note 9) as at December 31, 2024 and 2023 was set up by the Group in relation to the term loan agreement and maintained by in a reputable bank. The Group assesses that the debt service reserve account have low credit risk considering the bank's external credit ratings.

23.3 Liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for short-term and long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Funding for short-term and long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2024, the Group's financial liabilities, excluding lease liabilities, have contractual maturities which are presented below.

	Notes	Current		Non-current	
		Within six months	Six to 12 months	One to five years	More than five years
Interest bearing loans including future interest	10	1,441,383,980	920,568,867	11,049,644,155	6,025,507,787
Trade and other payables (except for government-related obligations)	11	6,289,554,005	-	-	-
Advances from related parties	17.4	252,000,000	252,000,000	-	-
		7,622,103,392	1,172,568,867	11,049,644,155	6,025,507,787

As at December 31, 2023, the Group's financial liabilities, excluding lease liabilities, have contractual maturities which are presented below.

	Notes	Current		Non-current	
		Within six months	Six to 12 months	One to five years	More than five years
Interest bearing loans including future interest	10	1,292,581,561	2,565,149,039	11,226,730,316	7,835,554,790
Trade and other payables (except for government-related obligations)	11	6,320,650,544	-	-	-
Advances from related parties	17.4	252,000,000	252,000,000	-	-
		7,865,232,105	2,817,149,039	11,226,730,316	7,835,554,790

These contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

24 Categories and offsetting of financial assets and financial liabilities

24.1 Carrying amounts and fair values by category

For financial assets and financial liabilities as of December 31, 2024 and 2023, management considers that the carrying amounts of the financial instruments approximate their fair values.

	Notes	2024		2023	
		Carrying amounts	Fair values	Carrying amounts	Fair values
Financial assets					
At amortized cost:					
Cash and cash equivalents	2	317,837,548	317,837,548	392,586,988	392,586,988
Trade and other receivables, net	3	635,072,319	635,072,319	594,138,751	594,138,751
Restricted cash	6, 9	9,291,065	9,291,065	7,160,166	7,160,166
Security deposits	6, 9	46,823,449	46,823,449	50,355,290	50,355,290
Advance to related parties	17.4	7,636,618,327	7,636,618,327	7,626,252,787	7,626,252,787
		8,645,642,708	8,645,642,708	8,670,493,982	8,670,493,982
Financial liabilities					
At amortized cost:					
Trade and other payables	11	6,289,554,005	6,289,554,005	7,865,124,898	7,865,124,898
Interest bearing loans	10	12,948,825,419	12,948,825,419	17,038,326,339	12,757,839,801
Advances from related parties	17.4	504,000,000	504,000,000	504,000,000	504,000,000
		19,742,379,424	19,742,379,424	25,407,451,237	21,126,964,599

Notes 28.5 and 28.10 for the description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 23.

24.2 Offsetting of financial assets and financial liabilities

The Group has not set off financial assets and financial liabilities in 2024 and 2023 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instruments may have the option to settle on a net basis in the event of default of one of the parties through approval by the respective BOD and stockholders of both parties or upon instruction by Udenna. In addition, the Group's outstanding interest-bearing loans from certain banks can be potentially set-off to the extent of the Group's outstanding cash deposited in the same banks.

The outstanding balances of trade and other receivables and cash advances granted to related parties totaling P7,247.3 million and P7,428.3 million as of December 31, 2024 and 2023, respectively, may be offset against the outstanding balances of trade and other payables and cash advances obtained from related parties totaling P3,928.7 million and P3,935.3 million as of December 31, 2024 and 2023, respectively.

The Group also has certain trade receivables, which were used as collateral to secure the payment of certain interest-bearing loans (Notes 3 and 10.1). None of these certain receivables were set off against the related interest-bearing loans in both years.

Certain cash balances are also restricted for use to secure line of credits with banks (Notes 5 and 9).

25 Fair value measurements and disclosures

25.1 Fair value hierarchy

In accordance with PFRS 13, Fair value measurement, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

25.2 Financial instruments measured at fair value

The Group has no financial instruments measured at fair value as of December 31, 2024 and 2023.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments.

25.3 Fair value measurements of non-financial assets

The fair values of the Group's vessels, included as part of property and equipment account, were generally determined based on the appraisal reports of professional and independent appraisers with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations (Note 7). To some extent, the valuation process was conducted by the appraisers in discussion with the Group's management with respect to the determination of the inputs such as the size, age, capacity and condition of the vessels. In estimating the fair value of these vessels, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair value of vessels was determined using a combination of cost approach and market approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction and major repairs or part replacements such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

As at December 31, 2024, the fair value of the land classified under investment properties amounted to P145.0 million (2023 - P1,881.1 million) as determined by reference to current prices for similar properties in the same location and condition. Accordingly, the Group's investment properties as at December 31, 2024 and 2023 is not impaired.

The valuation of these non-financial assets are determined to be Level 3.

26 Capital management objectives, policies and procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2024	2023
Total liabilities	27,152,117,904	29,047,086,313
Total equity	4,260,755,190	3,904,271,473
Debt-to-equity ratio	6.37:1.00	7.44:1.00

The Group's goal in capital management is to maintain a debt-to-equity structure ratio, which is in line with the Group's covenants related to its bank borrowings (Note 10).

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and total liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

27 Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards require management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

27.1 Critical management judgments in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- Going Concern Assumptions

The Group prepares consolidated financial statements on a going concern basis unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so. When the management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Group shall disclose those uncertainties in the consolidated financial statements.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The degree of consideration depends on the facts in each case. Management also considers a wide range of factors relating to current and expected profitability, drydocking and expected capitalization of such costs, debt repayment schedules, and potential sources of replacement. As more fully disclosed in Note 1.3, management concluded that the Group will continue as a going concern entity.

- Impairment of inventories (Note 4)
- Recoverability of input VAT and creditable withholding taxes (Note 5)
- Impairment of property and equipment (Note 7)
- Determination of significant influence over entities in which the Group holds less than 20% ownership (Note 8)

- Impairment of investment in associate and joint venture (Note 8)
- Determination of lease term (Note 10)
- Income taxes; Recoverability of DIT assets (Note 16)
- Recoverability of trade receivables from related parties and advances to related parties (Note 17)
- Recognition of provisions and contingencies (Note 20)

27.2 Critical accounting estimates and assumptions

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

- Expected credit losses (ECL) on trade and other receivables (Note 3) and advances to related parties (Note 17)
- Estimated useful lives of property and equipment (Note 7)
- Fair value estimation of vessel and vessel equipment (Note 7)
- Determining the incremental borrowing rate (Note 10)
- Valuation of post-employment defined benefit obligation (Note 14)
- Fair value measurement of stock options (Note 18)
- Impairment of goodwill (Note 21)

28 Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

28.1 Basis of preparation of consolidated financial statements

The financial statements of the Group have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards;
- PAS Standards; and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

The financial statements are presented in Philippine peso, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

Adoption of amended PFRS Accounting Standards

a. Effective in 2024 that are relevant to the Group

The Group has applied the following amendments for the first time for the year beginning January 1, 2024 but did not have significant impact to the Group's financial statements:

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

The amendments clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments must be applied retrospectively in accordance with the normal requirements in PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments have no significant impact on the Group's financial statements.

b. Effective Subsequent to 2024 but not yet effective

There are amendments to existing standards effective for annual periods subsequent to December 31, 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Group's financial statements:

- *Amendments to the Classification and Measurement of Financial Instruments - Amendments to PFRS 9 and PFRS 7*

These amendments (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The amendments to PFRS 9 and PFRS 7 will be effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted subject to any endorsement process. The Group does not expect the amendments to have a significant impact on the Group's financial statements.

- *PFRS 18, 'Presentation and Disclosure in Financial Statements'*

This is the new standard on presentation and disclosure in financial statements, which replaces PAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in PFRS 18 relate to:

- the structure of the statement of profit or loss with defined sub-totals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and

- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

The Group does not expect the amendments to have a significant impact on the Group's financial statements.

- *PFRS 19, 'Subsidiaries without Public Accountability: Disclosures'*

This new standard works alongside other PFRS Accounting Standards. An eligible subsidiary applies the requirements in other PFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in PFRS 19. PFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. PFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with PFRS Accounting Standards

There are no other standards, amendments and interpretations which are effective for the financial year beginning January 1, 2024, that are relevant to and have a material impact on the Group's financial statements.

28.2 Basis of consolidation

The Group accounts for its investments in subsidiaries, associates and joint venture as follows:

a. Investments in subsidiaries

Except for acquisitions involving entities under common ownership that are accounted for under the pooling-of-interest method, the acquisition method is applied to account for acquired subsidiaries (Note 28.9).

b. Investments in associates and a joint venture

Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

28.3 Financial assets

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to officers and employees), Advances to Related Parties and Security deposits and Restricted cash presented as part of Other Current Assets and Other Non-Current Assets accounts, in the consolidated statement of financial position.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at financial assets at fair value through profit or loss (FVTPL) if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. The Group has not made such designation.

The Group applies the simplified approach in measuring ECL for its trade receivables. To calculate the ECL, the Group uses its historical experience, external indicators, forward-looking information, and other qualitative factors (including possible offsetting) to calculate the ECL using a provision matrix. The Group also assesses impairment of trade and other receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

For advances to related parties which all are repayable on demand, the ECL is recognized in three stages using the general approach. Accordingly, ECL is based on the assumption that repayment of the advances or loans is demanded at the reporting date taking into consideration the historical defaults of the related parties. Management considers if the related party has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of the receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized, which may already be negligible.

For cash and cash equivalents, the Group applies low credit risk simplification and measures the ECL on the financial assets based on a 12-month ECL basis unless there has been a significant increase in credit risk since origination, in which case, the loss allowance will be based on lifetime ECL.

28.4 Inventories

The net realizable value of fuel and spare parts inventories is the current replacement cost.

28.5 Property and equipment

Vessels and vessel equipment are measured at fair value less accumulated depreciation, amortization and accumulated impairment losses, if any. Land is measured at cost less any accumulated impairment losses. All other items of property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred, except for periodic drydocking costs typically performed every two years on the vessel, which are capitalized (Note 28.6).

Revalued amounts represent fair values determined based on valuation performed every after drydocking, which is generally done once every two years. Revaluations are performed and determined by independent appraisers and by management, for certain vessels. In addition, appraisal of vessels is conducted more frequently if market factors indicate a material change in fair value (Note 25.3).

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Vessels and vessel equipment (Note 3.2 (d))	2 to 35 years
Building	20 years
Office furniture, fixtures and equipment	2 to 10 years
Transportation equipment	2 to 5 years

Leasehold improvements are amortized over the estimated useful lives of the assets of five to ten years or the lease term, whichever is shorter.

28.6 Drydocking costs

Drydocking costs, presented as part of vessels and vessel equipment under the property and equipment, are considered major repairs that preserve the life of the vessels. As an industry practice, costs associated with drydocking are capitalized as part of the vessel and amortized on a straight-line basis over two years or until the next drydocking occurs, whichever comes earlier (Note 28.5). When significant drydocking expenditures occur prior to their expiry of this period, any remaining unamortized balance of the original drydocking costs is expensed in the month of subsequent drydocking.

Amortization of drydocking costs starts only when the process has been completed and the related vessel is ready for its intended use.

The carrying amount of drydocking costs is derecognized upon derecognition of the related vessels. The computed gain or loss arising on derecognition of the vessel takes into consideration the carrying amount of drydocking costs and is included in profit or loss in the year the related vessel is derecognized (Note 28.5).

28.7 Investment property

The Group's investment property is stated at cost. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment account up to the date of change in use.

28.8 Financial liabilities

Interest-bearing loans and borrowings include loans that are raised for support of the investing activities and working capital requirements of the Group and lease liabilities (Note 28.12). Finance charges, including direct issue costs, are charged to profit or loss, except for capitalized borrowing costs, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Interest charges that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. All other interest-related charges incurred on a financial liability are recognized as an expense in the consolidated statement of profit or loss. Trade and other payables and advances from related parties are initially recognized at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

28.9 Business combinations

Business combination involving entities under common control are accounted for under the pooling of interest method.

All other business combinations are accounted for using the acquisition method.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's identifiable assets.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

28.10 Advances from customers

Advances from customers are measured at the amount of cash received from the customers under bareboat (BB) agreements and are reclassified and recognized as revenue when the related revenue transactions are consummated.

28.11 Revenue and expense recognition

Revenue recognition

The Group assesses its revenue agreements against the specific criteria enumerated below in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all its revenue arrangements.

The following specific recognition criteria must be met before revenue is recognized:

- a. Freight -Revenue from freight services pertains to the transport of cargoes (rolling, bulk or containerized) from one port to another, is recognized over time, and is generally based on a rate per cubic meter or weight of the cargo, whichever is higher, while rates for containerized cargo are based on a fixed rate per container.
- b. Charter fees - Revenue, which consists mainly of charter income arising from the charter hire of its vessels, is recognized based on the type of charter arrangement entered into, either under a continuing voyager charter (CVC), time charter (TCI) or Bare Boat (BB) arrangement.

Revenues from BB arise from the hiring of vessels for a specified period of time, with no administration or technical maintenance included as part of the agreement. These arrangements qualify as lease; hence, revenue is recognized on a straight-line basis over the term of the contract in accordance with PFRS 16.

On the other hand, revenues from TC and CVC arise from the delivery of liquid cargoes to the customers' premises such as the customers' vessels, oil depots or terminals or fuel tanks, and is recognized over time, with the distinction that in a TC, bunkering and port charges are shouldered by the customer.

- c. Passage - Revenue, which pertains to the transport of passengers from one port to another within the Philippines, is recognized over time and is based on the published tariff rates per passenger and route of the vessel. The duration of routes generally ranges from one to ten hours.

The Group incurs incremental commission fees paid to travel agencies for each passenger booked through such intermediary. These amounts are expensed as incurred.

- d. Tugboat fees - Revenue, which consist of fees arising from assisting domestic and international vessels in docking, undocking, shifting, towing, ferry services, tugboat usage and delivery services, is recognized overtime. The duration of such services normally ranges between one to four hours. Fees are based on agreed hourly rates for the use of tugboats.

The Group incurs incremental commission fees paid to intermediaries in connection with the provision of tugboat services. These amounts are expensed as incurred.

- e. Other service revenues - Other service revenues generally include performance of ship management and crewing services, warehousing and distribution services. Ship management and crewing services are recognized based on the terms of the contract which assumes that the customer receives the benefits as the Group performs the service. Warehousing revenues is generally based on a fixed rate per pallet position for ambient or fixed rate per hour for cold storage. On the other hand, distribution services are generally recognized over time when the performance of the contractually agreed-upon services have been rendered i.e., when cargoes are received by either the shipper or consignee for delivery transactions.
- f. Sale of goods - Revenue primarily include sale of food and beverage items to the vessels' passengers and is recognized at a point in time, which is generally when control over the goods have transferred to the buyer. This is generally when the customer has taken undisputed delivery of goods.
- g. Revenues from TC, CVC, passage, freight, tugboat fees, and other services are recognized when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

In determining the appropriate method to use in recognizing the Group's revenues from TC, CVC, passage, freight, tugboat fees and other services, management determines that revenue is recognized over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

On the other hand, revenues from sale of goods and stand-by charges shall be recognized at a point in time when the control of the goods have passed to the customer, i.e. generally when the customer acknowledged delivery of goods.

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

- whether the Group has primary responsibility for providing the services;
- whether the Group has inventory risk;
- whether the Group has direction in establishing prices; and,
- whether the Group bears the credit risk.

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

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

Cost and expense recognition

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs, which are included as part of the cost of the related qualifying asset.

28.12 Leases - Group as Lessee

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

On the consolidated statement of financial position, right-of-use assets have been included under Property and Equipment account, which reflects how the underlying assets would have been recognized had they been owned by the Group, and lease liabilities have been included under Interest-bearing Loans and Borrowings account.

28.13 Impairment of non-financial assets

Goodwill is tested for impairment at least annually. All other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

28.14 Employee benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plan, share-based compensation and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee. The Group grants share options to qualified employees eligible under a stock option plan.

28.15 Reclassifications

In 2024, the Group changed the presentation of the following items in the statement of cash flows for the years ended December 31, 2023 and 2022 to align with the current year presentation.

- a. Provision for expected credit losses for the year ended December 31, 2023 amounting to P95.3 million (2022 - P41.9 million) previously offset against trade and other receivables under working capital changes to gross presentation as adjustment to operating income before working capital changes.
- b. Retirement benefit expense for the year ended December 31, 2023 amounting to P34.8 million (2022 - P46.7 million) previously presented as part of net movement in retirement benefit obligation under the working capital changes to gross presentation as adjustment to operating income before working capital changes.
- c. Benefits paid from operating funds for the year ended December 31, 2023 amounting to P2.4 million (2022 - P3.8 million) previously presented as part of net movement in retirement benefit obligation under the working capital changes to gross presentation as actual cash transaction considered in getting the amount of net cash from operating activities.
- d. Movement of other non-current assets for the year ended December 31, 2024 amounting to P196.9 million (2022 - P45.2 million) was presented as part of investing activities from operating activities based on the nature of the line items which is mainly related to acquisition and construction of long term assets.

The foregoing reclassifications, which resulted into more appropriate presentation of balances, did not affect the previously reported retained earnings in the statement of financial position nor did it affect previously reported income in the statement of total comprehensive income.

29 Supplementary information on non-cash investing and financing activities

Discussed below and in the succeeding page are the supplemental information on non-cash investing and financing activities relative to the consolidated statements of cash flows of the Group.

- a. In 2023, the Group divested its stake in Oroport for a total consideration of P535.3 million in which a certain loan with outstanding balance of P335.3 million was offset as part of the consideration (Notes 8 and 10). The related accrued interest payable of P54.5 million was also settled in 2023.
- b. In 2024, the Parent Company converted certain loans totaling to P233.4 million to equity and is presented as part of share capital and APIC as at December 31, 2024 and 2023.
- c. In 2024, the Group recognized right-of-use assets and lease liabilities, with outstanding balances amounting to P659.3 million (2023 - P17.8 million) and are presented as part of property and equipment and loans and borrowings in the consolidated statements of financial position. In 2023, the Group has pre-terminated a lease of lot with a right-of-use assets and lease liabilities amounting to P12.9 million and P19.1 million, respectively (Notes 7 and 10).
- d. In 2022, the Parent Company reclassified its outstanding deposits for future stock subscriptions to share capital and APIC amounting to P720.4 million upon approval of the increase in authorized share capital of the Parent Company by SEC (Note 18).

