COVER SHEET

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SEC Registration Number

IPM HOLDINGS INC. AND SUBSIDIARY

(Company's Full Name)

PENTHOUSE THE TAIPAN PLACE F. ORTIGAS JR. ROAD ORTIGAS CENTER PASIG CITY

(Business Address: No., Street City / Town / Province)

Atty. Ana Katigbak	8424-2550 to 59/8817-6791
Contact Person	Company Telephone Number

1 2	3 1	SEC Form 17-Q **June 30, 2024**	4th Wed of May
Month	Day	FORM TYPE	Month Day
Fiscal Year			Annual Meeting

Secondary License Type, If Applicable

C	F	D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders | Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2024**

2. SEC Identification Number: AS095-008557

3. BIR Tax Identification Number: 004-636-077

4. **IPM HOLDINGS, INC.**
Exact name of issuer as specified in its charter

5. Pasig City, Philippines
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City
Address of issuer's principal office Postal Code: 1605

8. (632) 8424-2550 to 59/8817-6791
Issuer's telephone number, including area code

9. n/a
Former name, former address and former fiscal year, if changed since last report:

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	690,000,000 shares

11. Are any or all of Corporation's Securities Listed with the Philippine Stock Exchange?

Yes (√) No ( )

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder of Section 11 of the RSA Rule 11 (a)-1 thereunder, and Section 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 [x] No [ ]

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2024**

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Address of issuer's principal office Postal Code: 1605

8. (632) 8424-2550 to 59/8817-6791
Issuer's telephone number, including area code

9. Unit 103 G/F, Prestige Tower, Condominium F. Ortigas Jr., Avenue
Ortigas Center, Pasig City
Former name, former address and former fiscal year, if changed since last report:

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	690,000,000 shares

11. Are any or all of Corporation's Securities Listed with the Philippine Stock Exchange?

Yes (√) No ( )

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder of Section 11 of the RSA Rule 11 (a)-1 thereunder, and Section 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 [x] No [ ]

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

Yes [x] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

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

PLAN OF OPERATIONS

The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, the Group in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing further destruction of our natural resources.

On September 25, 2019, the Group entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment, operation and maintenance of the Passi City Integrated Waste Management Facility, the first PPP project awarded to BEST. The facility was opened in 2021.

On June 15, 2022, the Group entered into another PPP project with the Provincial Government of Bataan for the design, construction, operation, maintenance and closure of the Bataan Engineered Sanitary Landfill Facility. This facility will commence its operations in the last quarter of 2024.

As at June 30, 2024, the Group is actively engaged in developing additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, the Group plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

With the IPM Group's aspiration to transform the waste value chain by creating and implementing innovative and data-driven programs with organizations sharing the same goal of maximizing resource recovery and circularity, the Group launched My Basurero App - a waste collection hailing app that provides sustainable logistics solutions to individuals or organizations wanting to maximize waste diversion and implement proper waste disposal.

The Group believes in the importance of education on the grassroots level, to fully realize behavioral change, and solve the looming waste problem in the country. With this in mind, the Group launched the Trash to Cashback Program, an incentivized segregation at source program aiming to convert individuals to eco-warriors using environmental points, product incentives, gamification and challenges.

The Trash to Cashback Program is powered by bXTRA Philippines, the first cloud-based customer loyalty program provider. In line with the Extended Producer Responsibility Act of 2022 (RA 11898), the Trash to Cashback Program became the platform for multi-stakeholder participation from local government units, fast moving consumer goods, waste management solutions providers, recycling partners, and micro, small, and medium enterprises (MSMEs).

Trash to Cashback Program implemented in Quezon City was featured in BBC's Transforming Cities series (C40 series) last July 2023. The short film highlights how the program is able to improve the quality of life of eco-warriors in the city by giving access to recyclable drop off locations, and providing avenues to redeem their incentives, pay bills, goods and services.

Tindahan Extra Mile™: Balik PET Bottle Program (TEM) is a 3-year collaboration between Coca-cola Philippines, the Group, and Philippine Association of Sari-sari Stores and Carinderia Owners. TEM is a World Without Waste program partnership, powered by the Trash to Cashback System, paving the way for households to collect and recycle PET bottles and other recyclables through micro-retail stores empowerment.

