

COVER SHEET

SEC Registration Number

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Company Name

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Principal Office (No./Street/Barangay/City/Town/Province)

N	o	.		1	2		M	a	n	g	g	a	h	a	n		S	t	r	e	e	t	,		B	a	g	u	m
b	a	y	a	n	,		Q	u	e	z	o	n		C	i	t	y												

Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

eeicenter@eei.com.ph

Company's Telephone Number/s

8-334-2677

Mobile Number

N/A

No. of Stockholders

3,101

Annual Meeting
(Month/Day)

Every Third Friday of June

Fiscal Year
(Month/Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Atty. Iannoel V. Mondragon

Email Address

ivmondragon@eei.com.ph

Telephone Number/s

8-334-2677

Mobile Number

N/A

Contact Person's Address

No. 12 Manggahan St., Bagumbayan, Quezon City, Metro Manila, Philippines

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

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17 (2)(b) THEREUNDER**

1. For the quarterly period ended **September 30, 2024**
2. Commission identification number **937**
3. BIR tax identification number **000-391-438-000**
4. Exact name of issuer as specified in its charter - **EEI Corporation**
5. Province, country or other jurisdiction of incorporation or organization - **Quezon City, Philippines**
6. Industry Classification Code (SEC use only)
7. Address of issuer's principal office/Postal code
No. 12 Manggahan St., Bagumbayan, Quezon City 1110
8. Issuer's telephone number, including area code
(02) 8334-26-77
9. Former name, former address and former fiscal year, if changed since last report
Not Applicable
10. Securities Registered pursuant to Sections 4 and 8 of the RSA

<u>Title of each class</u>	<u>Number of shares outstanding</u>	
	No. of Shares	Amount
Common shares ₱1.00 par value		
Authorized	2,000,000,000	2,000,000,000
Issued and outstanding	1,036,281,485	1,036,281,485
Preferred Shares ₱0.50 par value		
Authorized	240,000,000	120,000,000
Issued and outstanding		
Series A	15,000,000	7,500,000
Series B	45,000,000	22,500,000

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

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange, Inc. Common and Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The Interim Condensed Consolidated Financial Statements of EEI Corporation and Subsidiaries (collectively, “the Group”) as of and for the period ended September 30, 2024 with comparative figures as of December 31, 2023 and for the period ended September 30, 2023, Supplementary Information and Disclosures Required under Revised SRC Rule No. 68 and Schedule of Aging of Accounts Receivable are presented as **Exhibit 1**.

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

A. Results of Operations

In the third quarter of 2024, EEI maintained its focus in improving project execution, operational efficiency, and improving its commercial approach in both local and overseas operations. For the period, EEI completed six (6) projects and acquired eight (8) new ones in addition to its thirty five (35) current projects.

For the period in review, the Group’s consolidated revenues reached ₱11.31 billion which was 7% lower compared to the same period last year. Revenues from domestic construction contracts and its related cost decreased by ₱824.93 million (8%) and ₱150.7 million (2%), respectively, mainly due to the completion of several projects in the latter part of 2023 and early 2024. Meanwhile, revenue from services and its related cost increased by ₱116.23 million (7%) and ₱48.8 million (4%), respectively, which is attributable to higher trading and service revenues from EEI Energy Solutions Corporation, a wholly owned subsidiary of EEI Power Corporation. Revenue from merchandise sales and its related cost decreased by ₱175.70 million (54%) and ₱165.3 million (56%), respectively, due to the decrease in sales of construction materials of EEI Business Solutions, Inc.

For the period in review, EEI registered losses amounting to ₱418.80 million from equity in associates and joint ventures. This is primarily driven by the performance of Al Rushaid Construction Company (ARCC) and partially alleviated by earnings from EEI’s joint ventures for domestic infrastructure projects. The company continues to undertake restructuring and recovery activities in ARCC to mitigate losses from challenging and problematic legacy projects.

The Company’s selling and administrative expenses decreased by 8% or ₱85.21 million. The reduction is a result of right sizing and cost reduction measures implemented since the previous year. The Group remains cautious and prudent in its spending while planning for capacity building for future projects.

Financing costs grew by 42% in the third quarter of 2024 compared to the same period in 2023.

Other income grew by 600% due to gain on disposal of EEI Construction and Marine’s property in Silang, Cavite and EEI Realty’s property in Tanza, Cavite.

The Group registered a consolidated net income of ₱62.76 million in the third quarter of 2024. The Group’s loss per share was registered at ₱0.1618.

At the end of the third quarter of 2024, the Company’s unworked portion of existing contracts remains strong at ₱42.25 billion. In addition, the Company has been preparing for a robust inflow of additional projects that it expects to secure and be awarded within the last quarter of 2024 towards 2025.

B. Financial Position

EEI's consolidated assets grew by 14% to ₱34.27 billion, compared to ₱29.98 billion by the end of 2023. Cash and cash equivalents increased by 30% to ₱2.88 billion mainly from financing activities of ₱3.38 billion which augmented cash used in operations of ₱258.57 million and investing activities of ₱2.5 billion. Meanwhile, receivables increased by 25% to ₱4.18 billion driven mainly by the receivables from sale of Tanza and Silang, both of which are expected to be collected by Q4 2024. Total contract assets grew by ₱1.44 billion as a result of additional production while inventories went down by 25% to ₱1.07 due to disposal of excess materials from completed projects, while other current assets increased by 5% to ₱1.22 billion due to additional advances to suppliers and subcontractors. Investments in associates and joint ventures significantly increased by 91% to ₱3.82 billion, this is the combined impact of additional capital infusion to ARCC of ₱2.21 billion and recognition of net equity loss from associates and joint ventures of ₱418.81 million for the period. Right of use assets decreased to ₱225.27 million after the net impact of depreciation and retirement of leases. The growth of deferred tax assets by 26% to ₱1.68 billion is driven by additional tax assets from the collected downpayments from newly awarded projects.

Consolidated liabilities increased by 26% to ₱21.56 billion as of the third quarter of 2023. Bank loans increased by 62% to ₱7.02 billion, while total long-term debt increased by 18% to ₱7.37 billion as a net effect of additional loans obtained. Retirement liability also increased by 26% to ₱307.80 million due to accrual of retirement expenses for the period. Total lease liabilities decreased by 68% to ₱174.47 million following retirement of leases. On the other hand, total contract liabilities significantly grew by 188% to ₱1.78 billion from the collection of advance payments for newly awarded construction projects.

The Group ended the third quarter of 2024 with a total consolidated equity of ₱12.71 billion and book value per share of ₱6.47.

C. Operating Highlights

Newly Awarded Projects

Infrastructure

- CAVITEX Infrastructure Corp. - Construction of CAVITEX-CALAX Link (Segment 4 Extension)
- MMSP CP101 – Construction of Light Repair Shop at Depot
- NIA - Lebak Integrated Irrigation Project
- NIA - UPI Irrigation Project
- NIA - Ambal River Irrigation Project

Buildings

- Manhattan Plaza Tower 3 (Laurent Park)

Electromechanical

- Pasar PTA Related Projects
- Silangan Copper and Gold Mining Project

ARCC

- Furnace #8 Maintenance Service
- Furnace 1240 Full Recoiling
- Furnace F1150 Partial Recoiling

Completed Projects

Infrastructure

- Malolos-Clark Railway Project (MCRP) CPN-04 Structural BR 107 Steel Through Girder

Buildings

- Federal Land's Grand Hyatt Manila Gold Residences Tower 2 – Superstructure

Electromechanical

- D&L – Project Epic Take-over Works
- Ineos One Project
- Pasar PTA Related Projects
- Multi-purpose Jetty and Gas Receiving Facility Project

ARCC

- Furnace #1 Maintenance Works at Saudi Kayan
- Furnace FF-01 Retubing Works
- Partial Furnace Coil Repair and Recoil Services (Furnace FF-1140)

Ongoing Projects

Buildings

- The Estate Makati
- Megaworld's Arcovia Palazzo 3 Towers Residential
- Federal Land's Four Seasons Riviera
- Federal Land's Seasons Residences
- Federal Land's Grand Midori Ortigas
- Cyberzone Properties' Cebu Cyberzone
- Cebu Landmasters' The Masters Tower Project
- San Lorenzo Luis Investment and Holdings, Inc. - The Yuchengco Centre Phase 1, Phase 2A and Phase 2B (Architectural Works)
- Megaworld's 18th Avenue de Triomphe
- SMDC's Glam Residences
- SMDC's Light Residences Phase 1, Phase 2 and Architectural
- SMDC's Ice Tower Residential
- SMDC's Sands Residences
- SMDC's Jade Residences
- Metrobank – The MBTC Redevelopment: Demolition works
- Filinvest Alabang Inc. – Two Botanika Nature Residences

Infrastructure

- Metro Manila Subway - JV
- Metro Manila Subway Project - Temporary Yard Development & Piling Work for Depot LS
- Malolos Clark Railway Project CPN 04 (JV Portion with ACCIONA)
- Metro Manila Subway Project – Demolition Works for North Avenue Station, Quirino Highway Station, Tandang Sora and Depot
- Malolos-Clark Railway Project (MCPR) CPN-05 (Site Clearing and Earthworks Package #1)
- Malolos-Clark Railway Project (MCRP) CPN-04 Subcon Package - RC Works Viaduct (Area 1) and Underground Structures
- DOTR South Commuter Railway – JV
- MCRP CPN-05: Construction of the GRS Retaining/Perimeter Wall, Integral Bridge Structural
- Metro Manila Subway Project Phase 1 Contract Package 101 – Tunnel Boring Machine Manpower Supply
- MCRP CP N-04 Viaduct Works Area 2
- Malolos Clark Railway Project CPN 04 (EEI-JV – Anchor Bolts & Steel Structure Platform at CIA Station)

- Malolos-Clark Railway Project CP N-02 Combined Offer for San Fernando (Concreting and Structural Steel Works)
- MMSP Ancillary Buildings

Electromechanical

- Black & Veatch - 3x425MW Batangas Combined Cycle Power Plant
- Project Alkaline
- Capitol Steel Corp - Rolling Mill
- Masinloc Unit 4&5 Liner Cans Fabrication
- 13.2MW Nabas Phase II Wind Farm Project
- Analog Devices Gen Trias, Inc. – Building 4 Extension Project: Package 1

ARCC

- ARPIC – R/E Silasil Mansupply (Abqaiq Dewatering System & Oily Water Sump Pits Project)
- Debottleneck Onshore Plant – Safaniyah
- APOC PDH / UTOS Project
- APOC PDH / UTOS Project (HVAC Works)
- Jafurah GPF Project (JFGP1)
- Zuluf Hydrocarbon Processing Facilities & Utilities and Water Injection (Building BD1+BD2 and Civil CV2 Package)
- SEPC Cracker Expansion Project
- ARRE – Project Support Services
- SABIC – Furnace U210 Retubing Works at Yanpet
- SABIC – Furnace Retubing Services for Unit 10 ETH-1 B 1209 at Yanpet
- Furnace Shell Plate and Column Repair (Furnace-1230)

D. Outlook

For the near to medium term, EEI sees revenue growth in domestic construction to be primarily driven by infrastructure projects under the Build Better More program of the Philippine Government. As such, EEI is investing considerable effort around capacity building to support these types of projects in the pipeline.