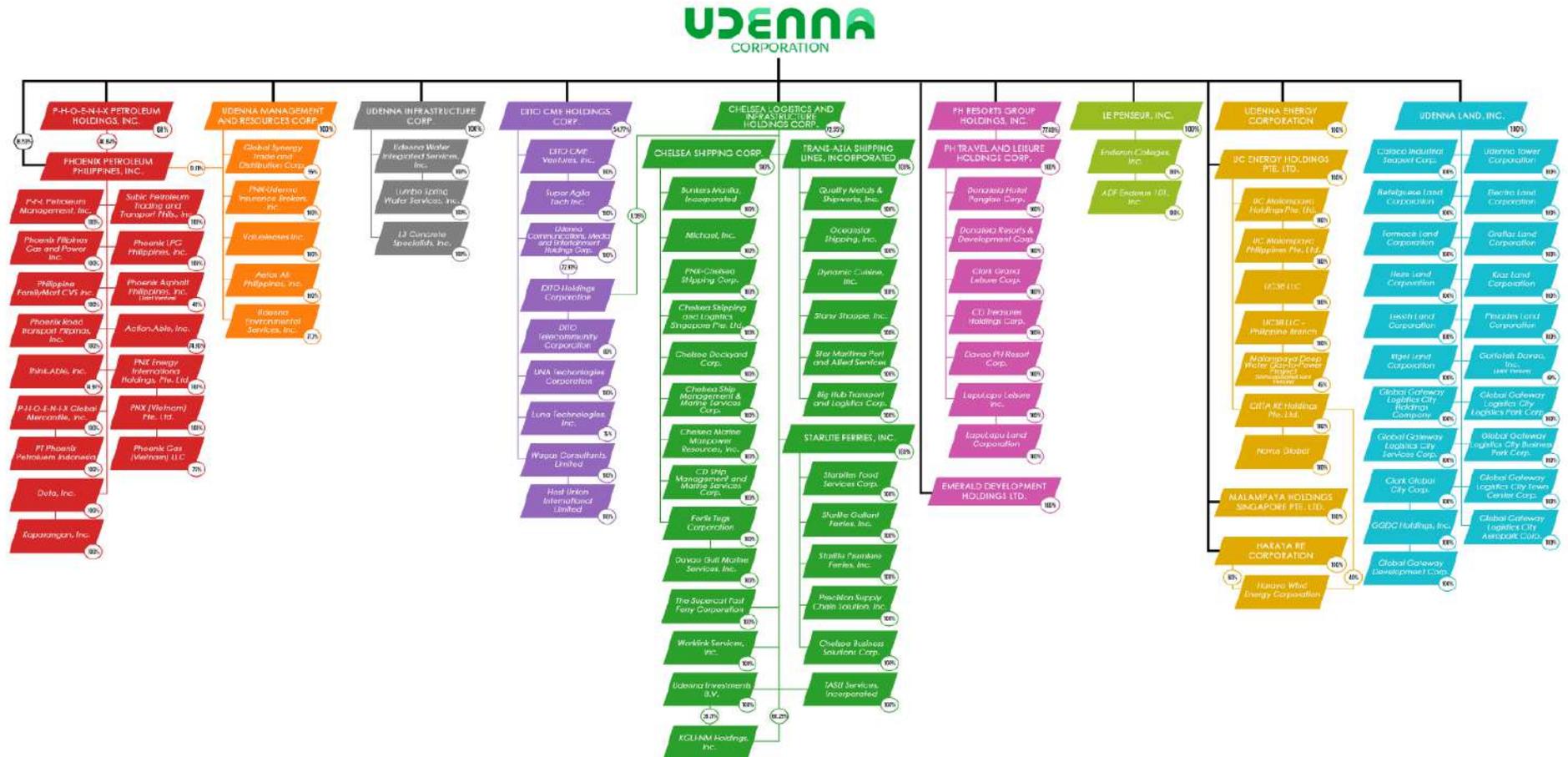
SECOND SECTION

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries

**Consolidated Financial Statements with Supplementary
Schedules for the Securities and Exchange Commission
December 31, 2024**

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries (A Subsidiary of Udenna Corporation)

A Map Showing the Relationships among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or co-subsiidiaries and Associates
December 31, 2024



SCHEDULE A

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A Subsidiary of Udenna Corporation)Financial Assets
December 31, 2024

Title of issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end reporting period	Income received and accrued
Cash on hand	-	77,944,477	Not applicable	-
Cash in bank and cash equivalents	-	239,893,071	Not applicable	1,341,662
Trade and other receivables, gross	-	635,072,319	Not applicable	-
Restricted cash	-	9,291,065	Not applicable	-
Security deposits	-	46,823,449	Not applicable	-
Advance to related parties	-	7,636,618,327	Not applicable	-
Total	-	8,645,642,708		1,341,662

SCHEDULE B

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A Subsidiary of Udenna Corporation)

Amounts Receivable from Directors, Officers, Employees, Related Parties
and Principal Shareholders (other than Related Parties)
December 31, 2024

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Non-current	Balance at end of year
Advances to related parties							
Stockholders	150,885,270	22,065,148	-	-	172,950,418	-	172,950,418

SCHEDULE C

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A Subsidiary of Udenna Corporation)**

Amounts Receivable from Related Parties which are eliminated
during the consolidation of financial statements
December 31, 2024

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of year
Parent Company							
Chelsea Ship Management & Marine Services Corp.	2,476,545	2,009,880	407,273	-	4,079,152	-	4,079,152
Chelsea Marine Manpower Resources, Inc.	3,071,801	1,173,480	-	-	4,245,280	-	4,245,280
Chelsea Ship Management & Marine Services Corp.	934,311	1,277,791	-	-	2,212,102	-	2,212,102
Chelsea Shipping Corp.	13,471,671	312,157,405	3,874,784	-	321,754,292	-	321,754,292
Davao Gulf Marine Services Inc.	2,143,605	8,553,491	9,127,655	-	1,569,441	-	1,569,441
Dynamic Cuisine, Inc.	10,627,645	3,007,962	402,852	-	13,232,755	-	13,232,755
Fortis Tugs Corporation	4,259,454	7,932,584	12,192,038	-	-	-	-
Michael, Inc.	-	5,698,465	4,676,289	-	1,022,176	-	1,022,176
Oceanstar Shipping Corp.	7,437,643	1,339,550	179,404	-	8,597,789	-	8,597,789
PNX- Chelsea Shipping Corp.	16,620,401	13,018,391	27,819,368	-	1,819,423	-	1,819,423
Quality Metal & Shipworks, Inc.	15,742,973	7,392,603	990,081	-	22,145,496	-	22,145,496
Starbites Food Services Corp.	21,696,234	9,134,138	987,098	-	29,843,275	-	29,843,275
Starlite Ferries, Inc.	280,702,177	143,324,646	207,473,632	-	216,553,191	-	216,553,191
Starlite Gallant Ferries, Inc.	13,884,000	41,664,000	36,756,364	-	18,791,636	-	18,791,636
Starsy Shoppe, Inc.	3,930,279	1,625,121	217,650	-	5,337,750	-	5,337,750
TASLI Services, Inc.	-	1,713,840	-	-	1,713,840	-	1,713,840
The Supercat Fast Ferry Corp.	151,272	35,683,286	7,244,777	-	28,589,782	-	28,589,782
Trans-Asia Shipping Lines Inc.	551,243,103	134,040,389	14,648,628	-	670,634,863.7	-	670,634,864
Worklinks Services Inc.	58,034,527	24,301,567	40,175,899	-	42,160,196	-	42,160,196
Subsidiaries							
Bunkers Manila, Inc.	1,080,348	2,253,241	-	-	3,333,589	-	3,333,589
Chelsea Shipping Corp.	107,754,494	124,800,445	40,554,540	-	192,000,399	-	192,000,399
Fortis Tugs Corporation	6,881,098	42,765,245	47,834,781	-	1,811,563	-	1,811,563
Michael, Inc.	4,944,223	22,412,773	369,600	-	26,987,396	-	26,987,396
PNX-Chelsea Shipping Corp.	88,516,856	45,533,524	3,496,329	-	130,554,051	-	130,554,051
Starbites Food Services Corp.	40,643,591	7,257,089	2,958,688	-	44,941,992	-	44,941,992
Starlite Ferries, Inc.	500,109,044	367,854,580	210,725,389	-	657,238,235	-	657,238,235
The Supercat Fast Ferry Corp.	38,460,548	31,461,445	6,381,267	-	63,540,726	-	63,540,726
Trans-Asia Shipping Lines, Incorporated	457,609,312	118,649,676	135,009,495	-	441,249,493	-	441,249,493
Davao Gulf Marine Services, Inc.	12,390,111	38,171,587	43,339,021	-	7,222,676	-	7,222,676
Starlite Gallant Ferries, Inc.	250,110	-	-	-	250,110	-	250,110
	2,265,067,378	1,556,208,194	857,842,902	-	2,963,432,670	-	2,963,432,670

SCHEDULE D

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A Subsidiary of Udenna Corporation)**

**Long-Term Debt
December 31, 2024**

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Borrowings, current portion" in the statement of financial position	Amount shown under caption "Borrowings, net of current portion" in the statement of financial position	Interest rate	No. of periodic installments	Maturity date
Parent company						
Term loans						
Philippine Business Bank Amalgamated Investment	193,963,000	13,893,988	-	12.00%	Quarterly	August 12, 2025
	560,383,343	4,497,827	558,922,078	2.00%	Quarterly	March 31, 2032
Bank loans						
Primary institutional lenders	278,732,288	79,852,295	67,454,138	3% to 10%	Quarterly	July 09, 2028
Sub-total		98,244,110	626,376,216			
Subsidiaries						
Term loans						
China Banking Corporation	642,300,000	-	592,932,259	5.00%	quarterly	December 17, 2032
CTBC Bank (Philippines) Corp.	1,100,000,000	35,401,530	855,941,386	6.37%	quarterly	July 22, 2027
Development Bank of the Philippines	618,000,000	4,123,557	542,150,321	6.50%	quarterly	May 18, 2033
BDO Unibank, Inc.	498,458,000	117,517,442	230,423,145	6.50%	quarterly	September 12, 2027
Development Bank of the Philippines	300,000,000	22,063,462	198,571,154	6.95%	quarterly	November 07, 2030
Development Bank of the Philippines	306,000,000	22,987,939	206,891,451	6.95%	quarterly	April 02, 2031
Philippine Business Bank	855,856,717	31,889,812	722,239,222	7.50%	quarterly	June 26, 2030
Rizal Commercial Banking Corporation	113,138,713	9,440,000	94,584,977	9.50%	quarterly	January 15, 2026
Asia United Bank	425,000,000	92,083,333	325,833,333	4.00%	quarterly	October 26, 2029
Philippine Business Bank	460,000,000	23,000,000	399,104,459	7.50%	quarterly	March 07, 2028
Philippine Business Bank	368,121,848	16,806,644	261,432,115	7.50%	quarterly	January 06, 2027
Development Bank of the Philippines	370,000,000	27,007,791	289,576,021	7.50%	quarterly	January 06, 2027
China Banking Corporation	1,932,000,000	(3,424,232)	1,694,290,654	5.00%	quarterly	December 18, 2032
Development Bank of the Philippines	1,820,060,107	84,773,890	1,746,201,059	5.00%	quarterly	December 31, 2035
Unionbank of the Philippines	200,000,000	1,485,000	196,515,000	5.00%	quarterly	April 18, 2032
Philippine Business Bank	442,696,689	41,185,453	419,045,251	3.00%	quarterly	March 30, 2030
Development Bank of the Philippines	526,330,004	4,968,024	375,943,995	6.50%	quarterly	December 30, 2035
Landbank of the Philippines	1,287,601,185	39,987,500	1,064,953,960	5.00%	quarterly	May 28, 2032
Penta Capital Investments	205,042,335	-	195,284,350	7.00%	quarterly	January 16, 2032
Asia United Bank	118,230,350	16,991,545	8,131,165	8.19%	quarterly	March 15, 2027
		588,288,690	10,420,045,277			
Bank Loans						
Philippine Business Bank	500,000,000	350,000,000	-	7.50%	quarterly	September 05, 2025
Sterling Bank of Asia	410,400,000	407,400,000	-	7.50%	quarterly	January 15, 2025
Landbank of the Philippines	319,200,000	156,560,000	-	6.75%	quarterly	October 03, 2025
Penta Capital Investments	6,283,162	1,233,162	-	7.00%	quarterly	October 05, 2025
Primary institutional lenders	173,600,000	19,680,933	128,133,000	7.50%	quarterly	January 15, 2025
Sub-total		934,874,095	128,133,000			
Mortgage loans						
BDO Unibank, Inc.	228,118,410	48,927,247	97,854,493	6.50%	quarterly	September 12, 2027
Toyota Financials	14,580,000	3,247,641	-	10.07%	quarterly	October 11, 2025
Toyota Financials	9,180,000	2,044,764	-	10.07%	quarterly	October 11, 2025
Eastwest	1,944,000	453,052	336,833	9.71%	quarterly	December 03, 2026
Sub-total		54,672,705	98,191,326			
Total		1,676,079,600	11,272,745,819			

SCHEDULE E

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A Subsidiary of Udenna Corporation)

Indebtedness to Related Parties
December 31, 2023

Name of related party	Balance at beginning of year	Balance at end of year
Not Applicable		

SCHEDULE F

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A Subsidiary of Udenna Corporation)**

Guarantees of Securities of Other Issuers
December 31, 2024

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
Not Applicable				

SCHEDULE G

**Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A Subsidiary of Udenna Corporation)**

Capital Stock
December 31, 2024

Title of issue	Number of shares authorized	Number of shares issued and outstanding shown under related balance sheet caption	Number of shares reserved for options, warrants conversion, and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	3,490,000,000	2,143,518,615	-	1,519,134,606	3,280,808	621,103,201
Preferred shares	10,000,000	500,000	-	-	-	-

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A Subsidiary of Udenna Corporation)

Financial Soundness Indicators
DECEMBER 31, 2024, 2023 and 2022
(Amounts in Philippine Pesos)

	2024		2023		2022
I. CURRENT/LIQUIDITY RATIOS					
Current Ratio					
Current Assets	10,983,000,651		10,946,207,568		10,667,919,103
Current Liabilities	12,091,577,993	0.91	15,057,386,665	0.73	16,746,784,136
0.91			15,057,386,665	0.73	16,746,784,136
Acid Test Ratio					
Current Assets - Inventories and Other Current Assets	8,606,475,658		8,641,696,232		8,646,138,701
Current Liabilities	12,091,577,993	0.71	15,057,386,665	0.57	16,746,784,136
0.71			15,057,386,665	0.57	16,746,784,136
II. SOLVENCY RATIOS					
Debt-to-assets Ratio					
Total Liabilities	27,152,117,904		29,047,086,313		29,558,451,260
Total Assets	31,412,873,094	0.86	32,951,357,786	0.88	33,285,526,997
0.86			32,951,357,786	0.88	33,285,526,997
III. DEBT-TO-EQUITY RATIO					
Debt-to-equity Ratio					
Total Liabilities	27,152,117,904		29,047,086,313		29,558,451,260
Total Equity	4,260,755,190	6.37	3,904,271,473	7.44	3,727,075,737
6.37			3,904,271,473	7.44	3,727,075,737
ASSET-TO-EQUITY RATIO					
Asset-to-equity Ratio					
Total Assets	31,412,873,094		32,951,357,786		33,285,526,997
Total Equity	4,260,755,190	7.37	3,904,271,473	8.44	3,727,075,737
7.37			3,904,271,473	8.44	3,727,075,737
IV. INTEREST RATE COVERAGE RATIO					
Interest Coverage Ratio					
EBITDA	2,071,704,964		1,540,808,522		987,385,388
Interest Expense	1,044,583,159	1.98	1,227,384,987	1.26	1,255,697,606
1.98			1,227,384,987	1.26	1,255,697,606
V. PROFITABILITY RATIOS					
Return on equity					
Net Income (Loss)	177,395,130		(1,142,830,770)		(2,531,335,956)
Shareholders' equity	4,260,755,190	0.04	3,904,271,473	(0.29)	3,727,075,737
0.04			3,904,271,473	(0.29)	3,727,075,737
Return on assets					
Net Income (Loss)	177,395,130		(1,142,830,770)		(2,531,335,956)
Total Assets	31,412,873,094	0.01	32,951,357,786	(0.03)	33,285,526,997
0.01			32,951,357,786	(0.03)	33,285,526,997
Net Profit Ratio					
Net Income (Loss)	177,395,130		(1,142,830,770)		(2,531,335,956)
Total Revenues	8,007,232,841	0.02	7,047,698,048	(0.16)	6,432,753,269
0.02			7,047,698,048	(0.16)	6,432,753,269
Gross Profit Ratio					
Gross Profit	1,456,975,297		1,449,323,514		791,000,112
Total Revenues	8,007,232,841	0.18	7,047,698,048	0.21	6,432,753,269
0.18			7,047,698,048	0.21	6,432,753,269
EBITDA Margin					
EBITDA	2,071,704,964		1,540,808,522		987,385,388
Total Revenues	8,007,232,841	26%	7,047,698,048	22%	6,432,753,269
26%			7,047,698,048	22%	6,432,753,269
VI. OTHER RATIOS					
Book Value Per Share - common					
Total Equity	4,260,755,190		3,904,271,473		3,727,075,737
Number of Shares Outstanding	2,144,018,615	1.99	2,144,018,615	1.82	1,916,227,615
1.99			2,144,018,615	1.82	1,916,227,615
Earnings (Loss) Per Share					
Net Income (Loss)	177,395,130		(1,142,830,770)		(2,531,335,956)
Weighted Average No. of Shares	2,144,018,615	0.08	1,948,175,365	(0.59)	1,884,810,948
0.08			1,948,175,365	(0.59)	1,884,810,948

Chelsea Logistics and Infrastructure Holdings Corp. and Subsidiaries
(A Subsidiary of Udenna Corporation)

Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration

For the year ended December 31, 2024

(All amounts in Philippine Peso)

	Amount
Deficit, beginning of the year	(1,118,804,871)
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	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings	
Dividend declaration during the reporting period	-
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others	-
Deficit, as adjusted	(1,118,804,871)
Add: Net (Loss) Income for the current year	396,909,057
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Unrealized fair value gain of investment property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-

(continued)

	Amount
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized fair value gain of Investment property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-
	-
Adjusted net (loss) income	396,909,057
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Add (Less): Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others	-

(continued)

	Amount
Add (Less): Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(21,213,475)
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Total deficit, end of the year available for dividend declaration*	(743,109,289)

Chelsea Logistics and Infrastructure Holdings Corp. and subsidiaries
(A subsidiary of Udenna Corporation)

Supplementary Schedule of External Auditor Fee-Related Information
December 31, 2024

	2024	2023
Total audit fees	1,315,000	1,060,000
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total non-audit fees	1,315,000	1,060,000
Total audit and non-audit fees	1,315,000	1,060,000

Audit and non-audit fees of other related entities

	Current Year	Prior Year
Audit fees	9,185,000	6,940,000
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total audit and non-audit fees of other related entities	9,185,000	6,940,000

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Hi CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.,

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- EAFS009393167ITRTY122024.pdf
- EAFS009393167TCRTY122024-01.pdf
- EAFS009393167AFSTY122024.pdf
- EAFS009393167OTHTY122024.pdf
- EAFS009393167RPTTY122024.pdf

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- <None>

Transaction Code: **AFS-0-4SW4WZVQ09BDH99J7QRRRMVY30MQ2M43PN**

Submission Date/Time: **Apr 07, 2025 09:19 AM**

Company TIN: **009-393-167**

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.

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

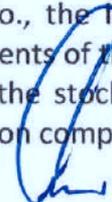
The management of Chelsea Logistics and Infrastructure Holdings Corp. is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 or members.

Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders or members, have expressed their opinion on the fairness of presentation upon completion of such audit.



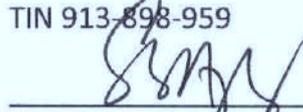
DENNIS A. UY

Chairman of the Board
TIN 172-020-135



CHRYSS ALFONSUS V. DAMUY

President and CEO
TIN 913-898-959



DARLENE A. BINAY

Chief Financial Officer
TIN 145-150-987

SUBSCRIBED AND SWORN to before me this **MAR 28 2025** day of _____ 2025 at Taguig City,
affiants exhibited to me their respective TIN.

Doc. No. 391
Page No. 80
Book No. 11
Series of 2025


ATTY. PAUL VINCENT P. SIOCHI
Notary Public for Taguig City
Notarial Commission No. 53 (2024-2025)
Roll of Attorneys No. 68383
IBP Lifetime No. 016219; 05/08/17; Makati City
PTR No. A-6465786; 01/13/2025; Taguig City
MCLE Compliance No. VII-0014795 valid until 04/14/2025
BLK 5 Lot 21 Phase 2, Pinagsama Village, Taguig City



Independent Auditor's Report

To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)
Stella Hizon Reyes Road
Bo. Pampanga, Davao City

Report on the Audit of the Separate Financial Statements

Our Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Chelsea Logistics and Infrastructure Holdings Corp. (the "Parent Company") as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The separate financial statements of the Parent Company comprise:

- the separate statement of financial position as at December 31, 2024;
- the separate statement of total comprehensive income for the year ended December 31, 2024;
- the separate statement of changes in equity for the year ended December 31, 2024;
- the separate statement of cash flows for the year ended December 31, 2024; and
- the notes to the financial statement comprising material accounting policy information, and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Parent 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 our audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, www.pwc.com/ph



Independent Auditor's Report
To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
Page 2

Other Matter

The separate financial statements of the Parent Company as at and for the year ended December 31, 2023 were audited by another auditor whose report dated May 14, 2024 expressed an unmodified opinion on those statements.

As part of our audit of the 2024 separate financial statements, we also audited the adjustments described in Note 22.13 that were applied to reclassify certain accounts in the separate financial statements as at and for the year ended December 31, 2023. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Parent Company's separate financial statements as at and for the year ended December 31, 2023 other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2023 separate financial statements taken as a whole.

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

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

In preparing the 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
Page 3

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent 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 Parent 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 financial statements, including the disclosures, and whether the 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 audit.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
Page 4

Report on the Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 23 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read 'Pocholo C. Domondon'.

Pocholo C. Domondon
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 3, 2025 at Makati City

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2024; issued on November 9, 2024; effective until November 8, 2027

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 2, 2025



**Statement Required by Rule 68,
Securities Regulation Code (SRC)**

To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)
Stella Hizon Reyes Road
Bo. Pampanga, Davao City

We have audited the separate financial statements of Chelsea Logistics and Infrastructure Holdings Corp. (the "Parent Company") as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 2, 2025.

In compliance with the Revised SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of our work done, the Parent Company has 26 shareholders owning one hundred (100) or more shares each as at December 31, 2024.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "P. Domondon", written over a vertical line that extends downwards.

Pocholo C. Domondon
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 3, 2025 at Makati City

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2024; issued on November 9, 2024; effective until November 8, 2027

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 2, 2025

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, www.pwc.com/ph



Statement Required by Rule 68, Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)
Stella Hizon Reyes Road
Bo. Pampanga, Davao City

We have audited the financial statements of Chelsea Logistics and Infrastructure Holdings Corp. as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 2, 2025. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2024, as required by Rule 68 of the Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the Securities Regulation Code.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read 'Pocholo C. Domondon', is written over the printed name.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 3, 2025 at Makati City
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2024; issued on November 9, 2024; effective until November 8, 2027
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Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)

Statement of Financial Position
As at December 31, 2024
(With comparative figures as at December 31, 2023)
(All amounts in Philippine Peso)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	2	1,596,643	58,486,779
Trade and other receivables	3	1,396,157,520	1,012,072,479
Advances to related parties	13	8,751,079,740	8,788,771,532
Other current assets	4	319,627,929	284,139,420
Total current assets		10,468,461,832	10,143,470,210
Non-current assets			
Property and equipment, net	5	50,986,099	71,903,003
Investment property	6	95,111,171	1,270,907,962
Investments in subsidiaries and an associate, net	7	13,700,341,269	13,723,265,814
Deferred income tax assets, net	12	402,001,666	381,377,943
Other non-current assets, net	4	9,822,937	72,724,905
Total non-current assets		14,258,263,142	15,520,179,627
Total assets		24,726,724,974	25,663,649,837
Liabilities and Equity			
Current liabilities			
Trade and other payables	8	2,370,904,292	2,506,729,808
Loans and borrowings, current portion	9	98,244,111	342,692,964
Advances from related parties	13	8,733,637,352	9,130,645,021
Total current liabilities		11,202,785,755	11,980,067,793
Non-current liabilities			
Loans and borrowings, net of current portion	9	626,376,216	1,247,328,571
Retirement benefit obligation	14	102,921,254	42,546,378
Total non-current liabilities		729,297,470	1,289,874,949
Total liabilities		11,932,083,225	13,269,942,742
Equity			
Share capital	10	2,144,018,615	2,144,018,615
Additional paid-in capital	10	11,204,327,157	11,204,327,157
Share options outstanding	10	18,300,333	16,043,994
Revaluation reserves	14	1,613,140	(156,117)
Deficit		(573,617,496)	(970,526,553)
Total equity		12,794,641,749	12,393,707,096
Total liabilities and equity		24,726,724,974	25,663,649,838

The notes on pages 1 to 40 are integral part of these separate financial statements.

Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)

Statement of Total Comprehensive Income
For the year ended December 31, 2024
(With comparative figures for the year ended December 31, 2023)
(All amounts in Philippine Peso)

	Notes	2024	2023
Revenues	13	339,069,667	399,893,791
Operating expenses			
Salaries and employee benefits	14	163,626,378	97,491,349
Depreciation and amortization	4, 5	23,232,845	30,339,198
Fines and penalties		21,459,496	29,244,068
Outside services		12,201,837	56,827,743
Rental	13	10,475,600	2,054,410
Dues and subscriptions		4,397,025	3,905,490
Advertising and promotion		4,357,240	1,377,389
Transportation and travel		3,034,200	2,632,260
Taxes and licenses		2,849,642	6,211,012
Professional fees		2,680,935	33,220,837
Supplies		1,227,977	384,467
Directors' fees		766,667	766,667
Insurance		159,260	199,522
Miscellaneous		7,613,182	3,976,023
		258,082,284	268,630,435
Operating income		80,987,383	131,263,356
Other income (expenses)			
Gain on sale of investment property	6	458,037,754	-
Finance costs	11	(120,959,428)	(148,385,338)
Finance income	13	37,354,067	38,116,922
Impairment loss on investment in a subsidiary	7	(22,924,545)	(489,830,312)
Gain on debt modification	9	-	36,290,354
Other (expense) income, net	11	(52,087,275)	2,171,165
		299,420,573	(561,637,209)
Income (loss) before income tax		380,407,956	(430,373,853)
Income tax benefit	12	16,501,101	107,124,099
Income (loss) for the year		396,909,057	(323,249,754)
Other comprehensive income (loss)			
Remeasurement gain (loss) on retirement benefit obligation	14	2,359,009	(4,601,904)
Income tax (expense) benefit	12	(589,752)	1,150,476
Other comprehensive income (loss) for the year, net		1,769,257	(3,451,428)
Total comprehensive income (loss) for the year		398,678,314	(326,701,182)

The notes on pages 1 to 40 are integral part of these separate financial statements.

Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)

Statement of Changes in Equity
For the year ended December 31, 2024
(With comparative figures for the year ended December 31, 2023)
(All amounts in Philippine Peso)

	Notes	Capital stock (Note 10)	Additional paid-in capital (Note 10)	Deposits on future stock subscriptions (Note 10)	Share options outstanding (Note 10)	Revaluation reserves (Note 14)	Deficit (Note 10)	Total
Balance at January 1, 2023		1,916,227,615	10,709,745,157	-	12,608,283	3,295,311	(647,276,799)	11,994,599,567
Transactions with owners								
Collection of subscriptions during the year	10	150,000,000	339,000,000	-	-	-	-	489,000,000
Issuance of common shares during the year	10	77,791,000	155,582,000	-	-	-	-	233,373,000
Total transactions with owners								
Comprehensive loss								
Loss for the year		-	-	-	-	-	(323,249,754)	(323,249,754)
Other comprehensive loss for the year		-	-	-	-	(3,451,428)	-	(3,451,428)
Total comprehensive loss for the year		-	-	-	-	(3,451,428)	(323,249,754)	(326,701,182)
Share based compensation	10, 14	-	-	-	3,435,711	-	-	3,435,711
Balance at December 31, 2023		2,144,018,615	11,204,327,157	-	16,043,994	(156,117)	(970,526,553)	12,393,707,096
Comprehensive income								
Income for the year		-	-	-	-	-	396,909,057	396,909,057
Other comprehensive income for the year		-	-	-	-	1,769,257	-	1,769,257
Total comprehensive income for the year		-	-	-	-	1,769,257	396,909,057	398,678,314
Share based compensation	10, 14	-	-	-	2,256,339	-	-	2,256,339
Balance at December 31, 2024		2,144,018,615	11,204,327,157	-	18,300,333	1,613,140	(573,617,496)	12,794,641,749

The notes on pages 1 to 40 are integral part of these financial statements.

Chelsea Logistics and Infrastructure Holdings Corp.
(A subsidiary of Udenna Corporation)

Statement of Cash Flows
For the year ended December 31, 2024
(With comparative figures for the year ended December 31, 2023)
(All amounts in Philippine Peso)

	Notes	2024	2023
Cash flows from operating activities			
Income (loss) before tax		380,407,956	(430,373,853)
Adjustments for:			
Gain on sale of investment property	6	(458,037,754)	-
Interest expense	11	117,987,833	148,208,222
Retirement benefit expense	14	62,733,885	9,550,158
Depreciation and amortization	4, 5	23,232,845	30,339,198
Impairment loss on investment in a subsidiary	7	22,924,545	489,830,312
Share option benefit expense	10, 14	2,256,339	3,435,711
Unrealized foreign currency exchange losses (gains)	11	696,825	(838,850)
Gain on sale of property and equipment	5, 11	(443,240)	(601,881)
Interest income		(154,067)	(13,189)
Gain on debt modification	9	-	(36,290,354)
Operating income before working capital changes		151,605,167	213,245,474
(Increase) decrease in			
Trade and other receivables		(54,054,810)	(126,894,252)
Advances to related parties		37,691,792	28,228,680
Other current assets		(40,199,694)	(11,874,612)
Increase in			
Trade and other payables		31,279,567	62,867,458
Cash generated from operations		126,322,022	165,572,748
Interest received		154,067	13,189
Cash paid for final taxes		(1,190)	(5,476)
Net cash from operating activities		126,474,899	165,580,461
Cash flows from investing activities			
Other non-current assets		60,935,276	3,552,399
Acquisitions of property and equipment	5	(349,249)	(687,550)
Proceeds from disposal of property and equipment	5	443,240	601,881
Net cash from (used in) investing activities		61,029,267	3,466,730
Cash flows from financing activities			
Payments of advances from related parties	13	(102,705,575)	(372,411,614)
Payments of interest-bearing loans and borrowings	9	(111,368,883)	(149,841,270)
Interest paid		(42,044,444)	(80,568,698)
Proceeds from interest-bearing loans and borrowings	9	11,724,600	-
Collection of subscription receivable	10	-	489,000,000
Net cash used in financing activities		(244,394,302)	(113,821,582)
Net (decrease) increase in cash		(56,890,136)	55,225,609
Cash at beginning of year		58,486,779	3,261,170
Cash at end of year		1,596,643	58,486,779

The notes on pages 1 to 40 are integral part of these financial statements.

Chelsea Logistics and Infrastructure Holdings Corp.

(A subsidiary of Udenna Corporation)

Notes to the Financial Statements

As at and for the year ended December 31, 2024

(With comparative figures as at and for the year ended December 31, 2023)

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

1 General information

1.1 Corporate information

Chelsea Logistics and Infrastructure Holdings Corp. (CLC or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) as Chelsea Shipping Group Corp. on August 26, 2016 primarily to subscribe for, invest and re-invest in, purchase, or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, deal in and hold investment or otherwise, any and all properties of every kind and description and wherever situated, including but not limited to shares of stocks, bonds, debentures, notes, evidences of indebtedness, promissory notes, or other securities or obligations, created, negotiated or issued by any corporation, association, or other entity, including, but not limited to, securities in corporations engaged in shipping and logistics.

On August 8, 2017, the shares of stock of the Parent Company were listed at the Philippine Stock Exchange (PSE).

On April 4, 2022, the SEC approved the Parent Company's application for increase in authorized share capital. Relative to this, the previously recognized Deposit on Future Stock Subscription (DFSS) was reclassified to share capital and Additional Paid-in Capital (APIC). The approval resulted in the increase in Udenna Corporation's (Udenna or the Ultimate Parent Company) effective ownership interest in the Parent Company from 70% to 75%. In October 2023, CLC entered into debt-to-equity conversion agreements with two of its lenders as part of its liability management exercise, reducing Udenna's effective ownership interest to 72.55%.

The Parent Company includes a subsidiary of Udenna, a company primarily organized to purchase, acquire, take over and manage all or any part of the rights, assets, business and property; undertake and assume the liabilities of any person, firm, association, partnership, syndicate of corporation; and to engage in the distribution, selling, importation, installation of pollution control devices, units and services, and all other pollution control related products and emission test servicing.

The registered office of the Parent Company and Udenna, which is also their principal place of business, is located at Stella Hizon Reyes Road, Bo. Pampang, Davao City.

As at December 31, 2024, the Parent Company has 35 shareholders (2023 - 28), 26 of which holds at least 100 common shares each (2023 - 20). The Parent Company's major shareholders are Udenna and its directors holding 72.70% of its total issued shares and the remaining 27.30% of total issued shares as at December 31, 2024 (2023 - 27.34%) are held by the public.

1.2 Subsidiaries, associate and their operations

As at December 31, the Parent Company holds ownership interests in the following subsidiaries and associate (collectively referred to as the Group):

Company name	Notes	Percentage of ownership	
		2024	2023
Subsidiaries through direct interest:			
Chelsea Shipping Corp. (CSC)	a	100%	100%
Trans-Asia Shipping Lines, Incorporated (Trans-Asia)	b	100%	100%
Udena Investments B. V. (UIBV)	c	100%	100%
Starlite Ferries, Inc. (Starlite)	d	100%	100%
Worklink Services, Inc. (WSI)	e	100%	100%
TASLI Services, Incorporated (TSI)	f	100%	100%
The Supercat Fast Ferry Corporation (SFFC)	g	100%	100%
Subsidiaries through indirect interest:			
Bunkers Manila, Inc. (BMI) ¹	h	100%	100%
Michael, Inc. (MI) ¹	i	100%	100%
PNX-Chelsea Shipping Corp. (PNX-Chelsea) ¹	j	100%	100%
Chelsea Ship Management & Marine Services Corp. (CSMMSC) ¹	k	100%	100%
Fortis Tugs Corporation (FTC) ¹	l	100%	100%
Davao Gulf Marine Services, Inc. (DGMSI) ²	l	100%	100%
Chelsea Marine Manpower Resources, Inc. (CMMRI) ¹	m	100%	100%
Chelsea Dockyard Corporation (CDC) ¹	n	100%	100%
CD Ship Management and Marine Services Corp. (CDSMMSC) ¹	o	100%	100%
Chelsea Shipping and Logistics Singapore Pte. Ltd. (CSLSP) ¹	p	100%	100%
Quality Metals & Shipworks, Inc. (QMSI) ³	q	100%	100%
Oceanstar Shipping, Inc. (Oceanstar) ³	r	100%	100%
Dynamic Cuisine, Inc. (DCI) ³	s	100%	100%
Starsy Shoppe, Inc. (SSI) ³	t	100%	100%
Star Maritima Port and Allied Services (Star Maritima) ³	u	100%	100%
Starbites Food Services Corp. (Starbites) ⁴	v	100%	100%
Starlite Gallant Ferries, Inc. (SGFI) ⁴	d	100%	100%
Starlite Premiere Ferries, Inc. (SPFI) ⁴	d	100%	100%
Big Hub Transport and Logistics Corp. (Big Hub) ³	w	100%	100%
Precision Supply Chain Solution, Inc. (Precision) ⁴	z	100%	100%
Chelsea Business Solutions Corp.(CBSC) ⁴	aa	100%	-
KGLI-NM Holdings, Inc. (KGLI-NM) ⁵	x	100%	100%
Associate:			
Dito Holdings Corporation (DHC)	y	8.59%	8.59%

¹Wholly owned subsidiary of CSC

²Wholly owned subsidiary of FTC

³Wholly owned subsidiary of Trans-Asia

⁴Wholly owned subsidiary of Starlite

⁵60.29% owned by CLC and 39.71% owned by UIBV, based on voting rights

Except for UIBV and CSLSP, which were organized and incorporated in the Netherlands and Singapore, respectively, all the subsidiaries and associates were organized and incorporated in the Philippines.

- a. Incorporated on July 17, 2006 and is engaged in the business of maritime trade in the conveyance or carriage of petroleum products, goods, wares and merchandise of every kind, over domestic and international oceans, seas, lakes, rivers, canals, harbours, and other waterways in the Philippines.
- b. Incorporated on March 25, 1974 and is engaged in the transport of passengers and cargoes within Philippine territorial waters and/or in the high seas. Trans-Asia was acquired on December 12, 2016.
- c. Incorporated on August 25, 1994 under the laws of the Netherlands, having its corporate seat in Amsterdam, and is incorporated to participate in, to administer, to finance, to conduct the management of and to render advice and services to other companies and enterprises. UIBV is formerly known as KGL Investment B.V, a private company with limited liability.

UIBV owns 80% economic interest and 39.71% of the voting rights in KGLI-NM.

- d. Incorporated on August 25, 1994 and is primarily engaged in general business of domestic shipping, to own and operate vessels of any class, type of description for domestic trade, to charter in and out any such vessel. Starlite was acquired on November 9, 2017. On August 10 and October 22, 2018, Starlite acquired all of the outstanding shares of stock of SGFI and SPFI, respectively. Both companies are primarily engaged in the general business of domestic shipping; to own and operate vessel of any class, type or description for domestic trade; and, to charter in and out any vessel.
- e. Incorporated on June 2, 1994 and is engaged in logistics services such as but not limited to cargo freight forwarding (air, land and sea), cargo consolidation, courier services, distribution, trucking, warehousing, customs brokerage, packing and crafting, etc. WSI was acquired on November 8, 2017.
- f. Incorporated on September 2, 2019 and is primarily engaged in shipping agency business and maritime operation and services.
- g. Incorporated on June 20, 2001 and is primarily engaged in domestic shipping business – transporting both passenger and cargoes, to own, operate, and charter vessels of any class or type, and to own, control, construct and operate passenger terminals.
- h. Incorporated on March 7, 2000 and is established to serve the growing demand of marine fuel (bunker) of foreign vessels calling on the ports of the Philippines and hauling of marine fuel and petroleum products for major oil companies.
- i. Incorporated on December 26, 1957 and is engaged in the business of acquiring and operating floating equipment for charter or hire, and for the conveyance and carriage of goods, wares, and merchandise of every description in the Philippines coastwise traffic without any fixed schedule.
- j. Incorporated on February 2, 2011 and is engaged in the ownership and operation of vessels for domestic trade for the purpose of conveyance or carriage of petroleum products, goods, wares and merchandise of every kind and description.
- k. Incorporated on March 30, 2012 and is engaged in the business of ship management and to act as agent, broker, ship handler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels.
- l. Incorporated on April 8, 2013 and is engaged in the towage and salvage of marine vessels and other crafts including their cargoes upon seas, lakes, rivers, canals, bays, harbours, and other waterways between the various ports of the Philippines.