The World Wide Fund for Nature (WWF) started a three-year project entitled 'Clean Ports, Clean Oceans: Improving Port Waste Management in the Philippines' funded by the Grieg Foundation. The project focuses on three ports in the Philippines, namely the Manila North Port, Port of Batangas, and Port of Cagayan de Oro. WWF-Philippines is working closely with BEST in the Port of Cagayan de Oro to undertake a proof of concept of Trash to Cashback Program to improve port waste management. This endeavor expanded to Brgy. Lapasan for a Materials Recovery Facility (MRF) installation and capacity building anchoring the importance of at-source waste segregation and tailor-fit solutions to avoid environment waste leakage. MRF installation in the Port of Cagayan de Oro was also rolled out to ensure seamless waste management infrastructure after the initial baseline carried out.

Balik Bote Program in partnership with San Miguel Yamamura Packaging Corporation, aims to collect and recycle food and beverage glass bottles from the communities tapped by the Trash to Cashback Program.

This program is taken a step notch by partners from Diageo Philippines, launching the Diageo Harmony Project in Trash to Cashback drop off locations in Bonifacio Global City since July 2023, and further expanded to key on-trade partners last November 2023.

With these new projects, the Group aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the financial position and results of operations of the Parent Company and its subsidiary (the "Group") should be read in conjunction with the attached interim consolidated financial statements as of June 30, 2024.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

<u>Income</u>

Total consolidated revenues for the six-month period ending June 30, 2024 amounted to Php93.57 million, which increased by 5% from the Php89.01 million posted in the same period of 2023. The material changes are as follows:

- Service income slightly increased by 3%, from the Php86.35 million in 2023 to Php89.32 million in the same period of 2024.

- Rental income increased by 87%, from the Php1.95 million in 2023 to Php3.64 million in the same period of 2024. This is attributable mainly to the increase in income from rental of equipment and trucks which are now being used for the Company's own hauling activities.

- Interest income decreased by 15%, from the Php0.72 million in 2023 to Php0.61 million in the same period of 2024, attributable to the decrease in earnings from bank deposit.

Expenses

Total consolidated expenses for the first six months of 2024 amounted to Php83.76 million, up slightly by 2% from the Php82.47 million posted in the same period of 2023. The material changes are as follows:

- Cost of services amounted to Php62.65 million, which is 5% lower than the Php65.84 million posted in the same period of 2023. This is attributable mainly to the increase in taxes and licenses.

- General and administrative expenses totaled Php21.11 million, which is 60% higher than the Php13.16 million in the same period of 2023. This is mainly due to the increase in salaries & wages and repairs & maintenance.

Net Income

The first six months of 2024 resulted to a net income of Php7 million, which significantly increased by 49% from the Php4.69 million posted in the same period of 2023.

Liquidity and Capital Resource

For the first half of 2024, net cash provided by operating activities amounted to Php27.07 million, which increased by Php11.56 million as compared to Php15.51 million in 2023. This is attributable mainly to the increase in receivables as well as trade and other payables.

Net cash used in investing activities amounted to Php7.04 million in the first half of 2024, which increased by Php0.27 million as compared to Php6.77 million posted in the same period of 2023. This is mainly due to the acquisition of property and equipment and dividends received from an associate.

Net cash used in financing activities amounted to nil in the first half of 2024 as compared to Php2.71 million posted in the same period of 2023, due to payment of bank loans and interest.

Second Quater Ended June 30, 2024 Compared to Second Quarter Ended June 30, 2023

Income

Total consolidated revenues for the second quarter ending June 30, 2024 amounted to Php48.90 million, which increased by 26% from the Php38.82 million posted in the same period of 2023. The material changes are as follows:

- Service income increased by 25%, from the Php37.32 million in 2023 to Php46.62 million in the same period of 2024. This is mainly due to the increase of income from tipping fee, hauling and trash to cashback.

- Rental income increased by 73%, from the Php1.14 million in 2023 to Php1.97 million in the same period of 2024. This is attributable mainly to the increase in income from rental of equipment and trucks which are now being used for the Company’s own hauling activities.

- Interest income decreased by 15%, from the Php0.36 million in 2023 to Php0.30 million in the same period of 2024, attributable mainly to the decrease in earnings from bank deposits.