Demand for construction services from the private sector is continuing to recover both in the property and industrial sector with the revival of capital projects which were on hold in previous years showing signs of being resumed.

Restructuring and recovery efforts will continue in ARCC.

Finally, efforts by EEI to develop its portfolio of non-construction businesses continue to advance, particularly in real estate and energy.

E. Key Performance Indicators

The most significant key indicators of future performance of the Group are the following:

1. **Construction contracts and orders** – denote the value of construction projects won by the Group. Work to be done on these projects determines its revenue potential. In our domestic market, contracts and orders increase during an expansionary period when private business is on an investment mode, with significant capital expenditures allotted for new capacity and expansion and upgrading, and when government is spending for physical infrastructure.

In our overseas markets, orders tend to rise when investors (quasi private/government entities) and corporations invest on new upstream and downstream petroleum facilities and new power and mining facilities. This usually happens during a period of prolonged high price of oil or basic metals/minerals which encourages capacity expansion projects and spurs new infrastructure projects in the host countries. The regime of high petroleum and metal prices in the past has spurred increased construction activities in the Middle East, East Asia and Africa. But when the price of oil and precious metals go down, projects for expansion are sometimes put on hold.

2. **Production** – represents the value of construction work accomplished by the Group during the period in review. It is synonymous to sales revenue since these are recognized at the value corresponding to the percentage of completion of the projects and orders. Production is determined through the Group's efforts or inputs towards satisfying the performance obligation relative to the total expected efforts or inputs to complete the performance obligation. Wherein, total inputs correspond to costs incurred as of to date. These translate to better financial performance.

3. **Orders backlog** – corresponds to the value of unfinished portions of projects; thus providing a measure of the near-term future source of production and revenues of the Group. Backlog has a tendency to increase during times when private companies (both local and foreign) are on an expansionary cycle, as they undertake capital expansion and/or modernization of their respective factories and plants. It also occurs when national and local government is on a pump priming mode of investing on infrastructure. Bigger backlog means a probability of higher profit in the future.

4. **Liquidity** – refers to existing cash and cash resources and the capability of the Group to quickly draw financial resources (such as working capital and other credit lines) to fund operations and construction activities. This ability to deploy financial resources is critical in fulfilling its contract obligations and ensuring the operational and financial viability of the Group.

F. Market Information

Quarterly high, low and closing prices of the Parent Company shares are as follows:

1st Quarter 2024	High	Low	Close
Common Shares	6.59	5.20	5.39
Preferred Shares – Series A	100.00	80.00	90.00
Preferred Shares – Series B	99.00	95.00	98.75
2nd Quarter 2024			
Common Shares	5.86	4.80	5.05
Preferred Shares – Series A	97.95	86.10	88.20
Preferred Shares – Series B	98.75	85.00	96.00
3rd Quarter 2024			
Common Shares	5.20	4.08	4.32
Preferred Shares – Series A	98.95	88.30	94.85
Preferred Shares – Series B	98.50	93.00	97.90

2023	High	Low	Close
Common Shares			
Jan-Mar	3.28	2.65	2.70
Apr-Jun	6.20	2.66	4.90
Jul-Sep	5.19	4.41	4.69
Oct-Dec	6.03	4.57	5.97
Preferred Shares – Series A			
Jan-Mar	110.00	94.00	98.00
Apr-Jun	94.50	94.00	94.30
Jul-Sep	98.25	90.00	98.20
Oct-Dec	95.00	80.00	86.70
Preferred Shares – Series B			
Jan-Mar	103.50	100.00	103.00
Apr-Jun	103.00	98.00	100.00
Jul-Sep	100.00	94.00	98.00
Oct-Dec	98.70	80.00	96.90

G. Commitments and Contingencies

Surety Arrangement and Guarantees

The Group is contingently liable for guarantees arising in the ordinary course of business, including performance, surety and warranty bonds for various construction projects amounting to ₱7.1 billion and ₱6.1 billion as at September 30, 2024 and December 31, 2023, respectively.

Standby Letters of Credit

The Group has outstanding irrevocable domestic standby letters of credit amounting to ₱5.0 billion and ₱6.0 billion as at September 30, 2024 and December 31, 2023, respectively, from local banks which are used for bidding and guarantees for down payments received, performance, retention and warranty for its ongoing construction projects. The Group also has outstanding irrevocable foreign standby letters of credit amounting to USD 1.9 million, JPY756.6 million, SGD1.1 million, EU0.2 million and USD 3.4 million, JPY 756.6 million, SGD 2.5 million EU 0.3 million as at September 30, 2024 and December 31, 2023, respectively.

Contingencies

There are pending legal cases against the Group that are being contested by the Group and its legal counsels. The information required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, is not disclosed until final settlement, on the ground that it might prejudice the Group's position. Management and its legal counsels believe that the final resolutions of these cases will not have a material effect on the consolidated financial position and operating results of the Group.

PART II – OTHER INFORMATION

None

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant – EEI CORPORATION


VIOLYS R. ACEVEDO
Chief Financial Officer


JONAS RAPHAEL R. REDUBLO
Controller

Date: November 14, 2024

Exhibit 1**EEI CORPORATION AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****As of September 30, 2024** (with comparative audited figures as of December 31, 2023)

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Cash and cash equivalents (Note 5)	₱2,881,780,735	₱ 2,216,974,593
Receivables - net (Note 6)	4,179,726,859	3,356,407,985
Contract assets - net (Note 7)	7,013,264,093	7,010,999,095
Inventories (Note 8)	1,067,160,203	1,419,179,721
Due from related parties (Note 20)	235,989,480	195,262,468
Other current assets (Note 9)	1,216,905,255	1,154,743,123
Total Current Assets	16,594,826,625	15,353,566,985
Noncurrent Assets		
Contract assets - net of current portion (Note 7)	7,644,684,348	6,203,828,954
Investments in associates and joint ventures (Note 10)	3,815,550,784	2,000,686,651
Equity investments at fair value through other comprehensive income (FVOCI) (Note 11)	549,644,800	542,691,668
Investment properties	14,295,711	14,295,711
Property and equipment (Note 12)	2,042,745,413	2,099,966,684
Right-of-use assets	225,266,149	497,657,876
Deferred tax assets – net (Note 19)	1,683,775,057	1,335,752,774
Other noncurrent assets (Note 13)	1,700,443,495	1,938,998,701
Total Noncurrent Assets	17,676,405,757	14,633,879,019
	₱34,271,232,382	₱29,987,446,004
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 15)	₱4,749,813,472	₱4,985,371,958
Bank loans (Note 14)	7,022,000,000	4,329,000,000
Current portion of long-term debt (Note 16)	2,523,914,136	2,895,044,021
Current portion of lease liabilities	108,977,997	95,682,070
Current portion of contract liabilities (Note 7)	608,232,749	483,716,984
Income tax payable	68,639,663	21,409,421
Due to related parties (Note 20)	1,875,986	1,852,335
Total Current Liabilities	15,083,454,003	12,812,076,789
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	4,841,125,708	3,329,870,858
Retirement liabilities	307,796,046	244,484,785
Lease liabilities - net of current portion	65,489,765	449,016,644
Contract liabilities- net of current portion (Note 7)	1,148,836,866	125,826,185
Other noncurrent liabilities (Note 15)	115,365,407	110,051,126
Total Noncurrent Liabilities	6,478,613,792	4,259,249,598
Total Liabilities	21,562,067,795	17,071,326,387
Equity		
Capital stock (Note 21)	1,066,401,386	1,066,401,386
Additional paid-in capital	6,402,046,998	6,402,046,998
Treasury stock	(3,720,790)	(3,720,790)
Other comprehensive income – net	739,933,553	710,593,262
Retained earnings (Note 22)	4,453,842,015	4,696,225,201
	12,658,503,162	12,871,546,057
Non-controlling interests	50,661,425	44,573,560
Total Equity	12,709,164,587	12,916,119,617
	₱34,271,232,382	₱29,987,446,004

See accompanying Notes to Interim Condensed Financial Statements.

EEI CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME****For the nine months ended September 30, 2024 and 2023**

	2024		2023	
	Quarter	Nine months	Quarter	Nine months
REVENUES				
Construction contracts	₱2,805,755,778	₱9,457,820,635	₱3,792,576,133	₱10,282,760,094
Services	301,683,747	1,696,790,252	493,496,945	1,580,551,971
Merchandise sales	25,505,348	149,980,549	52,113,726	325,682,425
Real estate sales	2,507,143	14,848,857	9,231,932	10,400,378
	3,135,452,016	11,319,440,293	4,347,418,736	12,199,394,868
COSTS (Note 17)				
Construction contracts	3,055,724,235	8,795,999,019	2,823,521,544	8,946,741,107
Services	216,219,436	1,420,031,531	408,148,934	1,371,261,596
Merchandise sales	19,977,504	127,583,607	43,975,315	292,956,407
Real estate sales	966,137	7,111,810	2,937,719	3,872,476
	3,292,887,312	10,350,725,967	3,278,583,512	10,614,831,586
GROSS PROFIT	(157,435,296)	968,714,326	1,068,835,224	1,584,563,282
EQUITY IN NET LOSSES OF ASSOCIATES AND JOINT VENTURES (Note 10)	(326,929,300)	(418,808,623)	(51,892,766)	(401,932,451)
SELLING AND ADMINISTRATIVE EXPENSES (Note 18)	(346,404,592)	(1,023,382,065)	(377,425,546)	(1,108,592,860)
FINANCE COST AND OTHER EXPENSES – Net				
Interest expense (Notes 14 and 16)	(288,717,820)	(774,218,963)	(217,001,010)	(594,055,116)
Foreign exchange gains – net	(2,531,859)	(1,773,084)	21,288,393	49,445,133
	(291,249,679)	(775,992,047)	(195,712,617)	(544,609,983)
INTEREST INCOME	15,941,755	54,624,315	18,179,032	56,888,986
OTHER INCOME – Net	1,163,742,786	1,418,756,879	117,835,466	202,566,148
INCOME (LOSS) BEFORE INCOME TAX (PROVISION FOR) BENEFIT FROM INCOME TAX (Note 19)	57,665,674	223,912,785	579,818,793	(211,116,878)
Current	345,542,708	449,040,736	39,880,679	74,066,573
Deferred	(255,451,616)	(287,883,505)	131,133,267	7,133,971
	90,091,092	161,157,231	171,013,946	81,200,544
CONSOLIDATED NET INCOME (LOSS)	(₱32,425,418)	₱62,755,554	₱408,804,847	(₱292,317,422)
Net income (loss) attributable to:				
Equity holders of the Parent Company	(₱31,752,064)	₱56,667,689	₱406,002,129	(₱294,966,735)
Noncontrolling interests	(673,354)	6,087,865	2,802,718	2,649,313
	(₱32,425,418)	₱62,755,554	₱408,804,847	(₱292,317,422)
Earnings (Loss) Per Share – Basic and Diluted (Note 24)	(₱0.1028)	(₱0.1618)	₱0.3196	(₱0.5011)

See accompanying Notes to Interim Condensed Financial Statements.