On December 15, 2016, FTC acquired 100% of the outstanding capital stock of DGMSI, a Davao-based tug service provider. DGMSI is engaged in, operates, conducts, and provides tug and marine services to all vessels, foreign or coastwise that dock and undock in the District Port of Davao and all other ports in the Philippines.

- m. Incorporated on June 9, 2016 and is primarily engaged in the business of providing full and partial crewing for domestic and foreign vessels, to act as the authorized representative and crew manager of shipping companies, and to provide allied maritime services for said vessels and companies.
- n. Incorporated on January 8, 2018 and is engaged in the general business of building and repair of ships, boats and other kinds of vessels as well as in ship breaking activities. As at December 31, 2024, CDC has not yet started commercial operations.
- o. Incorporated on March 14, 2018 to primarily engage in the business of ship management and to act as agent, broker, ship chandler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels.
- p. Incorporated and domiciled in the Republic of Singapore and is primarily engaged in the business and management consultancy services. CSLSP has not yet started commercial operations as at December 31, 2024.
- q. Incorporated on November 28, 2007 and is engaged in machining and mechanical works on ship machineries and industrial plants.
- r. Incorporated on July 6, 2006 primarily to engage in the business of domestic shipping for the transportation of passengers and cargoes with territorial waters and/or in the high seas and is presently engaged in the charter or lease of maritime vessels.
- s. Incorporated on June 21, 2000 primarily to establish and maintain restaurant, coffee shops, refreshment parlors, cocktail lounges and cater goods, drinks, refreshments and other food commonly served in such establishments.
- t. Incorporated on December 31, 2005 and is engaged in the purchase of all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation for purposes of selling the same on retail or wholesale, either local and/or through importation.
- u. Incorporated on October 11, 2018 and is primarily engaged in arrastre services. As at December 31, 2024, Star Maritima has not yet started commercial operations.
- v. Incorporated on June 27, 2018 and is engaged to purchase all kinds of food and beverage products and merchandise, except rice and corn, locally and/or through importation, for purposes of selling the same on retail or wholesale locally.
- w. Incorporated on November 14, 2018 and is primarily engaged to act as cargo consolidator, to engage in the business of transporting by land natural persons and/or their baggages, cargo, goods merchandise or effects, and to own, lease or charter, offer for lease or charter or operate land vehicles such as, but not limited to buses, cars, jeeps or vans.
- x. Organized under Philippines laws and registered with SEC on August 8, 2008 as an investment holding company.

- y. Incorporated on November 4, 2019 and is primarily engaged to acquire, hold, sell, exchange, deal and invest in real or personal property of all kinds, including stocks, bonds, or securities of any public or private corporation, including any government or any subdivision thereof, in the same manner and to the extent as a natural person might, could, or would do, to exercise all the rights, powers, and privileges of ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes, without however managing securities, portfolio, or funds of the managed entity or firm, nor shall the corporation act as a stock dealer in securities or broker, nor engage in investment solicitation nor take investments from the public sector. The Parent Company initially subscribed to 41.67% ownership interest in DHC on November 4, 2019. DHC has not yet started commercial operations as at December 31, 2024 and 2023.

In 2023, the SEC approved the increase in authorized capital stock of DHC, which resulted in the dilution of the Parent Company's ownership interest in DHC from 10.54% to 8.59% upon subscription by another investor of additional P2.2 billion in DHC. Such dilution did not result in cessation of significant influence of the Parent Company over DHC.

- z. Incorporated on December 28, 2023 and is primarily engaged to provide complete foreign and domestic end to end logistics, and distribution services for any and all kinds of goods including last mile delivery through the use of all available motor vehicles and vessels, aircraft, and to operate the necessary warehouses in connection with said logistics and distribution services.
- aa. Incorporated on November 2, 2024 and is primarily engaged in the general business of a one-stop shop providing travel products and services for domestic and international travels including transportation arrangements, accommodations and travel packages. CBSC has not yet started commercial operations as at December 31, 2024.

1.3 Status of the Parent Company's operations

The continued rapid economic expansion in 2024 marks the beginning of the Parent Company's recovery, following a strong rebound in 2023 that contributed to the growth of the Philippine economy. Despite the challenging economic conditions, such as volatile fuel prices, high interest rates, and inflation, the Group concluded the 2024 with notable improvements and milestones from prior years. Throughout the year, the Group implemented various strategies to overcome these challenges and ensure the sustainability of its operations that includes the following:

- Expanding strategic partnerships;
- Reduced non-essential capital expenditure and deferred or cancelled discretionary spending;
- Development of skills and talent of personnel to fully utilize existing manpower and to motivate and improve the general well-being of the workforce;
- Divested certain investments and disposed underperforming and non-performing assets;
- Negotiated for longer payment terms with business partners, creditors and suppliers;
- Ongoing drive for innovation and digitalization to increase productivity and raise customer experience;
- Statutory compliance and risk-mitigation measures to establish sustainability; and,
- Ongoing Liability Management Exercise (LME) with bankers and other financial institutions for the refinancing or restructuring of existing debt, or deferring payment of debt service.

With the Parent Company's businesses strongly directed on recovery and driving steady growth, thriving on the accomplishment of key strategic projects placed to further our resilience alongside external pressures and improve our long-term growth prospects.

Based on these factors, the Parent Company projects sufficient cash flows to support its operations. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Parent Company's ability to continue as a going concern.

1.4 Approval of financial statements

The accompanying financial statements were approved and authorized for issue by the Parent Company's Board of Directors (BOD) on March 28, 2025. There were no events during the intervening period between BOD approval and report date that will warrant adjustment or disclosures into the consolidated financial statements.

2 Cash

Cash as at December 31 consists of:

	2024	2023
Cash on hand	12,000	12,000
Cash in banks	1,584,643	18,468,398
Cash equivalents	-	40,006,381
	1,596,643	58,486,779

Cash in banks generally earn interest based on daily bank deposit rates. Cash equivalents represent short-term placements in local banks with varying periods from 30 to 90 days and earn effective interest ranging from 1.00% to 3.50% per annum.

Movements of short-term placements for the years ended December 31 are as follows:

	2024	2023
Beginning	40,006,381	-
Addition	-	40,006,381
Matured during the year	(40,006,381)	-
	-	40,006,381

3 Trade and other receivables

Trade and other receivables as at December 31 consist of:

	Note	2024	2023
Trade receivables	13	1,044,468,093	1,006,427,643
Non-trade receivables	13	350,822,256	4,653,859
Advances to officers and employees		867,171	990,977
		1,396,157,520	1,012,072,479

Trade and non-trade receivables are non-interest bearing and generally have a 30 to 60 days term.

Advances to officers and employees represent unsecured, non-interest-bearing cash advances for business-related expenditures and are subject to liquidation. Any unliquidated balances are subject to deductions on the salary of officers and employees.

Critical accounting estimate - Expected credit losses (ECL) on trade receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Parent Company has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgments. In determining the ECL on trade receivables, the Parent Company used three years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in inflation rate and gross domestic product to reflect the current and forward-looking information.

Any change in the Parent Company's assessment of the collectability of trade receivables could impact the recorded carrying amount of receivables and related provision for impairment.

All of the Parent Company's trade and other receivables have been assessed for impairment using ECL methodology. Based on the assessment made using the provisional matrix as determined by management and consideration of security provided by the Ultimate Parent Company and deduction from salaries of officers and employees in the case of advances to officers and employees, all receivables were assessed to be collectible in full, hence, no provisions for expected credit losses were recognized.

4 Other assets

Other assets as at December 31 consist of:

	Notes	2024	2023
<i>Current</i>			
Creditable withholding taxes		255,417,931	213,498,564
Deferred input value added taxes (VAT)		63,862,457	64,072,806
Prepayments		20,377	6,478,067
Advances to suppliers		327,164	89,983
		319,627,929	284,139,420
<i>Non-current</i>			
Software, net of amortization		9,177,902	11,144,594
Refundable deposits	9.3	9,923	4,544,077
Restricted cash	9.1	335,112	335,112
Deferred charges		-	56,401,122
Others		300,000	300,000
		9,822,937	72,724,905

Deferred input VAT pertains to the input VAT on services rendered to the Parent Company that remains unpaid as at December 31, 2024 and 2023.

Software refers to computer software licenses and software development costs, net of amortization. A reconciliation of the carrying amount of software as at December 31 is shown below.

	2024	2023
Balance at beginning of year	11,144,594	13,111,285
Amortization during the year	(1,966,692)	(1,966,691)
Balance at end of year	9,177,902	11,144,594

Amortization is presented as part of depreciation and amortization under operating expenses account in the statements of total comprehensive income.

Refundable deposits arise from operating leases on certain office (Note 9.3).

Restricted cash represents bank accounts that are reserved for debt service requirements in relation to certain loans of the Parent Company (Note 9.1).

Deferred charges pertain to downpayments made to suppliers for various future projects that are under pre-development. For the year ended December 31, 2024, the Parent Company wrote-off the deferred charges amounting to P56.4 million (2023 - nil).

Critical accounting judgment - Recoverability of creditable withholding taxes

In determining the recoverable amount of creditable withholding taxes, management considers the probability of future transactions that will be available against which the creditable withholding taxes can be utilized, including adequacy of and compliance with the required documentation for anticipated tax audits in case the entities within the Parent Company opted to file for refund with the tax authorities in the future.

Management uses judgment based on the best available facts and circumstances, including but not limited to, the adequacy of documentation, timely filing of application with the tax authority and evaluation of the individual tax credit claim's future recoverability and utilization. As at reporting date, management believes that it will be able to recover these creditable withholding taxes on the following basis that creditable withholding taxes carried in income tax returns do not expire and can be used against future income tax payable.

5 Property and equipment, net

Details and movements of property and equipment, net as at and for the years ended December 31 are as follows:

	Transportation equipment	Furniture, fixture and equipment	Leasehold improvements	Right-of-use asset	Total
At December 31, 2024					
Cost	13,717,857	8,280,220	108,387,319	-	130,385,396
Accumulated depreciation and amortization	(13,717,857)	(7,617,840)	(58,063,600)	-	(79,399,297)
Net carrying amount	-	662,380	50,323,719	-	50,986,099
At December 31, 2023					
Cost	14,664,286	7,930,973	108,387,319	83,282,702	214,265,280
Accumulated depreciation and amortization	(14,309,643)	(7,318,626)	(47,167,621)	(73,566,387)	(142,362,277)
Net carrying amount	354,643	612,347	61,219,698	9,716,315	71,903,003

A reconciliation of the carrying amounts of property and equipment as at December 31 is shown below:

	Transportation equipment	Furniture, fixture and equipment	Leasehold improvements	Right-of-use asset	Total
Balance at January 1, 2024, net of accumulated depreciation and amortization	354,643	612,347	61,219,698	9,716,315	71,903,003
Addition	-	349,249	-	-	349,249
Depreciation and amortization expense for the year	(354,643)	(299,216)	(10,895,979)	(9,716,315)	(21,266,153)
Balance at December 31, 2024, net of accumulated depreciation and amortization	-	662,380	50,323,719	-	50,986,099
Balance at January 1, 2023, net of accumulated depreciation and amortization	1,046,161	53,266	72,115,678	26,372,855	99,587,960
Addition	-	687,550	-	-	687,550
Depreciation and amortization expense for the year	(691,518)	(128,469)	(10,895,980)	(16,656,540)	(28,372,507)
Balance at December 31, 2023, net of accumulated depreciation and amortization	354,643	612,347	61,219,698	9,716,315	71,903,003

Depreciation and amortization expense of property and equipment is presented under operating expenses account in the statements of total comprehensive income.

For the year ended December 31, 2024, the Parent Company sold certain transportation equipment with a zero net book value resulting in gain on sale amounting to P0.4 million (2023 - P0.6 million). This was presented as part of other income in the statements of total comprehensive income (Note 11.2).

Critical accounting estimate - Estimated useful lives of property and equipment

The Parent Company's management determines the estimated useful lives for its property and equipment based on the period over which the assets are expected to be available for use. The Parent Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

If the actual useful lives of the property and equipment differ by +/- 10% from management's estimates, the carrying amount of property and equipment at cost, net as at December 31, 2024 would have been P1.1 million higher or P1.4 million lower (2023 - P1.5 million higher or P1.8 million lower). The range used was based on the management's assessment where potential impact to operations might occur.

Critical accounting judgment - Impairment of property and equipment

The Parent Company's property and equipment is carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of property, plant and equipment and the amount and timing of recorded provision for any period.

As at December 31, 2024 and 2023, based on management's assessment and judgment, there are no indications of impairment or changes in circumstances indicating that the carrying value of their property, plant and equipment may not be recoverable.

6 Investment property

The Parent Company's investment property pertains to a parcel of land located at Brgy. Ligid-Tipas, Taguig City. The land is carried at cost as at December 31, 2024 and 2023.

The movement of investment property for the years ended December 31 follows:

	2024	2023
Balance at beginning of year	1,270,907,962	1,270,907,962
Disposal during the year	(1,175,796,791)	-
Balance at end of year	95,111,171	1,270,907,962

Fair value measurement and disclosures related to the investment property are presented in Note 19.

In 2024, the Parent Company entered into a Deed of Assignment (Dacion En Pago) with China Banking Corporation (CBC) where the Parent Company assigned its rights and ownership to a certain portion of the investment property with a carrying value of P1,175.8 million to CBC for a total consideration of P1,633.8 million. The consideration was applied as full payment of the outstanding loan and unpaid interest of the Parent Company amounting to P1,013.8 million and partial payments to unpaid interest of loans of CSC and Tran-Asia with CBC amounting to P620 million (Notes 9 and 13). This resulted to a gain on sale of investment property amounting to P458.0 million presented under other income (expenses) in the statements of total comprehensive income.

The investment property of the Parent Company with a carrying amount of P95.1 million as at December 31, 2024 (2023 - P1,270.9 million) were used as a collateral to secure payment of CSC and TASLI's term loan with CBC (Note 9).

7 Investments in subsidiaries and an associate

The carrying values of the Parent Company's investments in subsidiaries and an associate as at December 31 are as follows:

	2024	2023
Subsidiaries:		
UIBV	6,048,000,000	6,048,000,000
CSC	3,000,000,000	3,000,000,000
Starlite	1,940,972,290	1,940,972,290
KGLI-NM	1,230,658,050	1,230,658,050
WSI	665,625,000	665,625,000
SFFC	650,000,000	650,000,000
Trans-Asia	616,253,686	616,253,686
TSI	3,125,000	3,125,000
	14,154,634,026	14,154,634,026
Associate:		
DHC	1,041,666,665	1,041,666,665
	15,196,300,691	15,196,300,691
Allowance for impairment of investment in subsidiaries	(1,495,959,422)	(1,473,034,877)
	13,700,341,269	13,723,265,814

On November 24, 2016, the Parent Company acquired all of the outstanding shares of CSC from P-H-O-E-N-I-X Petroleum Philippines, Inc. (PPPI), a related party under common ownership, for a total consideration of P2.0 billion. As at December 31, 2024 and 2023, the outstanding liability to PPPI arising from this transaction amounted to P500.0 million, which is presented as part of non-trade payables under the trade and other payables in the statements of financial position (Note 8).

On March 27, 2017, the Parent Company acquired all of the outstanding shares of UIBV from Udenna through a share-for-share swap, where the Company issued new common shares in favor of Udenna in exchange for shares of UIBV (Note 10.1).

On October 4, 2019, the Parent Company subscribed to 1,041,666,665 common shares or equivalent to 41.67% interest of DHC's authorized capital stock for a total amount of P1.0 billion. Out of the subscribed shares, P781.2 million worth of shares remains unpaid as at December 31, 2024 and 2023 and is presented as subscription payables under trade and other payables in the statements of financial position (Note 8). In 2023, another investor subscribed to the additional common shares in DHC, causing the dilution of the Parent Company's effective ownership from 10.54% to 8.59%. Management assessed that the Parent Company still exercises significant influence over DHC; hence, is still recognized as an investment in associate.

On October 1, 2021, the Parent Company acquired the Preferred B shares and common shares of KGLI-NM from its previous owner for a total consideration of P874.9 million. The acquisition resulted in increase in the effective voting rights of the Parent Company from 90.07% in 2020 to 100.0% in 2021.

On November 8, 2021, the Parent Company subscribed to additional 100.0 million shares of Starlite, and these were paid by the Parent Company by way of conversion of advances to the subsidiary (Note 10.1).

A reconciliation of the allowance for impairment of investments in subsidiaries as at December 31 are as follows:

	2024	2023
Balance at beginning of the year	1,473,034,877	983,204,565
Provision for impairment loss on investments in subsidiaries	22,924,545	489,830,312
Balance at end of year	1,495,959,422	1,473,034,877

The allowance for impairment of investments in subsidiaries are related to the following subsidiaries as follows:

	2024	2023
TASLI	970,632,907	-
CSC	525,326,515	1,473,034,877
Balance at end of year	1,495,959,422	1,473,034,877

For the year ended December 31, 2024, the Parent Company assessed that the recoverable amount of its investments in TASLI and CSC was lower than their carrying values; hence, an impairment loss amounting to P22. 9 million was recognized and is presented as impairment loss on investment in a subsidiary under other income (expenses) in the statements of total comprehensive income (2023 - P489.8 million).

Critical accounting judgment - Determination of significant influence over entities in which the Parent Company holds less than 20% ownership

Judgment is exercised in determining whether the Parent Company already has significant influence or control over an entity. In assessing each interest over an entity, the Parent Company considers the power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investors return.

Management has assessed that despite the dilution of effective ownership interest in DHC in 2022 (Note 8.1), the Parent Company continues to exercise significant influence arising from its representation on the board of directors and participation in policymaking processes of DHC.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicates that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

Critical accounting judgment - Impairment of investment in subsidiaries and associate

The carrying value of investment in subsidiaries and associate is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those management judgment and assessment could have a significant effect on the carrying value of investments and the amount and timing of recorded provision for any period.

As at December 31, 2024 and 2023, based on management's assessment and judgment, a portion of the carrying value of the Parent Company's investments may not be recoverable, hence provided for with an allowance.