Expenses

Total consolidated expenses for the second quarter ending in June 30, 2024 amounted to Php46.46 million, which increased by 26% from the Php37 million posted in the same period of 2023. The material changes are as follows:

- Cost of services amounted to Php32.81 million in 2024, which is 15% higher than the Php28.43 million posted in the same period of 2023.

- General and administrative expenses totaled Php13.65 million in 2024, which is 95% higher than the Php7.02 million in the same period of 2023. This is mainly due to the increase in salaries & wages and repairs & maintenance.

Net Income

The second quarter of 2024 resulted in a net income of Php1.65 million in 2024, which is an increase by 54% from the Php1.07 million posted in the same period of 2023.

Liquidity and Capital Resource

For the second quarter of 2024, net cash provided by operating activities amounted to Php21.23 million, which increased by Php13.02 million as compared to Php8.21 million posted in the same period of 2023. This is attributable mainly to the increase in receivables of Php3.75 million as well as trade and other payables of Php16.88 million.

Net cash provided by investing activities amounted to Php14.27 million in the second quarter of 2024, which include receivables and other current assets increased by Php7.37 million as well as trade and other payables amounted to Php16.86 million. Net cash used in investing activities amounted to Php1.43 million posted in the same period of 2023.

Net cash used in financing activities amounted to nil in the second quarter of 2024 as compared to Php1.36 million posted in the same period of 2023, due to payment of bank loans and interest.

Financial Position as of June 30, 2024 Compared to Financial Position as of December 31, 2023

Statements of financial position data	**June 30 2024**	**December 31, 2023**	**% Inc/(Dec)**
Total Current Assets	1,129,413,793	1,082,397,644	4%
Total Assets	1,635,669,027	1,590,982,618	4%
Total Current Liabilities	184,993,121	147,303,811	25%
Total Liabilities	239,820,886	202,131,575	19%
Total Equity	1,395,848,141	1,388,851,043	0.5%

The material changes in the statements of financial position are as follows:

Total consolidated assets slightly increased by 4%, from Php1,590.98 million as of December 31, 2023 to Php1,635.67 million as of June 30, 2024.

- Cash and cash equivalents increased by 31%, from Php65.43 million posted in 2023 to Php85.46 million in 2024.The increase is mainly due to the proceeds from bank loan.

- Trade and other receivables slightly increased by 1%, from Php960.10 million in 2023 to Php968.85 million in 2024.

- Other current assets increased by 32%, from Php56.87 million in 2023 to Php75.10 million in 2024 due to the increase of prepayments which include advances to suppliers for the services to be rendered in relation to trash to cashback software application of the Group.

- Noncurrent assets slightly decreased by 0.45% from Php508.58 million in 2023 to Php506.26 million in 2024.

Total consolidated liabilities increased by 19%, from Php202.13 million in 2023 to Php239.82 million in 2024.

Total stockholders' equity slightly increased by 0.5%, from Php1,388.85 million in 2023 to Php1,395.85 million in 2024, reflecting the income for the current year.

Current ratio decreased from 7.35x as of December 31, 2023 to 6.11x as of June 30, 2024; net working capital increased to Php944.42 million as of June 30, 2024 versus the Php935.09 million as of December 31, 2023.

Key Performance Indicators

The company's key performance indicators are as follows:

KPI	Calculation	June 30, 2024	December 31, 2023
Current Ratio (1)	Current Assets/Current Liabilities	6.11x	7.35x
Quick Ratio (2)	Current Assets-Inventory-Prepaid Expenses /Current Liabilities	5.70x	6.96x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	0.17x	0.15x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	2.02	2.01
Income per Share (5)	Net Income/Weighted Average Number of Shares Outstanding	0.01	0.12

		June 30, 2024	December 31, 2023
(1)	Current Ratio	1,129,413,793/184,993,121	1,082,397,644/147,303,811
(2)	Quick Ratio	1,054,310,949/184,993,121	1,025,525,385/147,303,811
(3)	Debt to Equity	239,820,886/1,395,848,141	202,131,575/1,388,851,043
(4)	Book Value/Share	1,395,848,141/690,000,000	1,388,851,043/690,000,000
(5)	Income per Share	6,997,098/690,000,000	81,149,099/690,000,000

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is also known as the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid.