EEI CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****For the nine months ended September 30, 2024 and 2023**

	2024		2023	
	Quarter	Nine months	Quarter	Nine months
CONSOLIDATED NET INCOME (LOSS)	(32,425,418)	62,755,554	₱408,804,847	(₱292,317,422)
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Fair value change on equity investments at FVOCI (Note 11)	1,244,436	6,207,632	(148,162,174)	(124,585,234)
Remeasurement losses on retirement liability	-	-	219,039	708,513
<i>Item to be reclassified to profit or loss in subsequent periods:</i>				
Cumulative translation adjustments	(160,680,650)	23,132,659	21,195,649	(2,980,160)
TOTAL COMPREHENSIVE INCOME (LOSS)	(191,861,632)	92,095,845	₱282,057,361	(₱419,174,303)
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company	(191,188,278)	86,007,980	₱279,254,644	(₱421,823,616)
Non-controlling interests	(673,354)	6,087,865	2,802,717	2,649,313
	(191,861,632)	92,095,845	₱282,057,361	(₱419,174,303)

See accompanying Notes to Interim Condensed Financial Statements.

EEI CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2024 and 2023

	Attributable to Equity Holders of the Parent Company										
	Other Comprehensive Income - Net of Deferred Tax Effect										
	Capital Stock (Note 21)	Additional Paid-In Capital	Treasury Stock	Remeasurement Losses on Retirement Liability	Cumulative Translation Adjustments (Note 10)	Fair Value Reserve of Equity Investments at FVOCI (Note 11)	Subtotal	Retained Earnings (Note 22)	Subtotal	Non-controlling Interests	Total
Balances at January 1, 2024	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱232,831,197)	₱580,575,461	₱362,848,998	₱710,593,262	₱4,696,225,201	₱12,871,546,057	₱44,573,560	₱12,916,119,617
Net income	-	-	-	-	-	-	-	56,667,689	56,667,689	6,087,865	62,755,554
Other comprehensive income	-	-	-	-	23,132,659	6,207,632	29,340,291	29,340,291	29,340,291	-	29,340,291
Total comprehensive income	-	-	-	-	23,132,659	6,207,632	29,340,291	56,667,689	86,007,980	6,087,865	92,095,845
Dividends paid	-	-	-	-	-	-	-	(299,050,875)	(299,050,875)	-	(299,050,875)
Balances at September 30, 2024	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱232,831,197)	₱603,708,120	₱369,056,630	₱739,933,553	₱4,453,842,015	₱12,658,503,162	₱50,661,425	₱12,709,164,587

	Attributable to Equity Holders of the Parent Company										
	Other Comprehensive Income - Net of Deferred Tax Effect										
	Capital Stock (Note 21)	Additional Paid-In Capital	Treasury Stock	Remeasurement Losses on Retirement Liability	Cumulative Translation Adjustments (Note 10)	Fair Value Reserve of Equity Investments at FVOCI (Note 11)	Subtotal	Retained Earnings (Note 22)	Subtotal	Non-controlling Interests	Total
Balances at January 1, 2023	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱79,164,875)	₱540,862,287	₱726,462,186	₱1,188,159,598	₱4,760,634,469	₱13,413,521,661	₱3,245,679	₱13,416,767,340
Equity investment at FVOCI	-	-	-	-	-	(213,514,272)	(213,514,272)	213,514,272	-	-	-
Net income (loss)	-	-	-	-	-	-	-	(294,966,735)	(294,966,735)	2,649,313	(292,317,422)
Other comprehensive income (loss)	-	-	-	708,513	(2,980,160)	(124,585,234)	(126,856,881)	-	(126,856,881)	-	(126,856,881)
Total comprehensive income (loss)	-	-	-	708,513	(2,980,160)	(124,585,234)	(126,856,881)	(294,966,735)	(421,823,616)	2,649,313	(419,174,303)
Dividends paid	-	-	-	-	-	-	-	(299,050,875)	(299,050,875)	-	(299,050,875)
Balances at September 30, 2023	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱78,456,362)	₱537,882,127	₱388,362,680	₱847,788,445	₱4,380,131,131	₱12,692,647,170	₱5,894,992	₱12,698,542,162

EEl CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS****For the nine months ended September 30, 2024 and 2023**

	September 30, 2024	September 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	₱223,912,784	(₱211,116,880)
Adjustments for:		
Interest expense	774,218,963	594,055,116
Depreciation and amortization	358,839,950	390,583,595
Movement in retirement assets and liabilities	2,426,983	60,359,693
Gain on sale of property and equipment	838,648	398,811
Gain on sale of investment	-	(183,754,237)
Interest income	(54,624,315)	(56,888,986)
Unrealized foreign exchange gains – net	(139,736)	(115,075,168)
Equity in net loss of associates	418,808,623	401,932,451
Operating income before changes in working capital	1,724,281,900	880,494,395
Decrease (increase) in:		
Receivables	(823,318,874)	(482,110,152)
Contract assets	(1,443,120,392)	131,584,586
Due from related parties	(40,727,012)	10,409,410
Inventories	352,019,518	(173,087,635)
Other current assets	(62,162,132)	(612,310,849)
Other noncurrent assets	238,555,206	(144,275,994)
Increase (decrease) in:		
Due to related parties	23,651	2,400,176
Accounts payable and other current liabilities	(223,629,028)	(261,983,308)
Contract liabilities	1,147,526,446	(740,188,916)
Net cash used in operations	869,449,283	(1,389,068,287)
Interest received	54,624,315	56,888,986
Interest paid	(780,834,137)	(561,184,013)
Income tax paid	(401,810,493)	-
Net cash flows used in operating activities	(258,571,032)	(1,893,363,314)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of:		
Property and equipment (Note 12)	108,000,871	(398,811)
Investment in associates and joint ventures	-	1,911,639,762
Equity investment at fair value through other comprehensive income (FVOCI)	-	589,312,097
Acquisition of property and equipment (Note 12)	(354,781,693)	(127,819,373)
Additional investment in associates and joint ventures	(2,210,402,310)	(1,314,479,251)
Net cash flows provided by (used in) investing activities	(2,457,183,132)	1,058,254,424
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of:		
Bank loans (Note 14)	9,772,000,000	8,111,408,437
Long-term debt (Note 16)	3,585,269,600	2,000,000,000
Payments of:		
Bank loans (Note 14)	(7,079,000,000)	(6,511,408,437)
Long-term debt (Note 16)	(2,445,142,687)	(2,625,000,000)
Principal portion of lease liabilities	(153,515,732)	(49,253,828)
Cash dividends paid	(299,050,875)	(299,050,875)
Net cash flows provided by financing activities	3,380,560,306	626,695,297
NET DECREASE IN CASH AND CASH EQUIVALENTS	664,806,142	(208,413,593)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,216,974,593	2,571,374,751
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱2,881,780,735	₱2,362,961,158

EEI CORPORATION AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

EEI Corporation (the Parent Company) is a stock corporation incorporated on April 22, 1931 under the laws of the Philippines. On July 15, 1980, the Parent Company's corporate life was extended for another fifty years starting April 17, 1981. Pursuant to Section 11 of the Revised Corporate Code, the Parent Company now has perpetual existence. Its registered office address is No. 12 Manggahan Street, Bagumbayan, Quezon City.

The Parent Company's shares of stock are publicly traded at the Philippine Stock Exchange (PSE). The principal shareholders holding significant interests in the Parent Company are RYM Business Management Corporation (20%) House of Investments, Inc. (15%), Industry Holdings Development Corporation (14.346%) and Shenton Resources Pte Ltd (6%).

The Parent Company is engaged in general contracting and construction equipment rental. The Parent Company's subsidiaries, associates and joint ventures are mainly involved in the provision of manpower services, construction, trading of construction equipment and parts, energy retail, steel fabrication, scaffoldings rental, and real estate.

The unaudited interim condensed consolidated financial statements were approved and authorized for issue on November 14, 2024.

2. Basis of Preparation and Statement of Compliance

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for equity investments at FVOCI which have been measured at fair value. The accompanying interim condensed consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. Except as indicated, all amounts are rounded off to the nearest Peso.

Statement of Compliance

The interim condensed consolidated financial statements have been prepared in compliance with Philippine Accounting Standards (PAS 34), *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2023.

The interim condensed consolidated financial statements of the Group have been prepared for filing with the SEC.