8 Trade and other payables

Trade and other payables as at December 31 consist of:

	Notes	2024	2023
Trade payables		786,062,410	792,135,301
Subscription payables	7	781,249,999	781,249,999
Non-trade payables	7, 13.4	508,376,667	500,000,000
Deferred output VAT		149,602,091	123,944,736
Accrued expenses		93,453,227	231,922,082
Output VAT payable		15,309,607	32,427,030
Others		36,850,291	45,050,660
		<u>2,370,904,292</u>	<u>2,506,729,808</u>

Accrued expenses consist mainly of unpaid interest on the Parent Company's outstanding bank loans (Note 9) and unpaid professional fees for services rendered to the Parent Company.

9 Loans and borrowings

The short-term and long-term loans and borrowings are broken down as follows:

	Notes	2024	2023
Current:			
Bank loans	9.2	79,852,297	161,392,861
Term loans	9.1	18,391,814	172,343,262
Lease liability	9.3	-	8,956,841
		<u>98,244,111</u>	<u>342,692,964</u>
Non-current:			
Term loans	9.1	558,922,078	1,190,575,817
Bank loans	9.2	67,454,138	56,752,754
		<u>626,376,216</u>	<u>1,247,328,571</u>
		<u>724,620,327</u>	<u>1,590,021,535</u>

In 2023, the Parent Company negotiated with the banks for the refinancing, extension, or temporary relief of its loan obligations as part of the Parent Company's LME (Note 1.3). Relative to this, the Parent Company was able to agree with banks restructuring or modification of terms of certain loans. For those that qualify as significant loan modification for the year ended December 31, 2023, the Parent Company recognized a gain on debt modification amounting to P36.3 million and is presented under other income (expenses) in the statements of total comprehensive income. There was no similar transaction for the year ended December 31, 2024.

A reconciliation of the carrying amounts of interest-bearing loans and borrowings for each of the years ended December 31, 2024 is presented below.

	Term loans (Note 9.1)	Bank loans (Note 9.2)	Mortgage loans	Lease liability (Note 9.3)	Total
Balance as at January 1, 2024	1,362,919,079	218,145,615	-	8,956,841	1,590,021,535
Cash flow from a financing activity:					
Additions	-	11,724,600	-	-	11,724,600
Repayments	(19,848,262)	(82,563,780)	-	(8,956,841)	(111,368,883)
	(19,848,262)	(70,839,180)	-	(8,956,841)	(99,644,283)
Non-cash financing activities:					
Assignment of investment property	(800,000,000)	-	-	-	(800,000,000)
Capitalized interest	22,858,888	-	-	-	22,858,888
Amortization of discount	10,687,362	-	-	-	10,687,362
Restatement of foreign currency denominated loans	696,825	-	-	-	696,825
	(765,756,925)	-	-	-	(765,756,925)
Balance as at December 31, 2024	577,313,892	147,306,435	-	-	724,620,327
Balance as at January 1, 2023	930,484,253	976,751,349	100,290	26,177,746	1,933,513,638
Cash flow from a financing activity:					
Repayments	(107,287,341)	(25,232,734)	(100,290)	(17,220,905)	(149,841,270)
Non-cash financing activities:					
Reclassification	500,000,000	(500,000,000)	-	-	-
Capitalized interest	76,851,371	-	-	-	76,851,371
Debt to equity conversion	-	(233,373,000)	-	-	(233,373,000)
Gain on debt modification	(36,290,354)	-	-	-	(36,290,354)
Restatement of foreign currency denominated loans	(838,850)	-	-	-	(838,850)
	539,722,167	733,373,000	-	-	193,650,833
Balance as at December 31, 2023	1,362,919,079	218,145,615	-	8,956,841	1,590,021,535

Interest incurred on these loans is presented as part of finance costs under the other income (expenses) in the statements of total comprehensive income (Note 9.1). The related unpaid interest as at December 31, 2024 and 2023 is presented as part of accrued expenses under the trade and other payables in the statements of financial position (Note 8).

9.1 Term loans

a. China Banking Corporation (CBC)

On August 27, 2019, the Parent Company entered into a loan agreement with CBC to finance the acquisition of a real estate property and for the construction of a warehouse facility on the said property amounting to P800.0 million. The loan is subject to a fixed interest rate of 7.25% for the first ten years and subject to repricing for the remaining five years. On the interest rate resetting date, the interest rate shall be repriced and determined based on the higher of the benchmark rate and interest spread of 250 bps, divided by the interest premium of factor of 95% or a floor rate of 7.25%. The loan is payable on a quarterly basis up to 15 years from the initial drawdown, inclusive of two-years grace period from the date of signing. As at December 31, 2023, the Parent Company has total drawdown amounting to P800.0 million from the term loan facility. In 2024, the outstanding was fully paid through a Deed of Assignment (Dacion En Pago) agreement with CBC (Note 6). This resulted to a gain on sale of investment property amounting to P458.0 million presented under other income (expenses), net in the statements of total comprehensive income.

As at December 31, 2024, the investment property of the Parent Company with a carrying amount of P95.1 million (2023 - P1,270.9 million) was used as a collateral to secure payment of this loan (Note 6).

The loan agreement also requires the Parent Company to maintain reserve accounts for debt service requirements and these are presented as restricted cash under other non-current assets in the statements of financial position (Note 4).

b. Philippine Business Bank (PBB)

In May 2021, the Parent Company entered into a loan facility with PBB amounting to US\$3.5 million to finance the Parent Company's equity due on MV Trans-Asia 21. The loan is subject to annual interest rate of 10.0% and is payable on a quarterly basis up to the end of third year from the first draw down. On August 12, 2022, PBB and the Parent Company has amended its MOA in which the principal repayment will be on a staggered basis commencing at the date of amendment until 2023 with annual interest rate of 11.0%. In 2023, the agreement was amended to extend the payment of principal and interest until January 2025. The loan does not include any financial covenant.

The loan is secured by a deed of pledge of shares of stock by Udenna and the Parent Company with a net book value as at December 31, 2024 of P138.7 million (2023 - P135.7M) (Note 13.7).

c. Amalgamated Investment Bancorporation (AIB)

On March 31, 2023, the Parent Company entered into a loan agreement with AIB to restructure the outstanding bank loan and unpaid interest amounting to P500.0 million and P60.4 million, respectively. The restructured loan bears lower annual interest rate applicable for year 1, collected quarterly in arrears, to be recaptured at a target rate in year 9, with annual repricing based on BVAL plus a fixed interest rate ending on the 3rd year. The principal is payable on installment based on the outstanding principal amount from the amended date in sculpted repayments until the maturity of the loan. No gain or loss on loan restructuring was recognized as there is no substantial modification of terms under PFRS 9. However, the existing loan was restated to net present value of revised cash flows discounted at the original effective interest rate and an adjustment to the amortized cost of the loan resulted in catch-up income for the year ended December 31, 2023 amounting to P36.3 million, presented as part of the gain on debt modification under other income (expenses) in the statements of total comprehensive income. The loan does not include any financial covenant.

9.2 Bank loans

The Parent Company obtained various unsecured bank loans with local banks and private institutional and individual lenders primarily for working capital requirements. The loans bear annual interest rates ranging from 4.75% to 10.00% and are payable within 30 to 180 days. These loans do not include any financial covenants.

In October 2023, the Company entered into Subscription and Debt Conversion Agreements with certain private institutional lenders. As a result, the outstanding loan amounting to P233.4 million has been derecognized and converted through the issuance of 77,791,000 shares of the Parent Company (Note 10).

9.3 Lease liability

The Parent Company has leases for certain office space. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Parent Company classifies its right-of-use assets as part of property and equipment in the statements of financial position (Note 5).

Each lease generally imposes a restriction that, unless there is a contractual right for the Parent Company to sublet the asset to another party, the right-of-use asset can only be used by the Parent Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Parent Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office space, the Parent Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Parent Company must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The Parent Company's lease for certain office space has a term of five years and two years, and includes annual escalation rates of 5.0% and 7.0%, respectively. Such leases have renewal options which are subject to the mutual agreement of both the lessor and the lessee to be enforceable. Accordingly, the extension options was not considered reasonably certain to be exercised.

The Parent Company historically does not exercise its termination options. The lease termination option not recognized as part of liability, based on the lease contract, is expected to be equivalent to a certain percentage of the unrealized income of the lessor due to the termination.

The lease liability is secured by the related underlying asset. The maturity analysis of lease liability as at December 31, 2023 is shown as follows:

	Within 1 year	1 to less than 2 years	2 to less than 3 years	Total
December 31, 2023				
Lease payments	9,543,510	-	-	9,543,510
Finance charges	(586,669)	-	-	(586,669)
Net present value	8,956,841	-	-	8,956,841

As at December 31, 2024 and 2023, the Parent Company had not committed to any leases, which had not commenced.

The Parent Company has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expenses relating to short-term leases amounted to P10.4 million in 2024 and is presented as rental under operating expenses in the statements of total comprehensive income (2023 - P2.1 million). As at December 31, 2024 and 2023, the Parent Company has no remaining commitments on short-term leases.

Interest expense in relation to lease liabilities amounting to P0.6 million in 2024 is presented as part of finance costs under other income (expenses) in the statements of total comprehensive income (2023 - P1.7 million) (Note 11.1).

Refundable deposit relating to these lease of office spaces as at December 31, 2024 amounted to P0.01 million (2023 - P4.5 million) and is recorded under other non-current assets account in the statements of financial position (Note 4).

Amount recognized in the statement of total comprehensive income and statement of cash flows

The statement of total comprehensive income shows the following amounts relating to leases for each of the years ended December 31:

	Notes	2024	2023
Amortization expense	5	9,716,315	16,656,540
Interest expense	11	586,669	1,714,631
Expense related to short-term and low value lease		10,475,600	2,054,410

The total cash outflow for the lease agreements for the year ended December 31, 2024 amounted to P11.1 million (2023 - P3.8 million).

a. Discount rate

Payments for lease of real property are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Critical accounting estimate and assumption - Determining the incremental borrowing rate

To determine the incremental borrowing rate, the Parent Company uses the government bond yield, adjusted for the (1) credit spread specific to the Parent Company and (2) security using the right-of-use asset. The discount rate applied by the Parent Company for the years ended December 31, 2023 is 6%.

b. Extension and termination options

Extension and termination options are included in the several leases of the Parent Company. These are used to maintain operational flexibility in terms of managing the assets used in the Parent Company's operations. The extension and termination options held are exercisable by both the Parent Company and the respective lessor.

Critical accounting judgment - Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Parent Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Parent Company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Parent Company is typically reasonably certain to extend (or not terminate).

Otherwise, the Parent Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

All extension options in leases have been included in the lease liabilities because the renewal is most likely to happen given that the Parent Company could not replace the assets without significant costs or business disruption. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

9.4 Net debt reconciliation

Presented below is the net debt reconciliation as at December 31:

	Notes	2024	2023
Cash	2	1,596,643	58,486,779
Advances from related parties	13	(8,733,637,352)	(9,130,645,021)
Loans and borrowings		(724,620,327)	(1,590,021,535)
Net debt		(9,456,661,036)	(10,662,179,777)

10 Equity

10.1 Share capital

Share capital as December 31 consists of:

	Shares		Amount	
	2024	2023	2024	2023
Preferred shares - P1 par value				
Authorized	10,000,000	10,000,000	10,000,000	10,000,000
Issued and outstanding	500,000	500,000	500,000	500,000
Common shares - P1 par value				
Authorized	3,490,000,000	3,490,000,000	3,490,000,000	3,490,000,000
Issued				
Balance at beginning of the year	1,899,768,615	1,821,977,615	1,899,768,615	1,821,977,615
Issuance during the year	-	77,791,000	-	77,791,000
Balance at end of the year	1,899,768,615	1,899,768,615	1,899,768,615	1,899,768,615
Subscription receivable				
Balance at beginning of the year	243,750,000	93,750,000	131,250,000	281,250,000
Paid during the year	-	150,000,000	-	(150,000,000)
Balance at end of the year	243,750,000	243,750,000	131,250,000	131,250,000
Total issued, subscribed and outstanding shares	2,144,018,615	2,144,018,615	2,144,018,615	2,144,018,615

On March 27, 2017, CLC acquired all of UIBV's outstanding capital stock through a share swap agreement with Udenna wherein Udenna transferred to CLC 18,200 UIBV shares. In exchange, the Parent Company issued 775,384,615 new common shares from its authorized and unissued capital stock in favor of Udenna (Note 7). In addition, the Parent Company recognized APIC amounting to P5,272.6 million.

On July 11, 2017, the SEC issued an order approving the Registration Statement covering the securities, which comprised the Parent Company's outstanding capital stock. On August 8, 2017, the Parent Company's shares were listed in the PSE and the trading of offer shares commenced. The Parent Company offered to the public 546,593,000 primary shares at an offer price of P10.68 per share for total gross proceeds of P5.8 billion. In addition, the Parent Company recognized the APIC amounting to P4,725.8 million, net of issuance costs amounting to P565.3 million. As at December 31, 2024, the Parent Company's listed shares closed at P1.31 per share (2023 - P1.49).

On October 6, 2020, the Parent Company's Shareholders ratified the BOD's approval of the issuance of 500,000 Preferred Shares via private placement to Global Kingdom Investments Limited at the subscription price of P1,000 per share, subject to certain terms and conditions. The par value of the Preferred Shares is P1.0 per share. Actual issuance of the shares has not yet been executed as at December 31, 2021.

On the same date, the Parent Company's Shareholders also ratified the BOD's approval of the increase in the authorized capital stock of the Parent Company to P3,500,000,000. The increase of 1,500,000,000 shares, consists of all common shares. Udenna Corporation subscribed to 375,000,000 common shares, which is 25% of the increase in common shares, at the price of P3.26 per share with reference to the 90-day volume weighted average price. The par value of the common shares is P1.0 per share.

Receipt of capital infusion from Global Kingdom Investments Limited amounting to P414.8 million and from Udenna amounting to P305.6 million, totaling to P720.4 million was presented as Deposits on Future Stock Subscriptions under Equity section as at December 31, 2021 and was reclassified as part of Capital Stock and APIC in 2022 upon approval of the increase in the authorized capital stock by the SEC on April 4, 2022.

In 2022, Global Kingdom has fully paid its subscriptions to preferred shares and the Parent Company subsequently issued the preferred shares. The preferred shares are non-voting, redeemable at the option of the issuer at subscription price and earn cumulative cash dividend at a rate of 8% per annum payable upon BOD's declaration and approval.

On October 2023, the Parent Company entered into Subscription and Debt Conversion Agreements with certain private institutional lenders in which the Parent Company offered to pay its outstanding loan amounting to P233.4 million through issuance of 77,791,000 shares of the Company (Note 10). APIC was recognized amounting to P155.6 million and is presented under Equity section as at December 31, 2024 and 2023.

In 2023, the Parent Company collected from Udenna a partial payment of the subscription receivable amounting to P489.0 million which was presented as part of subscribed shares and APIC as at December 31, 2024 and 2023.

10.2 Employee stock option plan

On February 13, 2019, the BOD of the Parent Company approved an ESOP covering all regular employees with at least one year of service from the date of grant. This was subsequently ratified by stockholders holding at least two-thirds of the outstanding capital stock on March 15, 2019. The objective of the ESOP is to recognize the loyalty, dedication and exemplary performance of the employees of the Parent Company, thereby encouraging long-term commitment to the Parent Company.

Under the ESOP, the Parent Company shall initially reserve for exercise of stock options up to 56.3 million common shares of the Parent Company's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares, 66.67% of which were granted to existing employees as at the initial offering date (IOD) while the remaining 33.33% is reserved for employees hired after the IOD. Stock options may be granted within five years from the adoption of the ESOP and may be exercised within 10 years from the date of grant. The exercise price shall be based on the volume weighted average price of the Parent Company 30 days prior to the IOD. The options shall vest for a period of one to five years from the IOD. The Parent Company shall receive cash for the stock options.

As at December 31, 2024 and 2023, pursuant to the ESOP, the Parent Company has granted the option to its eligible employees to subscribe to 37.6 million shares of the Parent Company. An option holder may exercise in whole or in part his vested option, provided that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. No options have been exercised as at December 31, 2024 and 2023.

The fair value of the option grant date estimated using binomial option pricing model that takes into account factors specific to the ESOP. The principal assumptions used in the valuation are shown below.

Vesting period ends	May 15, 2024
Option life	Five years
Share price at grant date	P6.05
Exercise price at grant date	P6.28
Amended exercise price	P3.99
Average fair value at grant date	P3.16
Average standard deviation of share price returns	51.28%
Average risk-free investment rates	6.14%

The underlying expected volatility was determined by reference to historical date of the Parent Company's shares over a period of time consistent with the option life.

In 2022, the Parent Company amended the subscription price of the stock options to P3.99 per share from P6.28 per share and the exercise periods to the first five trading days of September of every year. This change was taken prospectively from date of approval.

For the year ended December 31, 2024, a total of P2.2 million is recognized and included as part of salaries and employee benefits under operating expenses in the statements of total comprehensive income (2023 - P3.4 million) (Note 14.1) and credited to share options outstanding in the equity section of the statements of financial position. In 2024, outstanding share options amounting to P18.3 million is presented as Share Options Outstanding in the statements of financial position (2023 - P16.0 million).

Critical accounting estimate and assumptions - Fair value measurement of stock options

The Group estimates the fair value of the stock options by applying an option valuation model, taking into account the terms and conditions on which the stock options were granted. The estimates and assumptions used include, among other things, the option life, average standard deviation of share price returns and applicable risk-free investment rate. Changes in these factors can affect the fair value of stock options at grant date.

On October 28, 2022, the Parent Company's BOD approved the change in the subscription price to P3.99 per share as stipulated in the amended Employee Stock Option Plan (the ESOP). This change was applied prospectively from the date of approval and resulted in an increase in share options expense totaling to P18.8 million in 2022. There were no amendments made to the ESOP in 2024 and 2023.

11 Other income (expenses)

11.1 Finance cost

The details of finance costs for each of the years ended December 31 are shown below.

	Notes	2024	2023
Interest expense on:			
Interest-bearing loans	9	112,049,753	144,300,516
Post-employment benefits	14.2	5,351,411	2,193,075
Lease liabilities	9.3	586,669	1,714,631
		117,987,833	148,208,222
Bank charges		126,579	177,116
Foreign currency exchange losses, net		2,845,016	-
		120,959,428	148,385,338

11.2 Other (expenses) income, net

	Notes	2024	2023
Write-off of deferred charges	4	(56,401,122)	-
Gain on sale of property and equipment	5	443,240	601,881
Gain on pretermination of lease	5	-	-
Miscellaneous	4	3,870,607	1,569,284
		(52,087,275)	2,171,165

The Parent Company recognized net foreign currency exchange losses of P2.8 million for the year ended December 31, 2024 (2023 - 0.9 million gain) of which P0.4 million pertains to unrealized foreign exchange losses as at December 31, 2024 (2023 - P0.8 million gain).

12 Income taxes

The components of income tax benefits for each of the years ended December 31 are shown below.