The Debt-to-Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company.

Book Value per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities then divide that total by the number of common shares outstanding.

Income per Share is computed by dividing the net income by the weighted average number of common shares outstanding.

Other Matters

a) There were no known trends, demands, commitments, events or uncertainties that had or will have a material impact on the Company's liquidity other than those discussed in the Plan of Operation, Item 2-Management's Discussion and Plan of Operations.

b) There were no known events that triggered direct or contingent financial obligation that is material to the Company including any default or acceleration of an obligation.

c) There were no material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

d) There were no material commitments for capital expenditures.

e) There were no other known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net sales or income other than what was mentioned in the Plan of Operation, Item 2 – Management's Discussion and Analysis;

f) There were no significant elements of income or loss that did not arise from the Company's continuing operations.

g) There were no seasonal aspects that had material effect on the financial condition or results of operation.

PART II – OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

Not Applicable

SIGNATURES

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

Issuer : IPM HOLDINGS, INC.

ISABELITA P. MERCADO
Chairman and Chief Executive Officer

Date: August 13, 2024

FRANCIS NEIL P. MERCADO
Treasurer and Chief Financial Officer

Date: August 13, 2024

IPM HOLDINGS, INC. AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	June 30, 2024 Unaudited	December 31, 2023 Audited
Assets			
Current assets			
Cash	2	85,458,195	65,428,554
Receivables, net	3	968,852,754	960,096,831
Other current assets, net	4	75,102,844	56,872,259
Total current assets		1,129,413,793	1,082,397,644
Non-current assets			
Investments in an associate and a joint venture	5	194,989,858	210,989,858
Deposits	6	1,988,034	1,988,034
Investment properties, net	7	49,354,348	50,427,269
Property and equipment, net	8	222,745,353	206,582,905
Right-of-use asset, net	9	2,357,949	2,845,803
Deferred income tax assets, net	17	12,298,289	12,298,289
Other non-current assets	10	22,521,403	23,452,816
Total non-current assets		506,255,234	508,584,974
Total assets		1,635,669,027	1,590,982,618
Liabilities and Equity			
Current liabilities			
Trade and other payables	11	158,317,096	140,140,182
Loan payable	12	25,000,000	-
Lease liability	9	894,643	894,643
Income tax payable		781,383	2,030,327
Dividends payable	13	-	4,238,659
Total current liabilities		184,993,122	147,303,811
Non-current liabilities			
Provision for rehabilitation of sanitary landfills	20	50,061,522	50,061,522
Lease liability, net of current portion	9	1,546,138	1,546,138
Retirement benefit obligation	19	3,220,104	3,220,104
Total non-current liabilities		54,827,764	54,827,764
Total liabilities		239,820,886	202,131,575
Equity			
Share capital	13	690,000,000	690,000,000
Retained earnings	13	576,785,368	571,971,303
Accumulated share in other comprehensive loss of the associate	5	(1,582,534)	(259,452)
Other reserves	13	(298,498,391)	(299,821,473)
Total equity attributable to Parent Company		966,704,443	961,890,378
Non-controlling interest	25	429,143,698	426,960,665
Total equity		1,395,848,141	1,388,851,043
Total liabilities and equity		1,635,669,027	1,590,982,618

IPM HOLDINGS, INC. AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Quarters Ended June 30	
	Notes	**2024**	**2023**
Revenue and other income			
Service income	14	46,623,497	₱37,324,052
Rental income	2, 18	1,973,968	1,139,436
Interest income	7, 18, 21	303,323	358,217
		48,900,788	38,821,705
Cost and expenses			
Cost of services	15	32,814,419	28,428,831
General and administrative expenses	16	13,649,977	7,016,152
Interest expense	9, 12, 20	-	1,558,083
		46,464,396	37,003,066
Income before income tax		2,436,392	1,818,639
Provision for income tax	17	787,388	745,313
Net income		1,649,004	1,073,326
Other comprehensive income (loss)			
Other comprehensive income (loss)		-	-
Total comprehensive income		1,649,004	₱1,073,326

Net income attributable to:		
Shareholders of the Parent Company	928,072	₱619,908
Non-controlling interests	720,932	453,418
	1,649,004	₱1,073,326
Total comprehensive income attributable to:		
Shareholders of the Parent Company	928,072	₱619,908
Non-controlling interests	720,932	453,418
	1,649,004	1,073,326
Basic/Diluted earnings per share	0.001	0.001