Basis of Consolidation

The interim condensed consolidated financial statements as of September 30, 2024 and December 31, 2023 and the period then ended include the Parent Company and the following companies (collectively, the Group) that it controls:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership			
				September 2024		December 2023	
				Direct	Indirect	Direct	Indirect
EEI Limited (formerly EEI BVI Ltd.)	British Virgin Islands	Holding company	US Dollar	100	–	100	–
Clear Jewel Investments, Ltd. (CJIL)	British Virgin Islands	Holding company	US Dollar	–	100	–	100
Nimaridge Investments, Limited	British Virgin Islands	Holding company	US Dollar	–	100	–	100
EEI (PNG), Ltd	Papua New Guinea	Holding company	US Dollar	–	100	–	100
EEI Corporation (Guam), Inc.	United States of America	Construction	US Dollar	100	–	100	–
EEI Construction and Marine, Inc.	Philippines	Construction	Philippine Peso	100	–	100	–
EEI Realty Corporation (EEI Realty)	Philippines	Real estate	Philippine Peso	100	–	100	–
EEI Subic Corporation	Philippines	Construction	Philippine Peso	100	–	100	–
EEI Business Solutions, Inc. (EBSI) (formerly Equipment Engineers, Inc)	Philippines	Trading	Philippine Peso	100	–	100	–
JP Systems Asia Inc. (JPSAI)	Philippines	Rental of scaffolding and formworks	Philippine Peso	–	60	–	60
BiotechJP Corp.*	Philippines	Manufacturing food and therapeutic food	Philippine Peso	–	–	–	–
Shinbayanhan Heavy Equipment Corp.	Philippines	Rental of construction equipment	Philippine Peso	40	–	40	–
Learn JP Corp.	Philippines	Service for improvement in language proficiency	Philippine Peso	–	60	–	60
EEI Power Corporation (EPC)	Philippines	Power generation	Philippine Peso	89	11	89	11
Gulf Asia International Corporation (GAIC)	Philippines	Manpower services	Philippine Peso	100	–	100	–
GAIC Professional Services Inc. (GAPSI)	Philippines	Manpower services	Philippine Peso	–	100	–	100
GAIC Manpower Services, Inc. (GAMSI)	Philippines	Manpower services	Philippine Peso	–	100	–	100
Bagumbayan Equipment & Industrial Products, Inc.	Philippines	Consultancy services	Philippine Peso	100	–	100	–
Philmark, Inc	Philippines	Construction	Philippine Peso	100	–	100	–
Philrock Construction and Services, Inc.	Philippines	Manpower services	Philippine Peso	100	–	100	–
EEI Energy Solutions Corporation (ESSC)	Philippines	Power generation	Philippine Peso	–	100	–	100
EEI Carga Digital Logistic Corporation	Philippines	Operate digital logistic platform	Philippine Peso	–	–	–	–

*On November 7, 2023, the Parent Company sold all its interest in BiotechJP Corp.

The Group operation is not affected by seasonality and cyclicity.

3. **Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2024. Adoption of these pronouncements did not have any significant impact on the Group's consolidated financial statements unless otherwise indicated.

The Group did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

Effective beginning on or after January 1, 2024

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

The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

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

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

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

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

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

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

Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. The adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

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

- Amendments to PAS 21, *Lack of exchangeability*

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

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

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The effectivity of the amendments was deferred until IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. **Significant Accounting Judgments and Estimates**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures.

Except as otherwise stated, the significant accounting policies, judgments, estimates and assumptions used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2023.

Judgments

Provisions and contingencies

The Group is involved in various claims in the ordinary course of business. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position. The Group's management believes that the outcome of these claims will not have a material adverse effect on the Group's financial position or operating results. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these claims.

Estimates and Assumptions

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

Estimating variable considerations arising from change orders and claims

The Group frequently agrees to change orders that modify the scope of its work previously agreed with customers and regularly submits claims to customers when unanticipated additional costs are incurred because of delays or changes in scope caused by the customers. PFRS 15 requires the Group to recognize, as part of its revenue from construction contracts, the estimated amounts the Group expects to be entitled to and to be received from customers due to these change orders and claims (otherwise known as variable considerations), provided that it is highly probable that a significant reversal of the revenue recognized in connection with these variable considerations will not occur in the future. For these unpriced change orders and claims, the Group uses the "most likely

amount” method to predict the amount to which it will be entitled and expected to be received from the customers. The Group also updates its estimate of the transaction price to reflect any changes in circumstances that would result to changes in amount of variable considerations and corresponding increase or decrease in the contract assets.

The aggregate carrying values of receivables and contract assets arising from construction contracts amounted to ₱18.8 billion and ₱16.8 billion as of September 30, 2024 and December 31, 2023, respectively (Notes 6 and 7).

Fair value measurement of unquoted equity investments at FVOCI

The Group uses adjusted net asset method to estimate the fair value of its investment in Hermosa Ecozone Development Corporation (HEDC). This valuation technique requires significant unobservable inputs to calculate the fair value of the Group’s unquoted equity investments at FVOCI. These inputs include appraised value of real properties, among others. Changes in assumptions relating to these factors could affect the reported fair value of these unquoted equity financial instruments. For the investment in HEDC, the valuation made by the appraisers was based on sales comparison approach.

The fair value of unquoted equity investments amounted to ₱494.4 million as of September 30, 2024 and December 31, 2023, respectively. (Note 11).

Realizability of deferred tax assets

The Group reviews the carrying amounts of deferred taxes of each entity in the Group at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Classification of creditable withholding tax

The Group classifies its creditable withholding tax (CWT) as current when it is expected to be realized (e.g., will be used as tax credit against income taxes due) within twelve months after the reporting period. The portion of CWT that is expected to be realized more than twelve months after the reporting period is classified as noncurrent. (Note 9 and 13)

5. Cash and Cash Equivalents

This account consists of:

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Cash on hand	₱6,950,915	₱6,302,450
Cash in banks	2,802,585,355	2,088,439,005
Cash equivalents	72,244,465	122,233,138
	₱2,881,780,735	₱2,216,974,593

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn annual interest at the respective short-term investment rates.

6. Receivables - net

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivable		
Non-interest bearing		
Billed receivables	P2,580,858,317	P3,269,181,998
Unbilled receivables	174,701,233	107,019,302
Interest-bearing	10,372,689	15,397,435
Receivable from sale of investment properties	14,351,653	14,924,186
Receivable from ERFI	1,407,476,350	-
Other receivables	148,132,642	105,913,401
	4,335,892,884	3,512,436,322
Less: Allowance for expected credit losses	156,166,025	156,028,337
	P 4,179,726,859	P3,356,407,985

Movements in the allowance for expected credit losses follow:

	September 30, 2024 (Unaudited)			
	Non-interest bearing trade receivables	Interest-bearing trade receivables	Other receivables	Total
Balances at beginning of period	P143,703,526	P200,000	P12,124,811	P156,028,337
Provision (reversal)	336,841	-	(199,153)	137,688
Balances at end of period	P144,040,367	P200,000	P11,925,658	P156,166,025

	December 31, 2023 (Audited)			
	Non-interest bearing trade receivables	Interest-bearing trade receivables	Other receivables	Total
Balances at beginning of period	P79,842,362	P200,000	P10,926,181	P90,968,543
Provision	63,861,164	-	1,198,630	65,059,794
Balances at end of period	P143,703,526	P200,000	P12,124,811	P156,028,337

Trade receivables mainly pertain to amounts arising from construction contracts and are generally on a 30-day credit term.

7. Contract Assets and Liabilities

Contract Assets

The Group presents contract receivable and retentions withheld by customers as contract assets. The Group's contract receivable pertains to accomplishments completed as of reporting period but not yet billed to customers and not yet due for payment. Retention pertains to amounts withheld by customers and is conditioned on the lapse of the defect liability period and the receipt of customer certification that the constructed asset is completed and accepted. Contract assets are reclassified as account receivables upon billing to the customer.

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

	September 30, 2024 (Unaudited)		
	Current	Noncurrent	Total
Contract asset	P7,013,737,164	P7,900,597,548	P14,914,334,712
Less: Allowance for expected credit losses	473,071	255,913,200	256,386,271
	P7,013,264,093	P7,644,684,348	P14,657,948,441

	December 31, 2023 (Audited)		
	Current	Noncurrent	Total
Contract asset	P7,011,472,166	P6,459,742,154	P13,471,214,320
Less: Allowance for expected credit losses	473,071	255,913,200	256,386,271
	P7,010,999,095	P6,203,828,954	P13,214,828,049

Movement in the allowance for expected credit losses as of September 30, 2024 and December 31, 2023 follows:

	September 30, 2024 (Unaudited)		
	Current	Noncurrent	Total
Balances as at January 1	P473,071	P255,913,200	P256,386,271
Provision	-	-	-
Balances as at September 30	P473,071	P255,913,200	P256,386,271

	December 31, 2023 (Audited)		
	Current	Noncurrent	Total
Balances as at January 1	P19,510,785	P9,443,812	P28,954,597
Provision	(19,037,714)	246,469,388	227,431,674
Balances as at December 31	P473,071	P255,913,200	P256,386,271

Contract Liabilities

Contract liabilities mainly consist of down payments received in relation to construction contracts that will be recognized as revenue in the future as the Group satisfies its performance obligations. The Group's contract liabilities amounted to P1.8 billion and P0.6 billion as of September 30, 2024 and December 31, 2023, respectively, after offsetting with related contract assets.

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Total contract liabilities	P1,757,069,615	P609,543,169
Less current portion	608,232,749	483,716,984
	P1,148,836,866	P 125,826,185

8. Inventories

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Construction materials	P709,892,987	P1,029,508,768
Real estate:		
Land and land development	145,073,029	147,773,029
Subdivision lots and condominium units for sale	34,032,442	34,032,443
Raw land	40,037,038	41,105,288
Merchandise	78,571,235	85,469,645
Spare parts and supplies	69,941,585	89,632,257
	1,077,548,316	1,427,521,430
Less: Allowance for inventory obsolescence		
Merchandise	2,815,782	769,378
Spare parts and supplies	7,572,331	7,572,331
	10,388,113	8,341,709
	P1,067,160,203	P1,419,179,721

9. Other Current Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Advances to suppliers and subcontractors	P747,886,255	P626,529,250
Miscellaneous deposits	145,090,769	162,505,197
Creditable withholding taxes (CWTs)	133,217,893	133,217,893
Prepaid expenses	98,315,618	36,938,538
Advances to officers and employees	56,868,999	55,058,320
Deferred input tax	32,128,969	66,137,789
Time deposits	-	102,373,333
Others	66,671,454	35,257,505
	1,280,179,957	1,218,017,825
Less: Allowance for impairment	63,274,702	63,274,702
	P1,216,905,255	P1,154,743,123

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

Miscellaneous deposits mainly represent the Group's refundable rental, utilities and guarantee deposits on various machinery and equipment items. The provision for impairment was derived from the probable uncollectible amount of security deposits on various utilities and rentals from project sites.

CWTs pertain to unutilized creditable withholding taxes which will be used as tax credit against income taxes due. The Group determines that taxes withheld can be recovered in future periods. CWTs not expected to be utilized within twelve months from reporting date are classified as non current (Note 13).

Time deposits are interest-bearing bank deposits with 178 days of maturity. These deposits earn interest at 6% per annum. This was terminated on May 18, 2024.