	2024	2023
Reported in profit or loss:		
Current tax:		
Minimum corporate income tax (MCIT) at 2% in 2024 and 1.5% in 2023	(4,711,184)	(4,768,407)
Final taxes at 20%	(1,190)	(5,476)
	(4,712,374)	(4,773,883)
Deferred tax income (DIT) relating to:		
Origination of temporary differences	21,213,475	111,897,982
	16,501,101	107,124,099
Reported in other comprehensive income:		
DIT (expense) benefit relating to:		
Origination of temporary differences	(589,752)	1,150,476
	(589,752)	1,150,476

The reconciliation of tax on pretax profit (loss) computed at the applicable statutory rate to tax income (expense) reported in the profit and loss section of the statements of total comprehensive income is as follows:

	2024	2023
Tax on pretax loss (profit) at 25%	(106,502,812)	107,593,463
Adjustments for income subjected to lower tax rates	37,326	(2,179)
Tax effects of:		
Unrecognized net operating loss carry-over (NOLCO)	-	15,971,134
Non-taxable income	114,509,438	-
Application of NOLCO	18,540,910	-
Unrecognized MCIT	(4,711,184)	(4,768,407)
Non-deductible expenses	(5,372,577)	(7,311,676)
Derecognition of DIT asset	-	(4,358,236)
Income tax benefit	16,501,101	107,124,099

DIT assets, net as at December 31 consist of the tax effect of the following temporary differences:

	2024	2023
DIT assets		
Impairment losses on investment in subsidiaries	373,989,855	368,258,719
Retirement benefit obligation	25,728,566	10,636,597
Unrealized foreign currency exchange losses	7,700,154	7,525,948
Share based compensation	4,575,084	4,010,999
Leases	-	937,673
	411,993,659	391,369,936
DIT liability		
Gain on debt restructuring	(9,991,993)	(9,991,993)
	402,001,666	381,377,943

Realization of future tax benefit related to DIT assets is dependent on the Parent Company's ability to generate future taxable income during the periods in which these are expected to be recovered. The Parent Company has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at December 31, 2024 and 2023 and regularly reviews the recoverability of the DIT assets recognized.

The analysis of the recoverability and settlement of DIT assets and liability as at December 31 follows:

	2024	2023
DIT assets to be recovered		
Within one year	7,700,154	8,463,621
Beyond one year	404,293,505	382,906,315
	411,993,659	391,369,936
DIT liability to be settled		
Within one year	(9,991,993)	(9,991,993)
	(9,991,993)	(9,991,993)
DIT assets, net	402,001,666	381,377,943

Movements in the DIT assets, net for the years ended December 31 are as follows:

	Note	2024	2023
Balance at beginning of year, as restated		381,377,943	268,329,485
Credited to profit or loss		21,213,475	111,897,982
(Charged) credited to other comprehensive income	14.2	(589,752)	1,150,476
Balance at end of year		402,001,666	381,377,943

In 2020, pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Any net operating losses of a business that will be incurred for other taxable years can be carried over as a deductible expense from taxable for three (3) consecutive taxable years following the year of such loss.

The details of the Parent Company's NOLCO are shown below.

Year Incurred	Original Amount	Applied in Current Year	Applied in Prior Year	Remaining Balance	Valid Until
2021	244,026,427	-	-	244,026,427	2026
2020	205,653,114	(82,240,783)	(93,379,194)	29,398,136	2025
	449,679,541	(82,240,783)	(93,379,194)	273,424,563	

The Parent Company did not recognize the related DIT asset on NOLCO as at December 31, 2024 and 2023 as management assessed that the related benefits may not be fully utilized prior to its expiration. The unrecognized DIT assets from NOLCO as at December 31, 2024 amounted to P68.4 million (2023 - P89.1 million).

For the years ended December 31, 2024, the Parent Company is subject to the MCIT, which is computed at 2% (2023 - 1.5%) of gross income net of allowable deductions, as defined under the tax regulations or regular corporate income tax (RCIT), whichever is higher. The Parent Company's MCIT was higher than RCIT in each of the years ended December 31, 2024.

The details of the Parent Company's MCIT are shown below.

Year Incurred	Remaining Balance	Valid Until
2024	4,711,184	2027
2023	4,768,407	2026
2022	3,062,005	2025
	12,541,596	

The Parent Company did not recognize the related DIT asset on MCIT as at December 31, 2024 and 2023 as management assessed that the related benefits may not be fully utilized prior to its expiration.

Critical accounting judgment - Income taxes; Recoverability of DIT assets

Significant judgment is required in determining the income tax expense recognized in profit or loss. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Parent Company recognizes liabilities for anticipated tax assessment issues when it is probable. The liabilities are based on assessment and judgment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Parent Company's income tax and related liability in the period in which such determination is made.

Further, the recognition of DIT assets depends on management's assessment of the probability and available future taxable income against which the temporary difference can be applied. The Parent Company reviews the carrying amount of its DIT assets at the end of each reporting period and reduces the amounts to the extent it is no longer probable that sufficient taxable profit will allow all or part of its DIT assets to be utilized. Management has assessed during the reporting periods that the Parent Company will be able to generate sufficient future taxable income against which the temporary differences can be applied.

13 Related party transactions

The Parent Company's related parties include its ultimate parent company, subsidiaries, related parties under common ownership, associates, the Parent Company's key management personnel and stockholders.

Transactions amounting to more 10% or more of the total assets that were entered into with a related party, either individually or in aggregate value over a 12-month period with the same related party, are considered material. This is based on the requirements of SEC Memorandum Circular No. 2019-10, Rules of Material Related Party Transactions of Publicly-listed Corporations.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transactions (RPT) may be ratified by the vote of the stockholders representing at least two-thirds of the capital stock. For aggregate RPT within a 12-month period that breaches the materiality threshold of 10% or more of the total assets, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

A summary of the Parent Company's transactions with its related parties as at and for each of the years ended December 31 is presented below.

	Notes	Amounts of transaction		Receivable (payable)	
		2024	2023	2024	2023
Parent Company:					
Cash advances granted	13.1	-	4,851,119	7,104,377,346	7,116,076,955
Subsidiaries:					
Cash advances granted	13.1	9,995,519	14,049,000	1,161,047,209	1,173,610,059
Cash advances obtained	13.1	-	-	(8,229,637,352)	(8,626,645,021)
Non-trade receivable (Note 3)	13.1	325,754,673	-	325,754,673	-
Management fees	13.2	339,069,667	399,893,791	1,025,676,457	992,543,643
Interest income	13.3	37,200,000	37,200,000	18,791,636	13,884,000
Related parties under common ownership					
Cash advances obtained	13.1	-	-	(504,000,000)	(504,000,000)
Acquisition of CSC's shares (Note 8)	8, 9, 13.4	-	-	(500,000,000)	(500,000,000)
Right-of-use assets	5, 13.5	(9,716,315)	16,656,541	-	9,716,315
Lease liabilities	9.3, 13.5	(8,956,841)	(17,220,905)	-	(8,956,841)
Associate					
Sale of Dito		-	-	271,874,967	271,874,967
Shareholder					
Cash advances granted	13.1	-	-	213,780,218	227,209,551

Unless otherwise stated, the outstanding receivables and payables from and to related parties are unsecured, noninterest-bearing and are generally settled in cash upon demand or through offsetting arrangement with the related parties.

13.1 Advances to and from related parties

In the normal course of business, the Parent Company grants and obtains unsecured, non-interest-bearing cash advances to and from its related parties mainly for working capital requirements and to bridge financing of vessel acquisitions pending draw down of related loans. As at December 31, 2024 and 2023, the outstanding receivable and payable balances to and from these advances are presented as advances to related parties and advances from related parties, respectively, in the statements of financial position. These advances have no repayment terms and are payable in cash on demand or through offsetting arrangement with the related parties.

The movements on advances to related parties for the years ended December 31 are as follows:

	Parent Company	Subsidiaries	Associate	Shareholder	Total
December 31, 2024					
Balance at beginning of the year	7,116,076,955	1,173,610,059	271,874,967	227,209,551	8,788,771,532
Collections	(11,699,609)	(22,558,369)	-	(13,429,333)	(47,687,311)
Advances granted	-	9,995,519	-	-	9,995,519
Balance at end of the year	7,104,377,346	1,161,047,209	271,874,967	213,780,218	8,751,079,740
December 31, 2023					
Balance at beginning of the year	7,111,225,836	1,206,689,857	271,874,967	227,209,551	8,817,000,211
Collections	-	(47,128,798)	-	-	(47,128,798)
Advances granted	4,851,119	14,049,000	-	-	18,900,119
Balance at end of the year	7,116,076,955	1,173,610,059	271,874,967	227,209,551	8,788,771,532

Advances to Parent Company

In 2021, KGLI-NM sold its investment in 2GO to third parties for a total consideration of P7,460.4 million. Portion of the consideration amounting to P6,550.3 million was offset against a loan of the Parent Company and is presented as part of advances to related parties in the statements of financial position. Further, P35.2 million of the total consideration was used to offset against the Company's payables with 2GO in 2021. Remaining balance of the consideration was used to acquire the Preferred B shares of KGLI-NM from its previous owner.

Advances to subsidiaries

In 2021, the Parent Company reclassified advances to related parties amounting to P263.2 million to form part of the Parent Company's additional investment in Starlite (Note 7).

Non-trade receivable

In 2024, the Parent Company paid the interest due to CSC and Trans-Asia with CBC totaling to P620.1 million through Dacion En Pago of the Parent Company's investment property. The Parent Company offset the outstanding advances from CSC and Trans-Asia totaling to P294.3 million as payment to the Parent Company. Remaining outstanding balance of the non-trade receivable amounted to P325.8 million is presented as part of trade and other receivables in the statement of financial position (Note 3).

Critical accounting estimate - Expected credit losses (ECL) on advance to related parties

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgments. In determining the ECL of advances to related parties, the Group used three years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in inflation rate and gross domestic product to reflect the current and forward-looking information.

Any change in the Group's assessment of the collectability of advances to related parties could impact its carrying amount and related provision for impairment.

Critical accounting judgment - Recoverability of advances to related parties

Management evaluates specific accounts under advances to related parties who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the debtor and the debtors' payment history. The net carrying amounts of due from related parties at the end of the reporting period and the amount and timing of recorded expenses would therefore differ based on actual experience and changes in judgments made.

Advances from related parties

The movements on advances from related parties for the years ended December 31 are as follows:

	2024	2023
Balance at beginning of the year	9,130,645,021	9,503,056,635
Offsetting	(294,302,094)	-
Repayments	(102,705,575)	(372,411,614)
Balance at end of the year	8,733,637,352	9,130,645,021

In 2024, the Parent Company entered into an offsetting arrangement with CSC and TASLI. In the agreement the Parent Company settled the unpaid interests on loans from CBC of CSC and TASLI (Note 9.1) and the amount was offset against the advances from these subsidiaries as at the time of the transaction.

13.2 Management fees

The Parent Company entered into management agreements with its subsidiaries wherein the Parent Company shall provide general management services such as, but not limited to, accounting and treasury, internal audit functions, management information, human resources planning, consultancy and delivery, quality management, coordination and acquisition of corporate insurance needs, maintenance of corporate records and assistance in coordinating legal processes, controllership activities and preparation of annual business plans and reports. In consideration for such services, the Parent Company charges a fee equivalent to a certain percentage of the related parties' revenues. Fees arising from these transactions are presented as Management fees under the revenues account in the statements of total comprehensive income.

The related receivables from related parties are unsecured, non-interest-bearing and is included as part of trade receivables under the trade and other receivables in the statements of financial position (Note 3). Further, no expected credit loss was recognized on the outstanding receivables from related parties for the years ended December 31, 2024 and 2023 based on management's assessment.

13.3 Interest income

In 2024 and 2023, the Parent Company recharged to a certain subsidiary the total interest expense incurred in relation to a certain loan. The interest income recognized for the year ended December 31, 2024 and 2023 amounting to P37.2 million is presented as finance income under other income (expenses) in the statements of total comprehensive income. The outstanding receivables from related parties are unsecured and is presented as part of trade receivables under the trade and other receivables in the statements of financial position (Note 3). Further, no expected credit loss was recognized on the outstanding receivables in for the years ended December 31, 2024 and 2023 based on management's assessment.

13.4 Acquisition of CSC's shares

On November 24, 2016, the Parent Company acquired all of the outstanding shares of CSC from PPPI, a related party under common ownership, for a total consideration of P2.0 billion and is presented as part of investments in subsidiaries and associates in the statements of financial position (Note 7). As at December 31, 2024 and 2023, the outstanding liability from this transaction amounting to P500.0 million is presented as non-trade payables under the trade and other payables in the statements of financial position (Note 8). Interest expense on non-trade payables for the year ended December 31, 2024 amounted to P5.9 million (2023 - nil) (Note 11.1).

13.5 Leases

The Parent Company recognized right-of use asset and lease liability related to lease of a certain office space from a related party under common ownership (Notes 5 and 9.3) in accordance with PFRS 16. The total amortization on the right-of-use asset is presented as part of depreciation and amortization under operating expenses in the statements of total comprehensive income. Interest expense arising from the lease liabilities is recognized as part of finance costs under other income (expenses) in the statements of total comprehensive income (Notes 9.3 and 11.1).

13.6 Key management personnel compensation

The Parent Company's key management personnel compensation includes short-term benefits and post-employment defined benefits and are included as part of salaries and employee benefits under the operating expenses account in the statements of total comprehensive income.

13.7 Other

Certain interest-bearing loans of the Parent Company were secured by deed of pledge of shares of stocks by Udenna and the Parent Company with a net book value as at December 31, 2024 of P138.7 million (2023 - P135.7 million) (Note 9.1).

14 Salaries and employee benefits

14.1 Salaries and employee benefits

The details of salaries and employee benefits for the years ended December 31 are shown below.

	Notes	2024	2023
Short-term employee benefits		103,994,565	86,698,555
Share-based compensation	10.2	2,256,339	3,435,711
Post-employment benefits	14.2	57,375,474	7,357,083
		163,626,378	97,491,349

14.2 Post-employment defined benefit

As at December 31, 2024 and 2023, the Parent Company has not yet established a post-employment benefit fund. The Parent Company, however, accrues retirement benefits based on its Retirement Plan Policy which covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years credited service. Normal retirement benefit is an amount equivalent to a certain percentage of the plan salary for every year of service from 22.5 days for less than 6 years of credited service, 100% for 6 years but less than 11 years, 125% for 11 years but less than 16 years, 150% for 16 years to 20 years and 175% for more than 20 years.

Actuarial valuations are made regularly to update the post-employment benefit expense and the amount of contributions.

The movements in the present value of retirement benefit obligation recognized as at December 31 are presented below:

	2024	2023
Balance at beginning of year	42,546,378	28,394,316
Past service cost	49,410,852	3,882,983
Current service cost	7,741,977	3,034,405
Interest cost	5,351,411	2,193,075
Net acquired obligation due to employee transfers	229,645	439,695
Remeasurement (gain) loss due to changes in:		
Financial assumptions	(516,615)	3,299,078
Experience assumptions	(4,048,742)	1,302,826
Demographic assumptions	2,206,348	-
Balance at end of year	102,921,254	42,546,378

The amounts of retirement benefit expense recognized in the statements of total comprehensive income for each of the years ended December 31 are as follows:

	Note	2024	2023
Recognized in profit or loss			
Current service cost		7,741,977	3,034,405
Past service cost		49,410,852	3,882,983
Net acquired obligation due to employee transfers		229,645	439,695
Interest expense	11.1	5,351,411	2,193,075
		62,733,885	9,550,158
Recognized in other comprehensive income			
Remeasurement (gain) loss due to changes in:			
Financial assumptions		(516,615)	3,299,078
Experience assumptions		(4,048,742)	1,302,826
Demographic assumptions		2,206,348	-
		(2,359,009)	4,601,904

Current service cost and past service cost are presented as part of salaries and employee benefits expense under operating expenses in the statements of total comprehensive income.

The movements in the reserve for remeasurements of retirement benefit obligation presented in equity for the years ended December 31 are as follows:

	Notes	2024	2023
Balance at beginning of year		(156,117)	3,295,311
Remeasurement gain (loss) recognized in OCI		2,359,009	(4,601,904)
Deferred income tax effect	12	(589,753)	1,150,476
		1,613,139	(156,117)

Critical accounting estimate and assumptions - Valuation of post-employment defined benefit obligation

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining retirement benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation.

The Parent Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Parent Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit obligation.

The principal assumptions used in the actuarial valuations for the years ended December 31 are as follows:

	2024	2023
Discount rates	6.13%	6.06%
Expected rate of salary increase	5.00%	5.00%

Discount rate

The discount rate is determined by reference to the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEX (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero-coupon bonds as of the valuation date, and considering the average years of remaining working life of the employees as at the estimated term of the benefit obligation.

Salary rate increases

This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increases comprise of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

Demographic assumptions

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

Other key assumptions for retirement benefit obligation are based in part on current market conditions.

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 23 based on the profile plan of the members as at December 31, 2024 (2023 - 24). These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

Risks associated with the retirement plan

The plan exposes the Parent Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

i. Interest risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation.

ii. Longevity and salary risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

Other information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Parent Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below.

i. Sensitivity analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as at December 31, 2024 and 2023:

	Impact on retirement benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
December 31, 2024			
Discount rate	+/-1.0%	(6,928,169)	7,797,101
Salary growth rate	+/-1.0%	8,141,850	(7,347,493)
December 31, 2023			
Discount rate	+/-1.0%	(3,021,040)	3,402,732
Salary growth rate	+/-1.0%	3,536,052	(3,188,364)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the sensitivity analysis in previous page, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

ii. Funding Arrangements and Expected Contributions

As at December 31, 2024, the plan is underfunded by P102.9 million based on the latest actuarial valuation (2023 - P42.5 million). While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 23 years' time when a significant number of employees is expected to retire. The Company does not expect to set-up a retirement fund plan to make any contribution to a plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan from as follows:

	2024	2023
Within one to five years	35,109,019	17,883,686
More than five years but not more than ten years	155,838,302	66,672,549
More than ten years but not more than 15 years	58,286,983	6,328,294
More than 15 years	81,619,614	55,730,357
	330,853,918	146,614,886

The weighted average duration of the defined benefit obligation at the end of the reporting period is five years.

15 Commitments and contingencies

There are other commitments and contingent liabilities that arise in the normal course of the Parent Company's operations which have not been reflected in the Parent Company's financial statements. Management is of the opinion that losses, if any, from other commitments and contingencies will not have material effects on the Parent Company's financial statements.

16 Significant accounting judgments and estimates

The preparation of the Parent Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

16.1 Critical management judgments in applying accounting policies

In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

- Recoverability of creditable withholding taxes (Note 4)
- Impairment of property and equipment (Note 5)
- Determination of significant influence over entities in which the Parent Company holds less than 20% ownership (Note 7)
- Impairment of investment in associate (Note 7)
- Determination of lease term (Note 9)
- Income taxes; Recoverability of DIT assets (Note 12)
- Recoverability of advances to related parties (Note 13)

16.2 Critical accounting estimates and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are presented below.

- Expected credit losses (ECL) on trade receivables (Note 3) and advance to related parties (Note 13)
- Estimated useful lives of property and equipment (Note 5)
- Determining the incremental borrowing rate (Note 9)
- Fair value measurement of stock options (Note 10)
- Valuation of post-employment defined benefit obligation (Note 14)

17 Financial risk and capital management objectives and policies

The Parent Company's activities expose it to a variety of financial risks. These activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Parent Company's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Parent Company's financial performance.