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six Months Ended June 30	
	Notes	**2024**	**2023**
Revenue and other income			
Service income	14	₱89,323,106	₱86,351,582
Rental income	2, 18	3,640,757	1,945,939
Interest income	7, 18, 21	605,853	715,504
		93,569,716	89,013,025
Cost and expenses			
Cost of services	15	62,652,600	65,840,910
General and administrative expenses	16	21,108,365	13,156,288
Interest expense	9, 12, 20	-	3,471,377
		83,760,965	82,468,575
Income before income tax		9,808,751	6,544,450
Provision for income tax	17	2,811,653	1,849,553
Net income		6,997,098	4,694,897
Other comprehensive income (loss)			
Other comprehensive income (loss)		-	-
Total comprehensive income		6,997,098	₱4,694,897

Net income attributable to:		
Shareholders of the Parent Company	4,814,065	₱3,103,804
Non-controlling interests	2,183,033	1,591,093
	6,997,098	₱4,694,897
Total comprehensive income attributable to:		
Shareholders of the Parent Company	4,814,065	₱3,103,804
Non-controlling interests	2,183,033	1,591,093
	6,997,098	₱4,694,897

Basic/Diluted earnings per share	0.007	0.004

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the Parent Company						
			Other reserves				
	Share capital (Note 13)	Retained earnings (Note 13)	Equity reserve (Note 13)	Actuarial losses on defined benefit obligation (Note 19)	Share in actuarial losses on defined benefit obligation of the associate	Non-controlling interests (Note 25)	Total equity
Balances at April 1, 2024	690,000,000	575,857,296	(298,498,391)	(1,387,944)	(194,590)	428,422,766	1,394,199,137
Total comprehensive income							
Net income for the second quarter	-	928,072	-	-	-	720,932	1,649,004
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income		928,072				720,032	1,649,004
Balances at June 30, 2024	690,000,000	576,785,368	(298,498,391)	(1,387,944)	(194,590)	429,143,698	1,395,848,141
Balances at January 1, 2023	690,000,000	512,161,114	(298,498,391)	(199,046)	-	410,786,747	1,314,250,424
Total comprehensive income							
Net income for the year	-	59,810,189	-	-	-	21,338,910	81,149,099
Other comprehensive income/(loss)	-	-	-	(1,188,898)	(194,590)	(461,162)	(1,844,650)
Total comprehensive income/(loss)		59,810,189	-	(1,188,898)	(194,590)	20,877,748	79,304,449
Transaction with owners							
Dividends declaration	-	-	-	-	-	(4,703,830)	(4,703,830)
Balances at December 31, 2023	690,000,000	571,971,303	(298,498,391)	(1,387,944)	(194,590)	426,960,665	1,388,851,043
Balances at April 1, 2023	690,000,000	514,774,093	(298,498,391)	(199,046)	-	411,795,339	1,317,871,995
Total comprehensive income							
Net income for the second quarter	-	619,908	-	-	-	453,418	1,073,326
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income		619,908				453,418	1,073,326
Balances at June 30, 2023	690,000,000	515,394,001	(298,498,391)	(199,046)	-	412,248,757	1,318,945,321