Movements in allowance for impairment are shown below:

September 30, 2024 (Unaudited)				
	Advances to suppliers and subcontractors	Miscellaneous deposits	Advances to officers and employees	Total
Balances as at January 1	P20,133,033	P41,265,425	P1,876,244	P63,274,702
Provisions for ECL (Note 18)	–	–	–	–
Balances as at December 31	P20,133,033	P41,265,425	P1,876,244	P63,274,702

December 31, 2023 (Audited)				
	Advances to suppliers and subcontractors	Miscellaneous deposits	Advances to officers and employees	Total
Balances as at January 1	P13,093,959	P41,265,425	P1,035,813	P55,395,197
Provisions(recoveries) for ECL (Note 18)	7,039,074	–	840,431	7,879,505
Balances as at December 31	P20,133,033	P41,265,425	P1,876,244	P63,274,702

10. Investments in Associates and Joint Ventures

The investments relate to the following investee companies:

	Place of incorporation	Nature of business	Percentage of ownership	
			September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<i>Associates</i>				
Al-Rushaid Construction Company Limited (ARCC)	Kingdom of Saudi Arabia	Construction	49	49
Rice Integrated Commercial Enterprise, Inc. (RICEI)	Philippines	Support activities to agriculture and post- harvest crop activities	39	39
<i>Joint ventures</i>				
Shinbayanihan Heavy Equipment Corporation (SHEC)	Philippines	Equipment rental	40	40
Shimizu-Fujita-Takenaka-EEI Joint Venture (SFTE)	Philippines	Construction	5	5
Acciona-EEI Joint Venture (AE)	Philippines	Construction	30	30
Lotte-Gulermak-EEI Joint Venture (LGE)	Philippines	Construction	25	25

Details of the Group's material investments in associates and joint ventures follow:

	September 30, 2024 (Unaudited)								Total
	ARCC	RICEI	SHEC	LGE	SFTE	AE			
Acquisition cost:									
Balances as at January 1	2,624,991,802	10,777,300	20,800,000						2,656,569,102
Additional investment	2,210,402,309								2,210,402,309
Balances as at September 30	4,835,394,111	10,777,300	20,800,000						4,866,971,411
Accumulated equity in net earnings (losses):									
Balances as at January 1	(1,053,995,987)		2,069,877		41,390,473		104,858,263		(905,677,374)
Equity in net earnings (losses)	(500,000,001)		(534,408)		29,397,185		52,328,601		(418,808,623)
Balances as at September 30	(1,553,995,988)		1,535,469		70,787,658		157,186,864		(1,324,485,997)
Accumulated share in other comprehensive income (loss):									
Balances as at January 1	(104,668,114)								(104,668,114)
Additions									
Balances as at September 30	(104,668,114)								(104,668,114)
Equity in cumulative translation adjustments	377,733,484								377,733,484
	P3,554,463,493	P10,777,300	P22,335,469	P-	P70,787,658	P157,186,864	P3,815,550,784		

	December 31, 2023 (Audited)									Total
	ARCC	PSOC	PWEI	RICEI	SHEC	BEO DMC	LGE	SFTE	AE	
Acquisition cost:										
Balances as at January 1	P595,948,045	P693,303,362	P288,490,782	P13,540,700	P20,800,000	P450,000	P-	P-	P-	P1,612,532,889
Additional investment	2,029,043,757									2,029,043,757
Balances as at December 31	2,624,991,802	693,303,362	288,490,782	13,540,700	20,800,000	450,000				3,641,576,646
Accumulated equity in net earnings (losses):										
Balances as at January 1	541,647,535	511,410,622	257,365,159	(497,960)	313,289	(384,008)		9,357,434	54,418,305	1,373,630,376
Equity in net earnings (losses)	(1,595,643,522)	137,548,513	23,595,024	497,960	1,756,588			32,033,039	50,439,958	(1,349,772,440)
Balances as at December 31	(1,053,995,987)	648,959,135	280,960,183		2,069,877	(384,008)		41,390,473	104,858,263	23,857,936
Accumulated share in other comprehensive income (loss):										
Balances as at January 1	(111,716,606)	(181,079)	107,379							(111,790,306)
Additions	7,048,492									7,048,492
Balances as at December 31	(104,668,114)	(181,079)	107,379							(104,741,814)
Disposals		(1,342,081,418)	(569,558,344)	(2,763,400)		(65,992)				(1,914,469,154)
Equity in cumulative translation adjustments	354,463,037									354,463,037
	P1,820,790,738	P-	P-	P10,777,300	P22,869,877	P-	P-	P41,390,473	P104,858,263	P2,000,686,651

In 2023, EEI Power Corporation entered into a Share Purchase Agreement with Petro Energy Resources Corporation to sell its shares in PetroWind Energy, Inc. and PetroSolar Corporation to the latter.

The Deed of Absolute Sale for the shares in PetroWind Energy, Inc. was entered into by the parties on May 10, 2023 and the related proceeds amounting to ₱651.5 million were received on the same date. Gain on disposal was recognized in May 2023 amounting to ₱82.1 million.

The parties executed the Deed of Sale for the shares in PetroSolar Corporation on July 31, 2023 and the related proceeds amounting to ₱1,443.9 million were received on the same date. Gain on disposal amounted to ₱101.7 million.

In 2023, upon the disposal of the Group's shares in BiotechJP Corporation, the Group also derecognized the latter's 10% ownership in RICE Integrated Commercial Enterprise, thereby reducing its interest to 39% or reduction in investee of ₱2.8 million. In the same year, the Group also derecognized its 30% ownership in BEO DMC, the distribution company set-up for Biotech JP.

11. Equity Investments at FVOCI

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Quoted equity investments	₱55,242,213	₱48,289,081
Unquoted equity investments	494,402,587	494,402,587
	₱549,644,800	₱542,691,668

The rollforward analyses of equity investments at FVOCI as of September 30, 2024 and December 31, 2023 follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning of period	₱542,691,668	₱1,276,220,111
Disposal	-	(525,211,059)
Fair value changes	6,953,132	(208,317,384)
End of period	₱549,644,800	₱542,691,668

The unquoted equity investments consist of shares of the following companies:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Hermosa Ecozone Development Corporation	₱490,651,882	₱490,651,882
Others	3,750,705	3,750,705
At end of period	₱494,402,587	₱494,402,587

The Group elected to present the fair value changes of all its equity investments in other comprehensive income because it does not intend to hold these investments for trading.

In 2023, the Group entered into a Share Purchase Agreement with Petro Energy Resources Corporation to sell its shares in Petro Green Energy Corporation (PGEC). The proceeds of the sale amounted to ₱521.2 million with a corresponding downward revaluation of ₱213.8 million which was recorded as

other comprehensive loss. The cumulative net revaluation adjustment relating to PGEC was reclassified from other comprehensive income to Retained Earnings upon disposal.

12. Property and Equipment

This account consists of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At Cost		
Land, Buildings and Improvements	P354,426,243	P437,800,853
Machinery, Tools and Construction Equipment	5,004,188,508	4,900,794,374
Transportation and Service Equipment	1,019,875,481	987,204,272
Furniture, Fixtures and Office Equipment	616,099,629	593,360,505
	6,994,589,861	6,919,160,004
Less: Accumulated Depreciation	(5,177,588,209)	(4,926,041,002)
	1,817,001,652	1,993,119,002
Construction in Progress	225,743,761	106,847,682
	P2,042,745,413	P2,099,966,684

Machinery, tools and construction equipment are directly used in various construction projects of the Group. Construction in progress mainly pertains to the construction of employee training facilities and on-going improvement projects at the Parent Company's head office.

As at September 30, 2024 and December 31, 2023, no property and equipment items were pledged as security.

13. Other Noncurrent Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Loans receivable	P1,200,000,000	P1,200,000,000
Creditable withholding taxes (Note 9)	412,660,815	634,277,465
Receivable from sale of a subsidiary	35,012,057	35,985,167
Deposit for future subscription	20,000,000	20,000,000
Deferred input VAT	11,241,006	27,466,187
Software	2,340,000	2,340,000
Others	20,827,372	20,567,637
	1,702,081,250	1,940,636,456
Allowance for expected credit loss	(1,637,755)	(1,637,755)
	P 1,700,443,495	P1,938,998,701

In December 2022, the Parent Company entered into an agreement with EEI-RFI granting a loan amounting to P1.2 billion to the latter. The loan is to be paid in 10 annual installments commencing in 2025 with annual interest rate of 5%.

There was no movement in the allowance for expected credit losses for the periods ended September 30, 2024 and December 31, 2023.

14. Bank Loans

The Group availed of several unsecured short-term bank loans with a number of local banks. These loans will mature within one year with annual interest rates ranging from 6.88% - 7.50% and 4.63% - 7.65% as at September 30, 2024 and December 31, 2023, respectively.

Movements in this account follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balances at the beginning of period	₱4,329,000,000	₱3,400,000,000
Availment	9,772,000,000	11,440,408,437
Payments	(7,079,000,000)	(10,511,408,437)
Balances at end of period	₱7,022,000,000	₱4,329,000,000

15. Accounts Payable and Other Current Liabilities

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts payable	₱3,369,784,811	₱3,403,584,727
Retention payable	425,923,534	378,103,929
Deferred output taxes	289,254,174	436,183,977
Accrued expenses	423,483,662	468,616,377
Withholding taxes and other statutory liabilities	96,455,187	128,484,778
Advances from joint venture partners	32,381,854	32,381,854
Others	112,530,250	138,016,316
	₱4,749,813,472	₱4,985,371,958

Accounts payable are non-interest bearing and generally settled on 30 to 90-day terms.

Retention payable are amounts that the Group deducts from its subcontractors' billings and are subsequently paid after completion of the subcontracted works.

Deferred output taxes pertain to sale of services on credit. Once collected, the amount will be transferred to output VAT payable.

Accrued expenses mainly consist of accrual for salaries and wages, interest, provisions, accrual for professional fees, outside services, utilities and other expenses that are expected to be settled within one year. Provisions were provided for claims by third parties in the ordinary course of business. As allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided as the disclosure of additional details may prejudice the Group's position and negotiation strategies with respect to these matters.

Other noncurrent liabilities pertain to noncurrent portion of retention payables that are expected to be settled beyond one year from the end of reporting period. As of September 30, 2024 and December 31, 2023, other noncurrent liabilities amounted to ₱115.4 million and ₱110.1 million, respectively.