The Parent Company's risk management is coordinated with its Parent Company, in close cooperation with the BOD, and focuses on actively securing the Parent Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The most important types of risk the Parent Company manages are market risk (mainly interest rate risk), credit risk and liquidity risk.

The Parent Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Parent Company is exposed to are described below and in the succeeding pages.

17.1 Components of financial assets and financial liabilities and related risk factors

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the statements of financial position as at December 31 are as follows:

	Notes	2024		2023	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial assets					
<i>At amortized cost</i>					
Cash and cash equivalents	2	1,596,643	1,596,643	58,486,779	58,486,779
Trade and other receivables	3	1,395,290,349	1,395,290,349	1,011,081,502	1,011,081,502
Advances to related parties	13.1	8,751,079,740	8,751,079,740	8,788,771,532	8,788,771,532
Security deposits	4	9,923	9,923	4,544,077	4,544,077
Restricted cash	4	335,112	335,112	335,112	335,112
		10,148,311,767	10,148,311,767	9,863,219,002	9,863,219,002
Financial Liabilities					
<i>At amortized cost</i>					
Interest-bearing loans	9	724,620,327	1,055,034,296	1,581,064,694	2,046,037,806
Leases	9	-	-	8,956,841	8,956,841
Trade and other payables*	10	2,176,160,880	2,176,160,880	2,352,948,466	2,352,948,466
Advances from related parties	14.1	8,733,637,352	8,733,637,352	9,130,645,021	9,130,645,021
		11,634,418,559	11,964,832,528	13,073,615,022	13,538,588,134

* Excluding other government liabilities

17.2 Market risks

The Parent Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign currency risk

The Parent Company has limited exposure to foreign currency risks as most of its transactions are denominated in Philippine pesos, its functional currency.

(b) Interest rate sensitivity

As at December 31, 2024 and 2023, the Parent Company is exposed to changes in market interest rates through its cash in banks, which are subject to variable interest rates. However, management believes that the related interest rate risk exposure is not significant to the financial statements..

The Company's exposure to cash flow interest rate risk relates to borrowings which are subject to interest rates that are repriced at periodic intervals in accordance with the terms of the agreement. The Company's practice is to manage its interest cost by reference to current market rates in borrowings.

All other financial assets and financial liabilities are either noninterest-bearing or subject to fixed interest rates

17.3 Credit risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Parent Company. The Parent Company is exposed to this risk for various financial instruments, for example, by granting advances and rendering services to related parties and by placing deposits with banks.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position as summarized below.

	Notes	2024	2023
Cash and cash equivalents	2	1,584,643	58,474,779
Trade and other receivables (excluding advances to officers and employees)	3	1,395,290,349	1,011,081,502
Advances to related parties	13.1	8,751,079,740	8,788,771,532
Refundable deposits	4	9,923	4,544,077
Restricted cash	4	335,112	335,112
		10,148,299,767	9,863,207,002

None of the financial assets are secured by collateral or other credit enhancements, except for cash, as described below.

a. Cash and cash equivalents

The Parent Company does not believe it has any significant exposure to credit risk arising from cash in banks as the Parent Company concentrates its main banking activities with universal banks as defined by the Philippine Banking System. Universal banks represent the largest single group and resource-wise financial institution in the country that has a good credit rating, duly approved by the Parent Company's BOD and, by policy, limits the amount of credit exposure to any of the financial institutions.

To further minimize credit risk exposure from cash, the Parent Company maintains cash deposits in reputable universal banks. The Parent Company assesses that cash in banks have low credit risk considering the bank's external credit ratings.

b. Trade and other receivables and advances to related parties

The Parent Company applies the PFRS 9 simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2024 and 2023, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

No impairment was recognized in relation to the Parent Company's trade and other receivables as the historical loss rates from existing customers are low and deemed insignificant. The Parent Company also considers to the existence of financial liabilities, which may be offset against the outstanding trade receivables with the same counterparty.

Furthermore, the Parent Company's advances to related parties are repayable on demand and the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date, taking into consideration historical defaults from the related parties. Management assessed that the outstanding advances from related parties as at December 31, 2024 and 2023 are recoverable since these the related parties were assessed to have a capacity to pay the advances upon demand and there were no historical defaults. Hence, no impairment is necessary.

c. Security deposits

The credit risk for refundable deposits is also considered negligible as the Parent Company has ongoing lease agreements with the counterparty and the latter is considered to be with sound financial condition and sufficient liquidity.

d. Restricted cash

The restricted cash presented as part of other current assets (Note 4) as at December 31, 2024 and 2023 was set up by the Parent Company in relation to the term loan agreement and maintained by in a reputable bank. The Parent Company assesses that the debt service reserve account have low credit risk considering the bank's external credit ratings.

17.4 Liquidity risk

The Parent Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Parent Company maintains cash to meet its liquidity requirements for up to 60-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Parent Company's financial liabilities, excluding lease liabilities (Note 9.4), have contractual maturities which are presented below.

As at December 31, 2024

	Notes	Due and demandable	Current		Non-current	
			Within six months	Within six to twelve months	One to five years	More than five years
Interest-bearing loans	9	-	67,312,250	51,818,581	656,938,243	278,965,222
Trade and other payables	10	400,728,827	494,182,054	1,281,249,999	-	-
Advances from related parties	14.1	8,733,637,352	-	-	-	-
		9,134,366,179	561,494,304	1,333,068,580	656,938,243	278,965,222

As at December 31, 2023

	Notes	Due and demandable	Current		Non-current	
			Within six months	Within six to twelve months	One to five years	More than five years
Interest-bearing loans	10	-	433,181,571	190,939,699	1,180,086,692	560,529,626
Accounts and other payables	9	396,067,651	627,989,733	1,281,249,999	-	-
Advances from related parties	14	9,130,645,021	-	-	-	-
		9,526,712,672	1,061,171,304	1,472,189,698	1,180,086,692	560,529,626

These contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

18 Offsetting of financial assets and financial liabilities

In 2024, the Parent Company has set off financial assets and financial liabilities amounting to P294.3 million (2023 - nil) based on offsetting arrangements with its related parties. Generally, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instruments may have the option to settle on a net basis in the event of default of one of the parties through approval by the respective BOD and stockholders of both parties or upon instruction by Udenna.

In addition, the Parent Company's outstanding interest-bearing loans from certain banks can be potentially set-off to the extent of the Parent Company's outstanding cash deposited in the same banks. Restricted cash represents bank accounts that are reserved for debt service requirements in relation to certain loans of the Parent Company.

The outstanding balances of trade and other receivables and cash advances granted to related parties totaling P10,146.3 million as at December 31, 2024 (2023 - P9,791.0 million) may be offset against the outstanding balances of accounts and other payables and cash advances obtained from related parties totaling P9,233.6 million as at December 31, 2024 (2023 - P9,639.6 million).

The Parent Company also has cash balances are also restricted for use to secure line of credits with banks (Notes 5 and 9.1).

19 Fair value measurements and disclosures

Fair value measurements of non-financial assets

The Level 3 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with adjustments on the price for the differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter of the land; hence, the higher the price per square meter, the higher the fair value. As at December 31, 2024, the fair value of the land classified under investment property amounted to P145.0 million as determined by reference to current prices for similar properties in the same location and condition (2023 - P1,881.1 million). Accordingly, the Parent Company's investment property as at December 31, 2024 and 2023 is not impaired.

20 Capital management objectives, policies and procedures

The Parent Company's capital management objectives are to ensure the Parent Company's ability to continue as a going concern and to provide an adequate return to shareholders. The Parent Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2024	2023
Total liabilities	11,932,083,226	13,269,942,742
Total equity	12,794,641,748	12,393,707,095
Debt-to-equity ratio	0.93:1.00	1.07:1.00

The Parent Company's goal in capital management is to maintain a debt-to-equity structure ratio which is in line with the Parent Company's covenants related to its bank borrowings.

The Parent Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and total liabilities. The Parent Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Parent Company may issue new shares or sell assets to reduce debt.

21 Supplemental information on non-cash activities

Discussed below are the supplemental on non-cash activities relative to the statements of cash flows of the Parent Company.

(a) In 2023, the Company converted certain loans totaling to P233.4 million to equity and is presented as part of share capital and APIC as at December 31, 2024 and 2023 (Note 10).

22 Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

22.1 Basis of preparation of financial statements

The financial statements of the Parent Company have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards;
- PAS Standards; and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

The financial statements are presented in Philippine peso, the Parent Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Parent Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

22.2 Adoption of amended PFRS Accounting Standards

a. *New and amended standards adopted by the Parent Company*

The Parent Company has applied the following amendments for the first time for the year beginning January 1, 2024 but did not have significant impact to the Parent Company's financial statements:

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

The amendments clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments must be applied retrospectively in accordance with the normal requirements in PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments have no significant impact on the Parent Company's financial statements.

b. *New standards, amendments and interpretations not yet adopted*

There are amendments to existing standards effective for annual periods subsequent to December 31, 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Parent Company's financial statements:

- *Amendments to the Classification and Measurement of Financial Instruments - Amendments to PFRS 9 and PFRS 7*

These amendments (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The amendments to PFRS 9 and PFRS 7 will be effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted subject to any endorsement process. The Company does not expect the amendments to have a significant impact on the Parent Company's financial statements.

- *PFRS 18, 'Presentation and Disclosure in Financial Statements'*

This is the new standard on presentation and disclosure in financial statements, which replaces PAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in PFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

The Parent Company does not expect the amendments to have a significant impact on the Parent Company's financial statements.

- *PFRS 19, 'Subsidiaries without Public Accountability: Disclosures'*

This new standard works alongside other PFRS Accounting Standards. An eligible subsidiary applies the requirements in other PFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in PFRS 19. PFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. PFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with PFRS Accounting Standards

There are no other standards, amendments and interpretations which are effective for the financial year beginning January 1, 2024, that are relevant to and have a material impact on the Parent Company's financial statements.

22.3 Separate financial statements and investments in subsidiaries and associates

These financial statements are prepared as the Parent Company's separate financial statements. The Parent Company's investments in subsidiaries and associates are accounted for in these separate financial statements at cost, less any impairment loss.

22.4 Financial assets

Classification

The Parent Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost. The classification depends on the Parent Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Parent Company did not hold financial assets at fair value during and at the end of each reporting period.

The Parent Company's financial assets at amortized cost category include cash and cash equivalent (Note 2), trade and other receivables (Note 3), advances to related parties (Note 14), security deposits (Note 4) and restricted cash (Note 4).

The Parent Company's financial assets are detailed in Note 17.1.

Recognition and subsequent measurement

The Parent Company recognizes a financial asset in the statement of financial position when the Parent Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Parent Company measures its financial assets at amortized cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest rate method.

Impairment

The Parent Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and other financial assets at amortized costs. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Parent Company uses its historical experience, external indicators, forward-looking information, and other qualitative factors (including possible offsetting) to calculate the ECL using a provision matrix. The Parent Company also assesses impairment of trade and other receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

For advances to related parties which all are repayable on demand, the ECLs are recognized in two stages. If the credit risk on a financial asset has not increased significantly since initial recognition, the Parent Company measures and provides for credit losses that are expected to result from default events that are possible within the next 12 months (12-month ECL). When there has been a significant increase in credit risk on a financial asset, a loss allowance is required for credit losses expected over the remaining life of exposure, irrespective of the timing of the default (lifetime ECL). Accordingly, ECLs are based on the assumption that repayment of the advances or loans is demanded at the reporting date taking into consideration the historical defaults of the related parties. Management considers if the related party has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date. If the Parent Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL.

For cash, the Parent Company applies low credit risk simplification and measures the ECL on the financial assets based on a 12-month ECL basis unless there has been a significant increase in credit risk since origination, in which case, the loss allowance will be based on lifetime ECL.

22.5 Financial liabilities

Classification and presentation

The Parent Company only has financial liabilities at amortized cost which consist of trade and other payables (excluding payable to government agencies), advances from related parties, loans and borrowings and lease liabilities.

Financial liabilities at amortized cost pertain to issued financial instruments that are not classified as at fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash.

Recognition and measurement

Financial liabilities at amortized cost are initially recognized at fair value less transaction costs.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of total comprehensive income under other income or expense.

These financial liabilities are subsequently measured at amortized cost using the effective interest rate 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.

Derecognition

Financial liabilities at amortized cost are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled, or when the obligation expires.

22.6 Fair value measurement

In accordance with PFRS 13, Fair Value Measurement, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When the Parent Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

22.7 Property and equipment

All items of property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Transportation equipment	5 years
Office furniture and equipment	3 years

Leasehold improvements are amortized over the estimated useful lives of the assets of five to ten years or the lease term, whichever is shorter.

22.8 Investment properties

Investment property consists of a parcel of land and is stated at cost.

If an owner-occupied property becomes an investment property, the Parent Company accounts for such property in accordance with the policy stated under Property and Equipment account up to the date of change in use.

22.9 Revenue and expense

Recognition of revenues from management services are recognized over time as the services are provided because the customers receive and use the benefits simultaneously. The Parent Company's customers are billed quarterly and payment is due within 30 to 60 days from date of billing.

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

- whether the Parent Company has primary responsibility for providing the services;
- whether the Parent Company has inventory risk;
- whether the Parent Company has direction in establishing prices; and,
- whether the Parent Company bears the credit risk.

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

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

Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs, which are included as part of the cost of the related qualifying asset.

22.10 Leases - Parent Company as lessee

The Parent Company amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

22.11 Impairment of non-financial assets

The Parent Company's property and equipment, investments in subsidiaries and an associate, investment properties, and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Parent Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

22.12 Employee benefits

The Parent Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plan, share-based compensation, and other employee benefits.

The Parent Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The Parent Company grants share options to qualified employees eligible under a stock option plan.

The Parent Company recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Parent Company's shareholders after certain adjustments. The Parent Company recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

22.13 Reclassification

In 2024, the Parent Company changed the presentation of the retirement benefit expense for the year ended December 31, 2023 amounting to P62.7 million previously presented as part of net movement in retirement benefit obligation under the working capital changes to gross presentation as adjustment to operating income before working capital changes to align with the current year presentation

The foregoing reclassification, which resulted into better and more appropriate presentation of balances, did not affect the previously reported retained earnings in the statement of financial position nor did it affect previously reported income in the statement of total comprehensive income.

There were no changes in the total amounts of cash flows from operating, investing and financing activities for the year ended December 31, 2023.

23 Supplementary information required by the Bureau of Internal Revenue

Presented below and in the succeeding pages is the supplementary information on taxes, duties and license fees paid or accrued during the taxable year which is required by the BIR under RR No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

In 2024, the Parent Company declared output VAT amounting to P53,307,417 based on its VATable gross receipts amounting to P444,228,476 reported as part of Revenues in the 2024 statement of comprehensive income. The outstanding Deferred Output VAT payable, which pertains to uncollected revenues, as at December 31, 2024 amounted to P149,602,090 is presented as part of trade and other payables in the statement of financial position.

(b) Input VAT

The movement in Input VAT for the year ended December 31, 2024 is summarized below.

Balance at beginning of year	-
Domestic purchase of services	3,784,561
Domestic purchase of goods other than capital goods	663,009
Application against output VAT	(4,447,569)
Balance at end of year	-

The Parent Company has outstanding deferred input VAT as at December 31, 2024 amounting to P63,862,457 and is presented as part of other current assets in the statement of financial position.

(c) Taxes on Importation

The Parent Company has not paid or accrued any customs duties and tariff fees as it did not have any importation for the year ended December 31, 2024.

(d) Excise Taxes

The Parent Company did not have any transactions in 2024, which are subject to excise tax.

(e) Documentary Stamp Taxes (DST)

The details of DST paid by the Company for the year ended December 31, 2024 are as follows.

Loan instruments	179,049
Insurance	20,752
	199,801

(f) Taxes and Licenses

Taxes and licenses for the year ended December 31, 2024 are presented under operating expenses in the statement of total comprehensive income and broken down as follows:

DST	199,801
Business and local taxes	2,649,341
Annual registration fee	500
	2,849,642

(g) Withholding Taxes

The details of the total withholding taxes for the year ended December 31, 2024 are shown below.

Expanded	9,492,981
Compensation and benefits	20,972,546
Final	526,715
	30,992,242

(h) Deficiency tax assessment and cases

As at December 31, 2024, the Parent Company does not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

Chelsea Logistics and Infrastructure Holdings Corp.
(A Subsidiary of Udenna Corporation)

Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration

For the year ended December 31, 2024

(All amounts in Philippine Peso)

	Amount
Deficit, beginning of the year	(1,118,804,871)
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	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings	
Dividend declaration during the reporting period	-
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others	-
Deficit, as adjusted	(1,118,804,871)
Add: Net (Loss) Income for the current year	396,909,057
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Unrealized fair value gain of investment property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-

(continued)

	Amount
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized fair value gain of Investment property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-
	-
Adjusted net (loss) income	396,909,057
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Add (Less): Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others	-

(continued)

	Amount
Add (Less): Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(21,213,475)
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Total deficit, end of the year available for dividend declaration*	(743,109,289)

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	Chelsea Logistics and Infrastructure Holdings Corp. (CLIHC)
Location of Headquarters	Stella Hizon Reyes Road, Bo. Pampanga, Davao City Philippines 8000
Location of Operations	Nationwide Operations
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Chelsea Shipping Corp., Trans-Asia Shipping Lines, Incorporated, Starlite Ferries, Inc., Worklink Services, Inc., The SuperCat Fast Ferry Corporation, TASLI Services Incorporated
Business Model, including Primary Activities, Brands, Products, and Services	Tankering, Cargo Shipping/Freight, Passenger Shipping, Tugboat Services and Logistics & Warehousing
Reporting Period	FY2023
Highest Ranking Person responsible for this report	Chryss Alfonsus V. Damuy President & CEO

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹⁴

The scope of this Sustainability Report extends to CLIHC's 6 main subsidiaries over which it has direct ownership control: Chelsea Shipping Corp., Trans-Asia Shipping Lines, Incorporated, Starlite Ferries, Inc., Worklink Services, Inc., The SuperCat Fast Ferry Corporation and TASLI Services Incorporated. These 6 subsidiaries have material contributions and impact on the Group in terms of business operations and continuity.

Due to the Chelsea Group's broad operations in the shipping and logistics sectors which cater to various corporate and retail accounts, this Report limits the scope to the general and common issues to be able to provide a clear introduction to the Group's operations.