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the Parent Company						
			Other reserves				
	Share capital (Note 13)	Retained earnings (Note 13)	Equity reserve (Note 13)	Actuarial losses on defined benefit obligation (Note 19)	Share in actuarial losses on defined benefit obligation of the associate	Non-controlling interests (Note 25)	Total equity
Balances at January 1, 2024	690,000,000	571,971,303	(298,498,391)	(1,387,944)	(194,590)	426,960,665	1,388,851,043
Total comprehensive income							
Net income for the six months period	-	4,814,065	-	-	-	2,183,033	6,997,098
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income		4,814,065				2,183,033	6,997,098
Balances at June 30, 2024	690,000,000	576,785,368	(298,498,391)	(1,387,944)	(194,590)	429,143,698	1,395,848,141
Balances at January 1, 2023	690,000,000	512,161,114	(298,498,391)	(199,046)	-	410,786,747	1,314,250,424
Total comprehensive income							
Net income for the year	-	59,810,189	-	-	-	21,338,910	81,149,099
Other comprehensive income/(loss)	-	-	-	(1,188,898)	(194,590)	(461,162)	(1,844,650)
Total comprehensive income/(loss)		59,810,189	-	(1,188,898)	(194,590)	20,877,748	79,304,449
Transaction with owners							
Dividends declaration	-	-	-	-	-	(4,703,830)	(4,703,830)
Balances at December 31, 2023	690,000,000	571,971,303	(298,498,391)	(1,387,944)	(194,590)	426,960,665	1,388,851,043
Balances at January 1, 2023	690,000,000	512,290,197	(298,498,391)	(199,046)	-	410,657,664	1,314,250,424
Total comprehensive income							
Net income for the six months period	-	3,103,804	-	-	-	1,591,093	4,694,897
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income		3,103,804				1,591,093	4,694,897
Balances at June 30, 2023	690,000,000	515,394,001	(298,498,391)	(199,046)	-	412,248,757	1,318,945,321

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Quarters Ended June 30	
	Notes	**2024**	**2023**
Cash flows from operating activities			
Income before income tax		2,436,392	₱1,818,639
Adjustments for:			
Depreciation and amortization	7, 8, 9, 10	5,216,131	6,722,656
Interest expense	9, 12, 20	-	358,095
Interest income	2, 18	(303,323)	(357,287)
Operating income before working capital changes		7,349,200	8,542,103
Decrease(increase) in:			
Receivables		(3,754,307)	15,084,354
Other current assets		(3,611,501)	(7,148,098)
Increase (decrease) in trade and other payables		16,883,510	(6,624,472)
Net cash flows generated from operations		16,866,902	9,853,887
Interest received		303,323	62,207
Income taxes paid		4,065,028	(1,709,495)
Net cash flows provided by (used in) operating activities		21,235,253	8,206,599
Cash flows from investing activities			
Acquisition of property and equipment	8	(1,727,365)	(4,488,910)
Other noncurrent assets		-	(936,777)
Dividends received from an associate		16,000,000	4,000,000
Net cash flows provided by (used in) investing activities		14,272,635	(1,425,687)
Cash flows from financing activities			
Payment of principal portion of bank loans	12	-	(1,000,000)
Payment of interest on short-term bank loan	12	-	(358,095)
Net cash flows used in financing activities		-	(1,358,095)
Net increase (decrease) in cash		35,507,888	5,422,817
Cash at beginning of period	2	49,950,307	26,136,243
Cash at end of period	2	85,458,195	31,561,060

IPM HOLDINGS, INC. AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Six Months Ended June 30	
	Notes	**2024**	**2023**
Cash flows from operating activities			
Income before income tax		9,808,751	₱6,544,450
Adjustments for:			
Depreciation and amortization	7, 8, 9, 10	9,373,910	14,731,710
Interest expense	9, 12, 20	-	713,306
Interest income	2, 18	(605,853)	(715,504)
Operating income before working capital changes		18,576,808	21,273,962
Decrease(increase) in:			
Receivables		(20,664,485)	16,578,586
Other current assets		(6,307,693)	(14,962,978)
Increase (decrease) in trade and other payables		30,798,300	(5,890,547)
Net cash flows generated from operations		22,402,930	16,999,023
Interest received		605,853	232,873
Income taxes paid		4,065,028	(1,716,337)
Net cash flows provided by (used in) operating activities		27,073,811	15,515,559
Cash flows from investing activities			
Other non-current assets		(23,044,170)	(12,950,671)
Acquisition of property and equipment	8	-	(1,818,567)
Dividends received from an associate		16,000,000	8,000,000
Net cash flows provided by (used in) investing activities		(7,044,170)	(6,769,238)
Cash flows from financing activities			
Payments of principal portion of bank loans	12	-	(2,000,000)
Payments of interest on short-term bank loan	12	-	(713,306)
Net cash flows used in financing activities		-	(2,713,306)
Net increase (decrease) in cash		20,029,641	6,033,015
Cash at beginning of period	2	65,428,554	25,528,045
Cash at end of period	2	85,458,195	31,561,060

IPM Holdings, Inc. and Subsidiary
Notes to the Interim Consolidated Financial Statements

1. Corporate information

(a) General information

IPM Holdings, Inc. (the “Parent Company”) was incorporated and organized in the Philippines on August 31, 1995, to engage in the business as an investment holding company. The registered office of the Parent Company, which is also its principal place of business is Penthouse, The Taipan Place F. Ortigas Jr. Road Ortigas Center, Pasig City.