16. Long-term Debt

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Fixed-rate corporate promissory notes	₱7,354,664,644	₱6,214,537,732
Fixed-rate term loan	10,375,200	10,377,147
	7,365,039,844	6,224,914,879
Less current portion	2,523,914,136	2,895,044,021
	₱4,841,125,708	₱3,329,870,858

17. Costs of Sales and Services

This account consists of the following balances for the 6-month periods ended September 30:

	2024 (Unaudited)	2023 (Unaudited)
Cost of services	₱10,216,030,550	₱10,318,002,703
Cost of sales	134,695,417	296,828,883
	₱10,350,725,967	₱10,614,831,586

Cost of Services

	2024 (Unaudited)	2023 (Unaudited)
Personnel expenses	₱5,138,140,866	₱ 5,079,479,125
Materials	2,101,956,366	2,058,591,466
Equipment costs and others	2,020,214,616	2,156,608,068
Power sales	703,334,330	748,260,492
Depreciation and amortization	239,062,353	263,729,214
Others	13,322,019	11,334,338
	₱10,216,030,550	₱10,318,002,703

18. Selling and Administrative Expenses

This account consists of the following balances for the 6-month periods ending September 30:

	2024 (Unaudited)	2023 (Unaudited)
Personnel expenses	P474,626,714	P474,691,576
Depreciation and amortization	119,777,599	126,854,381
Training	51,766,215	7,781,246
Travel and transportation	46,565,591	47,793,939
Repairs and maintenance	48,517,107	39,960,762
Taxes and licenses	41,559,438	226,065,779
Outside services	38,011,854	36,130,037
Professional fees	33,660,889	41,883,385
Utilities	27,579,699	31,546,987
Food, meals and others	29,132,273	1,812,058
Advertising	6,611,548	3,674,083
Insurance	3,683,972	2,843,543
Supplies	4,016,000	5,803,899
Rent	3,214,454	6,119,503
Donations	110,000	3,146,053
Provision of allowance for expected credit loss – net (Notes 6, 7 and 14)	352,450	5,459,003
Provision for inventory obsolescence	952,381	–
Others	93,243,881	47,026,626
	P1,023,382,065	P1,108,592,860

Others pertain to the various administrative expenses that the Group incurs in support of its day-to-day operations including subscriptions, stock listing fees, postage and other charges.

The distribution of the depreciation and amortization expense for the 9-month periods ending September 30, 2024 follows:

	2024 (Unaudited)	2023 (Unaudited)
Property and equipment (Note 12)	P67,831,328	P77,212,517
Right-of-use asset	51,946,271	49,641,864
	P119,777,599	P126,854,381

19. Income Taxes

The components of tax expense (benefit) as reported in the consolidated statements of income for the 6-month periods ending September 30 are as follows:

	2024 (Unaudited)	2023 (Unaudited)
Current	P449,040,736	P74,066,573
Deferred	(287,883,505)	7,133,971
	P161,157,231	P81,200,544

Deferred tax assets – net amounted to ₱1.7 billion and ₱1.3 billion as at September 30, 2024 and December 31, 2023, respectively.

20. Related Party Transactions

The outstanding balances and transactions with related parties as of September 30, 2024 and December 31, 2023 consist of the following:

(In Thousand Php)		September 30, 2024 (Unaudited)				
		Amount / Volume	Outstanding Receivable/ (Payable)	Cash in bank	Terms	Conditions
Parent company	Rendering of janitorial services	₱ 19,759	₱ 4,594	₱–	Non-interest bearing	Unsecured, no impairment
Associate	Professional and other service fees	–	184,315	–	Non-interest bearing	Unsecured
	Extension of advances	–	–	–	Non-interest bearing	Unsecured
	Availment of advances	–	(1,876)	–	Non-interest bearing	Unsecured
Entities under the common control	Bank deposits	10,820	–	2,210,882	Interest bearing; 0.15% -0.40% per annum	Unsecured, no impairment
	Revenue from construction services	775,333	138,301	–	Non-interest bearing	Unsecured
	Revenue from service contract	18,009	33,807	–	Non-interest bearing	Unsecured, no impairment
	Rendering of janitorial services	341,147	46,952	–	Non-interest bearing	Unsecured, no impairment
Other related parties	Lease of property	(93,161)	–	–	Non-interest bearing	Unsecured
	Extension of advances	–	128	–	Non-interest bearing	Unsecured
	Loan	45,000	1,200,000	–	Interest bearing 5% per annum	Unsecured, no impairment
Due from related parties			₱235,989			
Due to related parties			(₱1,876)			
Loans receivable			₱1,200,000			
Cash in bank				₱2,210,882		

(In Thousands of Philippine Peso)		December 31, 2023 (Audited)				
Related party	Transaction	Amount / Volume	Outstanding Receivable/ (Payable)	Cash in bank	Terms	Conditions
Parent company	Rendering of janitorial services	₱32,280	₱5,504	₱-	Non-interest bearing	Unsecured, no impairment
	Purchase of management services	(3,736)	-	-	Non-interest bearing	Unsecured
Associate	Rendering of services	25,372	150,630	-	Non-interest bearing	Unsecured, no impairment
	Availment of advances	(290)	(1,852)	-	Non-interest bearing	Unsecured
Entities under the common control	Bank deposits	453,735	-	1,541,948	Interest bearing; 0.15%	Unsecured, no impairment
	Revenue from construction services	622,778	123,027	-	Non-interest bearing	Unsecured, no impairment
	Rendering of janitorial services	419,865	38,828	-	Non-interest bearing	Unsecured, no impairment
Other related parties	Lease of property	(73,300)	(6,108)	-	Non-interest bearing	Unsecured
	Extension of advances	-	300	-	Non-interest bearing	Unsecured, no impairment
	Loan	-	1,200,000	-	Non-interest bearing	Unsecured, no impairment
	Due from related parties		₱195,262			
	Due to related parties		(₱1,852)			
	Loans receivable		₱1,200,000			
	Cash in bank			₱1,541,948		

- a) The Parent Company was contracted by San Lorenzo Ruiz Investment Holdings and Services, Inc. in 2021 for the demolition and excavation, and in 2022 for the construction of The Yuchengco Centre with contract price amounting to ₱168.8 million and ₱1,339.3 million, respectively. The outstanding receivables amounted to ₱128.2 million and ₱112.9 million as of September 30, 2024 and December 31, 2023, respectively.
- b) EPC was contracted by RCBC Realty Corporation in 2022 for the supply of labor and electrical equipment for Phase 2 Electrical System with contract price amounting to ₱56.6 million, respectively. The outstanding receivables amounted to ₱33.8 million as of September 30, 2024.
- c) In 2018, the Parent Company was contracted by Malayan Education Systems, Inc. for the General Construction Works, Excavation, Structural, Civil, Architectural, MEPF Works and Attendance of Mapua Makati Building with contract price amounting to ₱891.0 million. The project was completed as of December 31, 2021. The outstanding receivables amounted to ₱10.1 million as of September 30, 2024 and December 31, 2023, respectively.
- d) In January 2007, the Parent Company and EEI-RFI entered into lease agreements for land and improvements located in Bagumbayan, Quezon City. The lease terms are for one year and renewable every year with 5% increase effective January 1, 2014.

The Parent Company recognized right-of-use asset and lease liability on the lease of property to EEI-RFI amounting to ₱219.0 million and ₱311.8 million, respectively as of September 30, 2024 and ₱257.6 million and ₱350.6 million as of December 31, 2023. Interest expense from lease of property to EEI-RFI amounted to ₱18.9 million and ₱21.6 million as of September 30, 2024 and 2023, respectively.

- e) On December 21, 2022, the Parent Company and EEI-RFI made and entered into a loan agreement to finance the latter's purchase of twenty-four (24) parcels of land in Barrios Sta. Maria and Bolo, Municipality of Bauan, Province of Batangas with an aggregate area of 113,942 sq.m, where the Steel Fabrication Division (SFD) is located. The loan amount is at ₱1.2 billion, payable in 10 annual installments commencing in 2025 with 5% interest per annum.

On the same date, EEI executed an absolute sale of the Bauan Property to EEI RFI for ₱1.0 billion. A leaseback agreement commencing upon execution of sale is also entered by EEI for the same property at ₱3.75 million monthly rental cost with 5% annual escalation beginning 2023 for a term of five (5) years subject to renewal under terms and conditions as mutually agreed by both parties.

The Parent Company recognized right-of-use asset and lease liability on the lease of property to EEI-RFI amounting to ₱36.9 million and ₱148.8 million, respectively as of September 30, 2024 and ₱45.4 million and ₱175.3 million, respectively as of December 31, 2023. Interest expense from lease of property to EEI-RFI amounted to ₱9.0 million and ₱10.8 million for the period ended September 30, 2024 and 2023, respectively.

Outstanding balances as at balance sheet date are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. These mainly consist of advances and reimbursement of expenses. The Group has not recognized any impairment on amounts due from related parties for the 9-month period ended September 30, 2024 and the year ended December 31, 2023.

This assessment is undertaken each balance sheet date through a review of the financial position of the related party and the market in which the related party operates.

Identification, review and approval of related party transactions

Material related party transactions (MRPT) refer to any related party transactions, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All material related party transactions shall be reviewed by the Group's Corporate Governance Committee and approved by the BOD with at least 2/3 votes of BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

21. Capital Stock

The Group's capital stock as at September 30, 2024 and December 31, 2023 consists of the following:

	Common	Preferred	
		Series A	Series B
Par value	₱1	₱0.5	₱0.5
Authorized	2,000,000,000	240,000,000	
Issued	1,036,401,386	15,000,000	45,000,000

Common Shares

The increase in the Parent Company's authorized capital stock to 2,000,000,000 shares with par value of ₱1.0 per share was approved by the SEC on August 28, 1997. As of September 30, 2024, and December 31, 2023, the Group had 3,101 and 3,113 shareholders on record, respectively.

Preferred shares

On July 15, 2021, the BOD of the Parent Company approved the following:

- a) Offer of up to four billion pesos of preferred shares of EEI, with over-subscription option of up to two billion pesos of preferred shares, at an offer price of up to Php100 per share.
- b) Amendment in 2nd paragraph of Article 7 of the Articles of Incorporation to reflect that all stockholders shall have no pre-emptive rights with respect to any shares of any other class or series of the present capital or on future or subsequent increases in capital.
- c) Amendment in 4th paragraph of Article 7 of the Articles of Incorporation changing the characteristic of preferred shares of the Company from non-cumulative to cumulative.
- d) Amendment in Article 6 of the Articles of Incorporation increasing the number of board of directors to eleven (11).

The above were approved by the shareholders through written assent on August 26, 2021.

On December 23, 2021, the Group issued and listed in PSE the non-convertible preferred shares generating net proceeds of ₱5.95 billion.

Cumulative dividends in arrears on preferred shares as at September 30, 2024 and December 31, 2023 amounted to ₱7.6 million and ₱8.7 million, respectively.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes as at September 30, 2024 and December 31, 2023.

The Group considers total equity as its capital.

The Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity attributable to equity holders of Parent Company. The Group's policy is to maintain a debt-to-equity ratio lower than 4:1 as at September 30, 2024 and December 31, 2023.

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Current liabilities	15,083,454,003	₱12,812,076,789
Noncurrent liabilities	6,478,613,792	4,259,249,598
Total liabilities (a)	21,562,067,795	17,071,326,387
Equity attributable to equity holders of Parent Company (b)	12,658,503,162	12,871,546,057
Debt to Equity Ratio (a/b)	1.70:1	1.33:1

22. Retained Earnings

Under the Tax Code of the Philippines, publicly listed companies are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax (IAET). With the enactment of CREATE law, IAET had been repealed starting taxable year 2021.