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	7,048	₱ mn
Direct economic value distributed:		₱ mn
a. Operating costs	6,179	₱ mn
b. Employee wages and benefits	912	₱ mn
c. Payments to suppliers, other operating costs	Refer to a	₱ mn
d. Dividends given to stockholders and interest payments to loan providers	717*	₱ mn
e. Taxes given to government	96**	₱ mn
f. Investments to community (e.g. donations, CSR)	0.138	₱ mn

*Interest Payments for 2023

**Tax Expense for 2023

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>CLIHC's core businesses include Tankering, Freight, Passage, Tugboat services and Logistics Services.</p> <p>CLIHC takes pride in transporting passengers throughout the archipelago, as passage shipping remains the economically efficient way to move people in the country.</p> <p>CLIHC's tankering, cargo transport, logistics and tugboat services supports various businesses across the country. Shipping is the primary means of inter-island transport, especially for bulk goods.</p> <p>CLIHC's core businesses play vital roles in economic growth and development.</p>	<p>Shareholders Employees Government Customers Suppliers Various Communities</p>	<p>The Management is focused on modernizing and right-sizing our vessel fleet, ramping up our logistics and warehousing capacity, and synergizing all our operations.</p> <p>CLIHC also aims to contribute to the improvement of the shipping industry by applying the best practices in ship management and in adhering to global standards.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Maritime vessels are susceptible to maritime accidents and mechanical breakdowns • Changes in the regulatory environment • Highly-competitive industry • Business cycle risks <p>For more information, please see 17A, Item 2</p>	<p>Shareholders Employees Government Customers Suppliers Various Communities</p>	<p>Please see 17A, Item 2</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>The Philippines has a robust economic growth, increasing GDP per Capita, increasing OFW remittances and tourist arrivals, and evident growth in the e-commerce sector.</p>	<p>Shareholders Employees Government Customers Suppliers Various Communities</p>	<p>All of CLIHC's core businesses support its main economic growth thrust which in turn, would be valuable to all our stakeholders.</p>

Climate-related risks and opportunities

CLIHC and its main subsidiaries have focused on growing the core businesses in the last 7 years through various acquisitions and fleet modernization and right-sizing program. CLIHC acknowledges the need to identify and manage climate-related risks and take advantage of opportunities that come. While the Group is in the process of synergizing its operations, with climate-related risks and safety at the top of mind, hereunder is a snapshot of its accomplishment regarding this matter for 2024:

Governance	Strategy	Risk Management	Metric and Targets
Safety Management	Ensure satisfactory Quality Management	Regular internal audit of our processes	Achieved ISO 9001:2015 Certification in January 2020
Vessel Maintenance	Ensure quality control in the shipping environment	Planned investments in vessel maintenance	Compliance with pertinent domestic maritime (MARINA) regulations and applicable international conventions.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Amount	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Helps the local economy.	Shareholders Employees Government Customers Suppliers Various communities	CLIHC Procurement Department is focused on helping local markets by building networks with international companies with presence in the country. When these companies look for local suppliers for their operational requirements, CLIHC refers them to local suppliers.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
High Cost: Mark-up from several channels the products or services went through before the Company receives the same. Government fees should also be taken into account. Lead Time: Suppliers are dependent on Genuine Makers/ Dealers overseas' readiness to supply.	Shareholders Employees Suppliers Procurement Officers Clients	CLIHC Procurement Department draws up plan for consolidated purchase prior to selection of credible suppliers, for restricted tendering. CLIHC Procurement Department administers bidding processes maintaining 3 quotes per request.

After Sales. Many steps to be completed before getting feedback on warranty. Suppliers' Company Stability		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Low production cost and fast production cycle Improvement of public relations Accurate budget forecasting	Order requestor Suppliers Procurement Officers Clients	CLIHG Procurement Department ensures strategic sourcing process with utmost transparency and accountability.

Anti-Corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Amount	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of directors and management that have received anti-corruption training	100%	%
Percentage of employees that have received anti-corruption training	100%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Incidents of Corruption

Disclosure	Amount	Units
Number of incidents in which directors were removed or disciplined for corruption	None	#

Number of incidents in which employees were dismissed or disciplined for corruption	None	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	For Tasli, 9M; For CSC, est.20,000 liters.	Liters
Energy consumption (LPG)	2,050** (Tugboats/ lay up Tanker vessels)	Kg
Energy consumption (diesel)	For 11 SFI vessels, 22,493,000 liters/year For CSC Tankers, 3.67 million including laid-up vessels IFO -6864MT	Liters
Energy consumption (electricity)	For Tasli RoPax, 110 Kwh For Tasli Freighters, 40kWH For SFI Ropax, 80kWH For 1 SFFC fastcraft, 30KWH For CSC, 2 tankers with 3 gensets each with 150-200KW capacity. For CSC tugs, 15 tugs with 2 gensets working alternately with capacity of 70kw each	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	For CSC, est. 70,000 liters reduction – Time Charter vessels	Liters
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The energy consumption is a major direct cost for the Group.	Shareholders Management Employees	We try to save our resources by implementing the following rules and procedures: Safe and Shortest route of Navigation Close monitoring day to day operation Control of daily Consumption Sounding of Tanks
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Fluctuating energy prices	Shareholders Management Employees	We do not keep inventories of oil and electricity as most of our operations are in the country.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Purchase of Diesel (our major direct cost) from a sister company—Phoenix Petroleum	Shareholders Management Employees	Purchase of diesel from a sister company would help the Company save on costs.

Water consumption within the organization:

Disclosure	Quantity	Units
Water withdrawal	Est 70,000	Cubic meters
Water consumption	For Tasli RoPax, 18MT/day; For Tasli Freighters, 6Mtons/ day; For SFI 97meters LOA (2 vessels), 4Mtons/day; per vessel For SFI 67meters LOA (5 vessels) 3Mtons/day; per vessel For 3 assorted LOA, 3 tons/(1 drydocked vessel with 40 crew) 3 tons/day per vessel For CSC, 7.8 Mtons/year (Laid-up vessels with 4 crew)	Metric Tons
Water recycled and reused	N/A	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Materials used by the organization:

Disclosure	Quantity	Units
Materials used by weight or volume		
<ul style="list-style-type: none"> Renewable 	N/A	Kg/liters
<ul style="list-style-type: none"> Non-renewable 	<p>For Tasli, 9M liters of Diesel Oil and 8.3M liters of IFO for 25,178 nautical miles;</p> <p>For SFI, 22,493,000 liters/ year; all 11 vessels</p> <p>For CSC Tankers, 3.67 million including laid-up vessels. LSFO -6864MT</p>	Liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas shore areas ?	N/A	
Habitats protected or restored our shore clean up and tree-planting activities ?	7,868	trees planted
IUCN ¹⁷ Red List species and national conservation list species with habitats in areas affected by operations	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	For SFI, Freon R-404A (2 newer vessel, 97 meters) - 100kg per vessel For SFI, Freon R-410A (7 vessels, 67 meters) – 80kg per vessel For SFI, 1 older vessel R22 – 50kg For Tasli, Freon R22 - Est. 150 kg/ year; For CSC Tankers, Freon404A, 23 kg (newer vessels)	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Air pollutants

Disclosure	Quantity	Units
NOx	For Chelsea Providence, compliant using VLSFO Very Low Sulfur Fuel Oil For SFI, 9.2 g/kWh ech vessel /ADO	Kg
Sox	ADO – Est 64	Kg
Persistent organic pollutants (POPs)	N/A	Kg
Volatile organic compounds (VOCs)	N/A	Kg
Hazardous air pollutants (HAPs)	N/A	Kg
Particulate matter (PM)	N/A	Kg

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	For SFI 2 vessels 97meters LOA (estimate 31kg/day) For SFI 5 vessels 67 meters LOA (estimated 20kg/day) For SFI 3 vessels/ assorted LOA (15kgs/day) For SFFC fastcraft (5kgs/day)	kg
Reusable	N/A	kg
Recyclable	N/A	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	For CSC, estimated 5kg/voyage	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	<p>For SFI 97 meters LOA (2 vessels) 4Mtons/day per vessel</p> <p>For SFI 67 meters LOA (5 vessels) 3 Mtons/day per vessel</p> <p>For 3 assorted shorter LOA, 15 tons/ (1 drydocked vessel with 40 crew) 3 tons/day per vessel</p>	
Total volume of water discharges	<p>For SFFC fastcraft, 2 Mtons/day</p> <p>Some SFI vessels have sewage-holding tanks (IACS-classed)</p>	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	For Tasli, 50 Metric tons; For SFI, 100 cubic meters; For CSC, est 50 cubic meters, some vessels have sewage holding tanks (IACS-classed)	
Percent of wastewater recycled	For CSC Tankers, est. 50 cubic meters, some vessels have sewage-holding tanks (IACS-classed)	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
	n/a	

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	None	₺
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	#
No. of cases resolved through dispute resolution mechanism	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees	2460	
a. Number of female employees	705	#
b. Number of male employees	1755	#
Attrition rate	4.85	rate
Ratio of lowest paid employee against minimum wage	n/a	Ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	13	7
PhilHealth	Y	4	1
Pag-ibig	Y	6	9
Parental leaves	Y	1	0
Vacation leaves	Y	100	100
Sick leaves	Y	26	15
Medical benefits (aside from PhilHealth))	Y	71	29

Housing assistance (aside from Pag-Ibig)	Y	0.00	0.00
Retirement fund (aside from SSS)	Y	0	0
Further education support	Y	0	0
Company stock options	Y	65	65
Telecommuting	Y	0	0
Flexible-working Hours	Y	0	0
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Employee benefits are significant and a key to attract and retain talents, it enables the organization to provide a positive work environment. It creates a culture of productive workforce.</i>	Shareholders Employees Government Customers Suppliers	<i>Employee benefits policies and guidelines are reviewed regularly and aligned according to the needs of the people.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	4457	hours
b. Male employees	10337	hours
Average training hours provided to employees		
a. Female employees	10	hours/employee
b. Male employees	7	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Trainings conducted in compliance to DOLE and to improve employee productivity</p>	<p>Shareholders Employees Government Customers Suppliers</p>	<p>As the organization began consolidating services to its subsidiaries, one of the key training needed is for backend support using Google Applications, SAP, and various business applications modules to adopt to the digitalization program of the Company.</p> <p>A regular 8-hr Mandatory Basic Occupational Safety Training is continuously given to employees by the Company Safety Committee and by HR for all employees and new hires.</p> <p>The Company conducts regular New Hire Orientations as well as internal training and familiarization on Data Privacy Law and Safe Spaces Act.</p> <p>For functional training for the enhancement of knowledge and application, particularly for shipping, a Ship Management Summit with Strategic Planning incorporated therein was conducted. This has great impact on the day to day operations of vessels as well as on back end support.</p> <p>The Company conducts internal training and its impact is continuously evaluated particularly for functional training.</p> <p>The Company conducts yearly competency-based learning per organizational level. This training is also evaluated for improvement and to know additional training needed.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>The risk of employees who underwent training but for one reason or another had to leave the company.</p>	<p>Shareholders Employees Government Customers Suppliers</p>	<p>The Company requires echo training and coaching of staff or colleagues and apart from the reciprocal agreement where the employee will have to stay and fulfil the reciprocal agreement term or its monetary equivalent.</p>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Improved employee performance through training gives higher chances of achievement of company goals, profitability and sustainability. The satisfaction and morale of employees will also improve as training which is an investment of the company for the employee/s shows that they are being valued.	Shareholders Employees Government Customers Suppliers	Training targets the weaknesses of employees. It will then eventually increase productivity and adherence to quality standards.

Labor-Management Relations

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Collective bargaining can help build trust and mutual respect between employers, workers and their organizations, and contribute to stable and productive labor relations.	Shareholders Employees	Townhalls and employee engagements
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Company may endure higher labor cost with demand of benefits and may decrease labor control	Shareholders Employees	The Company maintains its open communication with the employees with different mediums, such as Advisories, quarterly Townhalls, etc., to update the employees of the Company's standing in attaining its goals.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The yearly agreements with the employees can help in improving productivity levels.	Shareholders Employees	Transparent communication with the employees encourages support and cooperation to be able to attain certain targets for the benefit of everyone.

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	11.83	%
Number of consultations conducted with employees concerning employee-related policies	40	#

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	29	%
% of male workers in the workforce	71	%
Number of employees from indigenous communities and/or vulnerable sector*	4 (solo parent)	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
	Employees	The company supports the law about Solo Parent and complies with its regulatory requirement

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	1,064,660 (Tankers and office)	Man-hours
No. of work-related injuries	2* (for Tankers) Employee minor motor accident	2
No. of work-related fatalities	0	0
No. of work-related ill-health	0	0
No. of safety drills	1 Company-wide emergency drill involving office and vessel Vessels conduct monthly drills as mandated by SOLAS	1 office and vessels

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Health & Physical Impact Business Impact	Employees Customers Management	Management is involved in safety & health programs and must participate in Safety meetings. Encourage employee to report incidents Regular HSSE Meetings & OSHA Compliance) Enhance Safety & Health training
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Possible DOLE/ OSHA fine & penalties Increased unnecessary costs to the organization	Employees Customers Management	Management to promote & support S&H program (regular walk around inspection) Implementation of hazard identification, Risk Assessment & JSA. Create a Safety & Health Program (DOLE
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

Structure improvement to the workplace and working environment Increased S&H knowledge & awareness Improve S&H processes, procedures and programs	Employees Customers Management	Management provides a safe workplace for all employees Management support of the training courses and evaluation of effectiveness Implement a Safety & Health Program
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Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	None	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Chelsea Group Handbook and Code of Conduct
Child labor	Y	Chelsea Group Handbook and Code of Conduct
Human Rights	Y	Chelsea Group Handbook and Code of Conduct

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

None. However, we have provided our suppliers with accreditation guidelines, forms and documentary requirements for submission.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy	
Environmental performance	N/A		
Forced labor	N/A		
Child labor	N/A		
Human Rights	N/A		
Bribery and corruption	N/A		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impact on indigenous people (Y/N)?	Collective /individual rights that have been identified that are of particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Disposal of Scraps in Warehouses	CSC	N/A	N	Environmental Conservation	Developing waste management plans, promoting clean and organized warehouse for efficient operations, and ensuring safety of employees.

Hiring of Female Crews in Ships (10% of manpower target for 2020)	All subsidiaries	N/A	N	Promoting Women's Rights, Gender Equality and creating new jobs for women in the society especially in the Maritime field.	One of the group's vessels already has an all-female crew, and the Company is looking into expanding this initiative to more ships.
Offering discounted fares, special promos, and group discounts	All subsidiaries	N/A	N	Access to affordable services	Engaging customers and potential customers to avail our services that are affordable compared to other competitors.
PWD, Senior Citizens, and Student Discounts	All subsidiaries	PWDs and Senior Citizens	N	Access to affordable services	Strengthening systems that keep track of PWDs, Seniors, and Students. Promoting good relationship and quality service leading to customer retention.
Cadetship Program	CSC	N/A	N	Employment opportunities for shipping crew	
Tourism Marketing	All subsidiaries, except Worklink	N/A	Y	Promoting local tourism to encourage locals and tourists in travelling Philippines' top destinations by sea.	

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	Not applicable	#
CP secured	Not applicable	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction survey? (Y/N)
Customer satisfaction	N/A	For TASLI, all surveys were done in-house through email.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	For TASLI, zero complaints on health & safety in 2022.	
No. of complaints addressed	For TASLI, complaint for surcharge was received and replied to.	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Changes in schedules and in budgeted expenses	Employees Customer Shareholders Community	<p>The Company endeavors to continually improve its Safety Management System (SMS) by adopting new processes and procedures and other guidelines for best practices in accordance with International Shipping Standards.</p> <p>The Company is also enhancing its Ship modernization program.</p> <p>The Company also ensures that each ship is manned by only qualified, certificated and medically-fit seafarers in accordance with national and international requirements, the Company has developed procedures to ensure sufficiency of its resources in terms of personnel.</p> <p>Safety procedures, emergency procedures, planned maintenance system, training manual, job description, job safety analysis and garbage management have been clearly stipulated in the Company's established system.</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Possible customer dissatisfaction</p> <p>Possible damage to vessel, damage to property and accident continue to occur in our organization despite our identified corrective/preventive actions.</p>	<p>Employees</p> <p>Customer</p> <p>Shareholders</p> <p>Community</p>	<p>All employees of the Company are mandated to strictly adhere to its established system, specifically on its Safety and Environmental Protection Policy.</p> <p>The Company aims to provide a secure environment for all its employees, contractors and clients, thus Security Policy has been developed whereby all employees and contractors are expected to comply with the set of security measures and all requirements of the law. They shall take all necessary precautions to protect themselves, their colleagues, the ship, cargoes, passengers and the environment from all criminal or malicious acts.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>Opportunity to improve our products and services</p>	<p>Employees</p> <p>Customer</p> <p>Shareholders</p> <p>Community</p>	<p>Crew Training Program</p>

Marketing and labelling

Disclosure	Quantity	Units
<p>No. of substantiated complaints on product or service health and safety*</p>	<p>Average of 12/month</p>	<p>#</p>
<p>No. of complaints addressed</p>	<p>All complaints are attended to</p>	<p>#</p>

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>None</p>	<p>Not applicable</p>	<p>Not applicable</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

**Substantiated complaints include complaints from customers that went through the organization's*

formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable	Not applicable	Not applicable

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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None	Not applicable	Not applicable
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
None	Not applicable	Not applicable

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Tankering Services, Freight, Passenger Transport, Tugboat service & Logistics & Warehousing	       	<p>Increased Carbon Imprint, Harmful chemical waste to the environment</p> <p>Health & Safety risk for the crews and employees</p> <p>Work fatigue, Low employee morale</p>	<p>Ship modernization program</p> <p>100% migration of servers and digital solutions to Cloud</p> <p>Optimized routes for vessels to lessen travel time decreasing carbon imprint.</p> <p>Yearly participation in tree planting and coastal clean up in partnership with the LGUs</p> <p>Health & Safety guidelines, seminars, blood donation drive, Annual Physical Exam, PPEs, and hazard pay for crew and employees</p> <p>Knowledge Sharing Program, Learning and Development Program Women Empowerment Campaign, Partnership with Public and Private</p>

		Cyber Security Risk	Institutions to uphold employee wellness and social/ environmental accountability Creation of Information Security Committee and Cyber Security Training Program for employees
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None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in TAGUIG CITY on 15 April 2025.

CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.

Pursuant to the requirement of the Securities Regulations Code, this Annual Report has been signed by the following persons in their capacities and on the dates indicated.

By:  <hr/> DENNIS A. UY Chairman of the Board	-APR 15 Date	 <hr/> CHRYSS ALFONSUS V. DAMUY President & CEO	-APR 15 Date
 <hr/> DARLENE A. BINAY Chief Financial Officer	-APR 15 Date	 <hr/> MA. HENEDINA V. SAN JUAN Corporate Secretary	-APR 15 Date

SUBSCRIBED AND SWORN to before me this 15 APRIL 2025 at TAGUIG CITY, affiants exhibiting to me their identifications, as follows:

NAME	ID NO.	DATE OF ISSUE	PLACE OF ISSUE
DENNIS A. UY	Passport# P6685214B	21 Apr 2021	DFA Manila
CHRYSS ALFONSUS V. DAMUY	Passport# P0724359B	19 Feb 2019	DFA Manila
DARLENE A. BINAY	Passport# P9407634A	04 Nov 2018	DFA Manila
MA. HENEDINA V. SAN JUAN	Passport# P1579797B	03 May 2019	DFA NCR East

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ATTY. PAUL VINCENT P. SIOCHI
 Notary Public for Taguig City
 Notarial Commission No. 53 (2024-2025)
 Roll of Attorneys No. 68383
 IBP Lifetime No. 016219; 05/08/17; Makati City
 PTR No. A-6465786; 01/13/2025; Taguig City
 MCLE Compliance No. VIII-0020561; 01/24/2025
 Blk 5, Lot 21, Phase 2, Pinagsama Village, Taguig City