The Parent Company’s shares are publicly traded in the Philippine Stock Exchange (PSE) under the ticker “IPM”. As at June 30, 2024 and December 31, 2023, the percentage ownership of the top four beneficial shareholders of the Parent Company follows:

	Percentage of ownership
IPM Construction and Development Corporation (IPMCDC)	51%
IPM Environmental Services, Inc. (IPMESI)	10%
IPM Realty and Development Corporation (IPMRDC)	7%
Public	32%

IPMCDC, IPMESI and IPMRDC were incorporated in the Philippines. The ultimate parent company is IPMCDC, a company incorporated in the Philippines and a duly organized construction firm with a contractors’ license AAAA category in general building and general engineering works, engaged in building construction, excavation and slope protection, foundation works, roads, highways and bridges, mining, dam rehabilitation, and engineered sanitary landfill construction, among others.

The Parent Company’s subsidiary, Basic Environmental Systems and Technologies, Inc. (BEST) was incorporated in the Philippines. BEST is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services. The Parent Company owns 75% of the shareholding of BEST as at June 30, 2024 and December 31, 2023. The Parent Company and its subsidiary are collectively referred to as the “Group”.

(b) Long term strategic goals and plans

The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, the Group in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing further destruction of our natural resources.

On September 25, 2019, the Group entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment, operation and maintenances of the Passi City Integrated Waste Management Facility, the first PPP project awarded to the BEST. The facility was opened in 2021.

On June 15, 2022, the Group entered into another PPP project this time with the Provincial Government of Bataan for the design, construction, operation, maintenance and closure of the Bataan Engineered Sanitary Landfill Facility. This facility will commence its operations in the last quarter of 2024.

As at June 30, 2024, the Group is actively engaged in developing additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, the Group plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

With the IPM Group's aspiration to transform the waste value chain by creating and implementing innovative and data-driven programs with organizations sharing the same goal of maximizing resource recovery and circularity, the Group launched My Basurero App - a waste collection hauling app that provides sustainable logistics solutions to individuals or organizations wanting to maximize waste diversion and implement proper waste disposal.

The Group believes in the importance of education on the grassroots level, to fully realize behavioral change, and solve the looming waste problem in the country. With this in mind, the Group launched the Trash to Cashback Program is an incentivized segregation at source program aiming to convert individuals to eco-warriors using environmental points, product incentives, gamification and challenges. The Trash to Cashback Program is powered by bXTRA Philippines, the first cloud-based customer loyalty program provider. In line with the Extended Producer Responsibility Act of 2022 (RA 11898), the Trash to Cashback Program became the platform for multi-stakeholder participation from local government units, fast moving consumer goods, waste management solutions providers, recycling partners, and micro, small, and medium enterprises (MSMEs).

Trash to Cashback Program implemented in Quezon City was featured in BBC's Transforming Cities series (C40 series) last July 2023. The short film highlights how the program is able to improve the quality of life of ecowarriors in the city by giving access to recyclable drop off locations, and providing avenues to redeem their incentives, pay bills, goods and services.

Tindahan Extra Mile™: Balik PET Bottle Program (TEM) is a 3-year collaboration between Coca-cola Philippines, the Group, and Philippine Association of Sari-sari Stores and Carinderia Owners. TEM is a World Without Waste program partnership, powered by the Trash to Cashback System, paving the way for households to collect and recycle PET bottles and other recyclables through micro-retail stores empowerment.

The World Wide Fund for Nature (WWF) started a three-year project entitled 'Clean Ports, Clean Oceans: Improving Port Waste Management in the Philippines' funded by the Grieg Foundation. The project focuses on three ports in the Philippines, namely the Manila North Port, Port of Batangas, and Port of Cagayan de Oro. WWF-Philippines is working closely with BEST in the Port of Cagayan de Oro to undertake a proof of concept of Trash to Cashback Program to improve port waste management. This endeavor expanded to Brgy Lapasan for a Materials Recovery Facility (MRF) installation and capacity building anchoring the importance of at-source waste segregation and tailor-fit solutions to avoid environment waste leakage. MRF installation in the Port of Cagayan de Oro was also rolled out to ensure seamless waste management infrastructure after the initial baseline carried out.