The accumulated earnings of subsidiaries, associates and joint venture which are included in the Group's retained earnings amounting to ₱0.8 billion and ₱0.2 billion as of September 30, 2024 and December 31, 2023, respectively, are not available for dividend declaration. Retained earnings are further restricted for payment of dividends to the extent of cost of treasury shares and deferred tax assets amounting to ₱1,571.8 million and ₱1,548.2 million as of September 30, 2024 and December 31, 2023, respectively.

As of September 30, 2024, the Board of Directors has declared the cash dividends for the first, second and third quarters of the year, to be paid out of the unrestricted retained earnings of the Parent Company to all holders of record of Series A and Series B preferred shares as of March 1, 2024, June 3, 2024 and September 2, 2024, respectively. The dividends were paid on March 25, 2024, June 24, 2024 and September 23, 2024.

Retained earnings available for dividend declaration amounted to ₱1.8 billion and ₱3.0 billion as of September 30, 2024 and December 31, 2023, respectively.

The Group takes into consideration the financing requirements of its construction projects when deciding the amount to be declared as dividends.

23. Segment Information

For management purposes, the Group is organized into business units based on geographical location, which comprises of two main groupings as follows:

1. Domestic - all transactions and contracts entered in the Philippines
2. Foreign - all transactions and contracts entered outside the Philippines
 - EEI Limited - incorporated in British Virgin Islands
 - Clear Jewel Investments, Ltd. - incorporated in British Virgin Islands
 - Nimaridge Investments, Limited - incorporated in British Virgin Islands
 - EEI Corporation (Guam) - incorporated in the United States of America
 - Al Rushaid Construction Company Limited - incorporated in the Kingdom of Saudi Arabia

Management monitors segment revenue and net income for the purpose of making decision about resources allocation.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

As of September 30, 2024 (Unaudited)					
<i>(In Thousands of Philippine Peso)</i>	Domestic	Foreign	Combined	Elimination	Consolidated
Assets					
Current assets	P 16,958,336	P 14,293,876	P31,252,212	(P14,657,385)	P 16,594,827
Noncurrent assets	22,916,289	10,326,359	33,242,648	(15,566,243)	17,676,405
Total Assets	P 39,874,625	P 24,620,235	P64,494,860	(P30,223,628)	P 34,271,232
Liabilities					
Current liabilities	P 16,856,069	P 11,293,882	P 28,149,951	(P13,066,497)	P 15,083,454
Noncurrent liabilities	6,900,280	2,985,359	9,885,639	(3,407,025)	6,478,614
Total Liabilities	P 23,756,349	P14,279,241	P 38,035,590	(P16,473,522)	P 21,562,068
Revenue	P 11,416,420	P-	P11,416,420	(P96,980)	P11,319,440
Direct cost	(10,495,886)	-	(10,495,886)	145,160	(10,350,726)
Selling and administrative expense	(1,069,864)	(5,242)	(1,075,106)	51,724	(1,023,382)
Interest expense	(793,902)	-	(793,902)	19,683	(774,219)
Foreign exchange gain (loss)	(1,773)	-	(1,773)	-	(1,773)
Share in equity in net earnings (losses) of associates and joint ventures	81,191	-	81,191	(500,000)	(418,809)
Interest and other income – net	1,564,674	1	1,564,675	(91,294)	1,473,381
Income before tax	700,860	(5,241)	695,619	(471,707)	223,912
Provision for income tax	(160,905)	-	(160,905)	(252)	(161,157)
Net income (loss)	P 539,955	(P5,241)	P534,714	(P471,959)	P62,755
Other disclosures:					
Depreciation and amortization	P 358,840	P-	P 358,840	P-	P 358,840
Capital expenditure	110,299	-	110,299	-	110,299
Interest income	107,531	1	107,532	(52,908)	54,625
Investments in associates and joint ventures	261,087	3,554,463	3,815,551	-	3,815,551
December 31, 2023 (Audited)					
	Domestic	Foreign	Combined	Elimination	Consolidated
Assets					
Current assets	P17,943,648	P15,320,029	P33,263,677	(P17,910,110)	P15,353,567
Noncurrent assets	16,920,423	5,306,824	22,227,247	(7,529,413)	14,697,834
Total Assets	P34,864,071	P20,626,853	P55,490,924	(P25,439,523)	P30,051,401
Liabilities					
Current liabilities	P14,196,358	P13,238,182	P27,434,540	(P14,622,463)	P12,812,077
Noncurrent liabilities	4,685,531	2,969,069	7,654,600	(3,331,396)	4,323,204
Total Liabilities	P18,881,889	P16,207,251	P35,089,140	(P17,953,859)	P17,135,281
Revenue	P18,519,588	P11,885,461	P30,405,049	(P11,654,278)	P18,750,771
Direct cost	(14,816,186)	(14,684,728)	(29,500,914)	14,984,132	(14,516,782)
Selling and administrative expense	(1,786,299)	(1,233,955)	(3,020,254)	1,329,946	(1,690,308)
Interest expense	(790,464)	(504,025)	(1,294,489)	483,772	(810,717)
Foreign exchange gain	(5,449)	4,421	(1,028)	-	(1,028)
Share in equity in net earnings (losses) of associates and joint ventures	245,373	-	245,373	(1,595,145)	(1,349,772)
Interest and other income – net	1,855,875	464,053	2,319,928	(1,978,932)	340,996
Income (loss) before tax	3,222,438	(4,068,773)	(846,335)	1,569,495	723,160
(Provision for) benefit from income tax	(543,170)	807,495	264,325	(809,439)	(545,114)
Net income (loss) from continuing operations	2,679,268	(3,261,278)	(582,010)	760,056	178,046
Discontinued operations	(19,781)	-	(19,781)	-	(19,781)
Net income (loss)	P2,659,487	(P3,261,278)	(P601,791)	P760,056	P158,265
Other disclosures:					
Depreciation and amortization	P502,185	P-	P502,185	P-	P502,185
Capital expenditure	268,542	-	268,542	-	268,542
Interest income	108,513	3	108,516	(33,575)	74,941
Investments in associates and joint ventures	179,896	1,820,791	2,000,687	-	2,000,687

24. Earnings (Loss) per Share

The following table presents information necessary to calculate earnings (loss) per share:

	September 30, 2024	September 30, 2023
Net income (loss) attributable to equity holders of the Parent Company	₱56,667,689	(₱294,966,735)
Dividends on preferred shares, net of tax	(224,288,156)	(224,288,156)
Net loss attributable to common equity holders of the Parent Company	(167,620,468)	(519,254,891)
Weighted average number of common shares	1,036,281,485	1,036,281,485
Earnings (loss) per share - basic/diluted	(₱0.1618)	(₱0.5011)

The exercise price of unexercised stock options is still higher than the average market price during the year making the options anti-dilutive, hence, no diluted earnings (loss) per share is calculated.

The weighted average number of common shares is computed as follows:

	September 30, 2024	September 30, 2023
Number of common shares issued and outstanding	1,036,401,386	1,036,401,386
Less: treasury shares	119,901	119,901
	1,036,281,485	1,036,281,485

EEI CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED BY REVISED SRC RULE NO. 68 SEPTEMBER 30, 2024

Philippine Securities and Exchange Commission (SEC) issued the Revised Securities Regulation Code Rule No. 68 (Revised SRC Rule No. 68) which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule No. 68, that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets

The following is the detailed schedule of equity investments at FVOCI as at September 30, 2024:

		Number of Shares	Amount Shown in the Statement of Financial Position	Movement Valuation
Name of Issuing Entities				
Quoted:				
	Sta. Elena Golf Club Inc.	2	₱32,000,000	₱-
	Philippine Long Distance Telephone Co.	38,867	6,882,213	973,132
	Manila Southwood Golf & Country Club	1	4,000,000	-
	Valle Verde Country Club	2	1,800,000	-
	The Orchard Golf and Country Club	1	4,000,000	1,000,000
	Canyon Woods	1	70,000	-
	Royale Tagaytay Country Club	1	90,000	-
	The Orchard Golf	1	4,000,000	3,500,000
	Sherwoods Hills Golf Club	1	350,000	100,000
	Fairways & Blue Water Resort Golf	1	300,000	50,000
	Club Filipino	1	400,000	220,000
	Forest Hill golf share	1	900,000	720,000
	Royale NorthWoods	1	121,856	-
	Eagle Ridge Golf & Country Club	1	450,000	390,000
Unquoted:				
	Hermosa Ecozone Development Corp (HEDC)	1,000,000	490,651,882	-
	Brightnote Assets Corporation	11,000,000	275,727	-
	Tower Club (Philam Properties Corp.)	1	-	-
	Architectural Center Club, Inc. (ACCI)	1	32,000	-
	Philippine Contractors Association	10,000	10,000	-
	Philippine Exporters Trading Corp.	5,000	5,000	-
	Pilipino Telephone Company	150	675	-
Related Party:				
	YGC Corporate Services, Inc.	13,389	3,305,447	-
	Total	12,067,423	₱ 549,644,800	₱ 6,953,132

No dividend income was earned and accrued from the financial assets as of September 2024.

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

Below is the schedule of advances to employees of the Group with balances above ₱1,000,000 as at September 30, 2024:

Name and designation	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Manalad, Janine Ann Bernadette Capistrano	₱2,108,261	–	(176,391)	1,931,870
Villasenor, Glenn Fajardo	2,902,321	–	–	2,902,321
	₱5,010,582	–	(176,391)	4,834,191

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

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at September 30, 2024:

Name and Designation of Debtor	Balance at beginning of year	Additions (Reduction)	Amounts Collected	Balance at end of September 30, 2024
EEI Realty Corp	₱132,036	₱ 1,553,832	(₱1,088,245)	₱597,623
EEI Power Corp.	122,191	3,570,599	(1,188,444)	2,504,346
Gulf Asia International Corp.	80,047	1,253,552	(1,333,234)	365
GAIC Manpower Services Inc.	37,501	3,505,930	(3,413,060)	130,371
GAIC Professional Services, Inc.	3,977	466,964	(465,968)	4,972
Philrock Construction & Services, Inc.	41,882,537	–	–	41,882,537
Philmark, Inc.	33,704,595	–	–	33,704,595
EEI Business Solutions, Inc.	56,232,596	121,049,678	(85,756,847)	91,525,427
EEI Construction & Marine, Inc.	716,221	4,941,302	(4,096,255)	1,561,269
Learn JP	4,326,864	1,540,506	–	5,867,370
JPSAI	212,993,679	8,536,779	(26,395,285)	195,135,173
Shinbayanihan	–	19,793	–	19,793
EEI Energy	318,533	689,906	–	1,008,439
EEI Carga	2,779,944	1,804,701	(294,886)	4,289,759
Bagumbayan Equipment Industrial Products, Inc.	18,182	–	–	18,182
EEI Limited	2,033,319,360	(2,024,439,517)	–	8,879,843
EEI Ventures	–	18,384,098	–	18,384,098
	₱2,386,668,263	(₱1,857,121,877)	(₱124,032,224)	₱405,514,162

There were no amounts written off during the year.

The following is the schedule of payable to related parties, which are eliminated in the interim condensed consolidated financial statements as at September 30, 2024:

Name and Designation of Creditor	Balance at beginning of year	Additions	Amounts Paid	Balance at end of September 30, 2024
EEI Construction & Marine, Inc.	₱3,921,680	₱ 108,936,389	(₱7,044,580)	₱ 105,813,489
EEI Business Solutions, Inc.	9,129,440	41,959,029	(40,749,235)	10,339,234
EEI Subic Corporation	89,079,662	-	-	89,079,662
Gulf Asia International Corp.	3,894,429	3,468,025	(7,360,308)	2,146
GAIC Manpower Services Inc.	-	748,380	-	748,380
GAIC Professional Services Inc.	8,334,806	-	-	8,334,806
Bagumbayan Equipment Industrial Products, Inc.	1,643,054	-	-	1,643,054
Learn JP	117,058	45,000	(45,000)	117,058
JPSAI	23,884,532	41,542,584	(61,843,725)	3,583,391
EEI Realty Corp.	45,283,451	23,285,607	(21,835,999)	46,733,059
EEI Carga	4,137,354	10,361,707	(13,779,268)	719,793
EEI Power Corp	41,363,357	(4,083,152)	(30,132,057)	7,148,148
	₱230,788,823	₱226,263,569	(₱182,790,172)	₱274,262,220

There were no amounts written off during the year.

Schedule D. Long-term Debt

Below is the schedule of long-term debt of the Group as at September 30, 2024:

Type of Obligation	Amount	Current	Noncurrent	Collateral
Parent Company				
Floating-rate corporate promissory notes with effective interest of 7.89000% per annum for three (3) years.	₱ 124,853,962	₱ 124,853,962	₱-	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 6.90000% per annum for three (3) years.	208,315,763	208,315,763	-	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 6.90000% per annum for three (3) years.	1,162,209,235	332,036,137	830,173,098	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 6.25000% per annum for three (3) years.	2,236,813,705	997,329,541	1,239,484,164	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 6.73000% per annum for five (5) years.	3,127,195,598	695,741,775	2,431,453,824	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 7.58000% per annum for three (3) years.	495,276,382	165,636,958	329,639,423	Clean/No Collateral
Learn JP				
Yen-denominated two (2) year term loan, with interest of 0.25% per annum.	10,375,200	-	10,375,200	No Collateral
	₱7,365,039,845	₱2,523,914,136	₱4,841,125,709	

Schedule E. Indebtedness to Related Parties (Long Term Loans from Related Companies)

As at September 30, 2024, the Group has no long-term loans from its associates and entities under common control.

Schedule F. Guarantees of Securities of Other Issuers

The Group did not guarantee any securities of other issuing entities as at September 30, 2024.

Schedule G. Capital Stock

<u>Title of issue</u>	<u>Number of shares authorized</u>	<u>Number of shares issued and outstanding as shown under related balance sheet caption</u>	<u>Number of shares reserved for options, warrants, conversion and other rights</u>	<u>Number of shares held by related parties</u>	<u>Directors, Officers and Employees</u>	<u>Others</u>
Common Shares	2,000,000,000	1,036,281,485	35,000,000	573,543,346	65,030	462,673,109
Preferred Shares	240,000,000	60,000,000	—	—	—	—

EEI CORPORATION**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION****As of September 30, 2024**

Unappropriated Retained Earnings, January 1, 2024 available for dividend declaration	P3,043,721,629
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings	
Reversal of retained earnings appropriation	–
Effect of restatements or prior-period adjustments	–
Others	–
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(299,050,875)
Retained Earnings appropriated during the reporting period	–
Effects of restatements or prior-period adjustments	–
Others	–
Unappropriated Retained Earnings, January 1, 2024 as adjusted	2,744,670,754
Add/Less: Net income (loss) for the current year	(545,082,296)
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	(81,191,378)
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(307,247)
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	–
Sub-total	(P81,498,625)

(Forward)

EEI CORPORATION

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION**

As of September 30, 2024

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	₱482,222
	Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
	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	—
	Sub-total	482,222
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	—
	Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
	Sub-total	—
	Adjusted Net Income/(Loss)	(₱626,098,699)

(Forward)

EEI CORPORATION

**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	P-
Others	-
Sub-total	-

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	-
Sub-total	-

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	270,497,444
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, i.e., 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	-
Adjustment due to deviation from PFRS/GAAP – gain (loss)	-
Others	-
Sub-total	270,497,444

Unappropriated Retained Earnings Available For Dividend Distribution, September 30, 2024

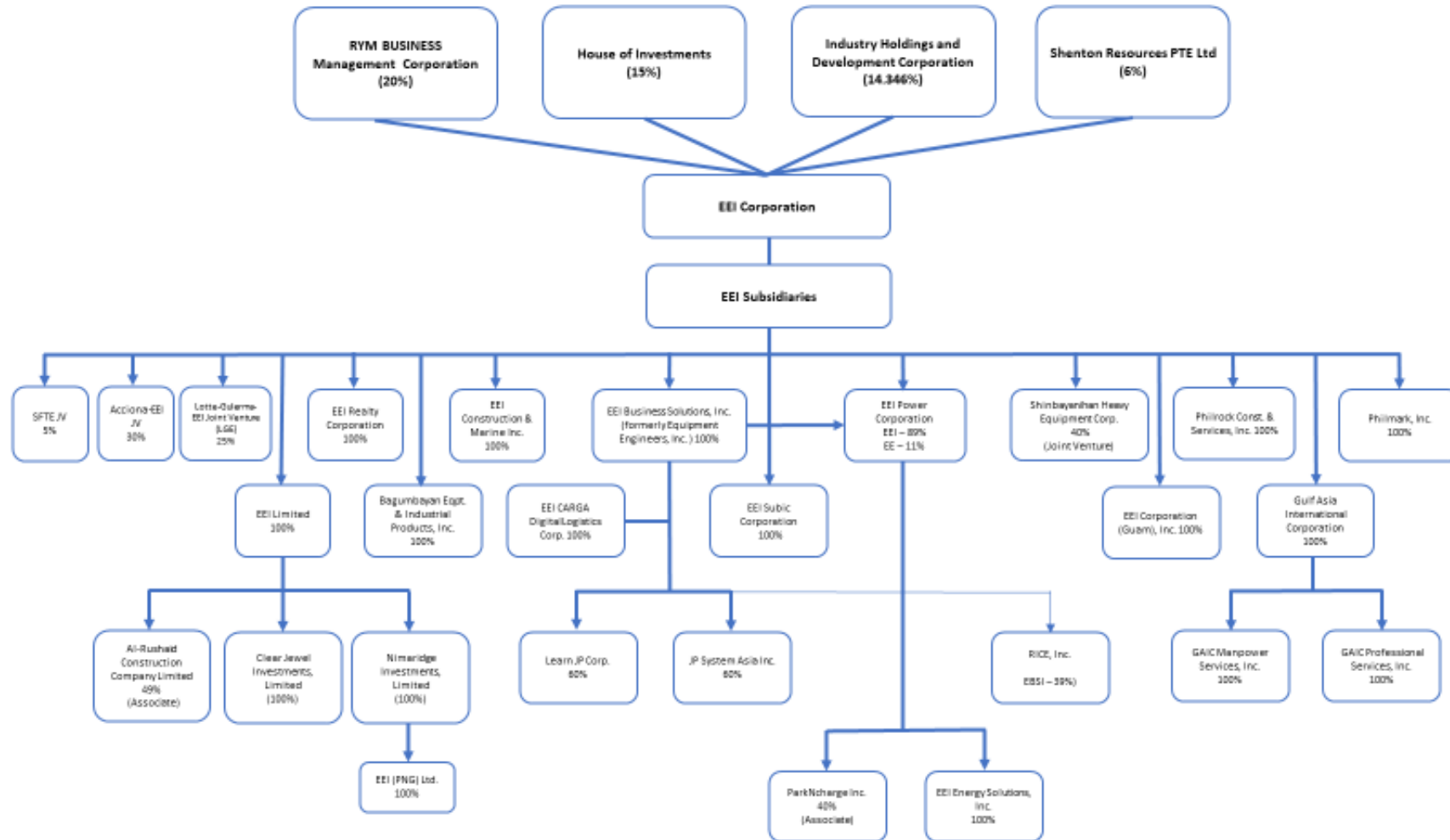
₱1,848,074,611

EEI CORPORATION AND SUBSIDIARIES

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure

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



EEI CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
As at September 30, 2024 and December 31, 2023

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group as at September 30, 2024 and December 31, 2023 and for the periods then ended.

Ratios	Formula	2024	2023
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.10:1	1.20:1
Solvency ratio	$\frac{\text{Net income plus depreciation}}{\text{Total liabilities}}$	0.02:1	0.04:1
Debt - equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.70:1	1.33:1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.71:1	2.33:1
Interest rate coverage ratio	$\frac{\text{EBIT*}}{\text{Interest expense}}$	1.29:1	1.87:1
Return on assets	$\frac{\text{Net income}}{\text{Average total assets}}$	0.20%	1%
Return on equity	$\frac{\text{Net income}}{\text{Average total equity}}$	0.49%	1%

EEI CORPORATION AND SUBSIDIARIES**AGING OF TRADE RECEIVABLES****As at September 30, 2024**

(In Thousand Pesos)

	Current	30 Days	60 Days	90 Days	120 Days/ Over	Total
EEI Corporation	555,955	253,416	148,105	168,890	766,520	1,892,886
Gulf Asia International Corporation	41,242	15,692	9,345	1,612	35,415	103,306
EEI Construction and Marine, Inc.	18,974	47,197	1,721	12,623	38,857	119,372
EEI Business Solutions, Inc.	61,471	51,243	7,416	3,399	59,924	183,453
EEI Power Corporation	17,433	17,128	5,663	31,853	81,625	153,702
EEI Realty Corporation	2,089	27	27	27	285	2,455
EEI Energy Solutions Corporation	116	-	-	27,738	88,252	116,106
Others	-	-	-	-	9,578	9,578
Total	697,280	384,703	172,277	246,142	1,080,456	2,580,858