Balik Bote Program in partnership with San Miguel Yamamura Packaging Corporation, aims to collect and recycle food and beverage glass bottles from the communities tapped by the Trash to Cashback Program.
This program is taken a step notch by partners from Diageo Philippines, launching the Diageo Harmony Project in Trash to Cashback drop off locations in Bonifacio Global City since July 2023, and further expanded to key on-trade partners last November 2023.

With these new projects, the Group aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

2. Cash

Cash consist of:

	30-Jun-2024	31-Dec-2023
Cash on hand	383,261	318,261
Cash in banks	85,074,934	65,110,293
Total	85,458,195	65,428,554

Cash in banks earn interest at the prevailing bank deposit rate.

3. Receivables, net

Receivables, net as at June 30, 2024 and December 31, 2023 consist of:

	Notes	30-Jun-2024	31-Dec-2023
Trade receivables			
Related parties	18	825,761,186	846,202,948
Local government units (LGUs)		31,848,347	23,442,640
Private entities		42,774,349	43,361,580
		900,383,882	913,007,168
Loans receivable	18	51,000,000	31,000,000
Other receivable from a related party	7, 18	17,000,000	17,000,000
Interest receivable	18	11,521,300	10,931,140
Advances to officers and employees		3,067,428	2,343,871
Others		1,755,180	1,689,688
		984,727,790	975,971,867
Allowance for impairment losses on trade receivables		(15,875,036)	(15,875,036)
		968,852,754	960,096,831

Trade receivables pertain to receivables from services rendered and rental of equipment earned by the Group in the ordinary course of its business operations. Trade receivables are non-interest bearing and are collectible on demand.

Advances to officers and employees mainly pertain to various advances for expenditures in relation to bidding activities of the Group. These are non-interest bearing and subject to liquidation within one (1) year.

The movements of the Group's allowance for impairment losses on trade receivables as at June 30, 2024 and December 31, 2023 consist of:

	30-Jun-2024	31-Dec-2023
At January 1	15,875,036	13,323,318
Provision	-	2,551,718
At June 30, 2024	15,875,036	15,875,036

4. Other current assets, net

Other current assets, net as at June 30, 2024 and December 31, 2023 consist of:

	30-Jun-2024	31-Dec-2023
Prepayments	47,340,776	35,334,304
Deferred input value-added tax (VAT)	15,254,226	12,676,959
Input VAT	14,153,672	10,334,455
Creditable withholding taxes	7,797,178	6,515,305
Recyclables inventory	308,755	1,762,999
Miscellaneous deposits	15,669	15,669
	84,870,276	66,639,691
Less: Allowance for impairment loss	(9,767,432)	(9,767,432)
	75,102,844	56,872,259

Prepayments include prepaid real property taxes, advertisement and advances to suppliers for the services to be rendered in relation to trash to cashback software application of the Group.

Deferred input VAT pertains to the Group's input VAT on purchases of goods or services that can be claimed upon payment for the goods or services.

Input VAT arises from purchases of goods and services from VAT-registered suppliers.

Recyclables inventory pertains to recyclable materials which are traded by customers for the trash to cashback program.
Creditable withholding taxes can be applied against income tax payable.
Movements and details of allowance for impairment loss are as follows:

	30-Jun-2024	31-Dec-2023
At January 1	9,767,432	8,196,803
Provision	-	1,570,629
	9,767,432	9,767,432

For the years ended June 30, 2024 and December 31, 2023, the Group recognized provision for allowance of impairment loss on creditable withholding taxes, input VAT, and prepaid taxes as the management assessed that these are no longer recoverable.

5. Investments in an associate and a joint venture

The details of the Group's investments in an associate and a joint venture accounted for under the equity method as at June 30, 2024 and December 31, 2023 are as follows:

	Associate Metro Clark Waste Management Corporation (MCWM)		Joint Venture Ecoedge Resources Corporation (ERC)		Total	
	30-Jun-2024	31-Dec-2023	30-Jun-2024	31-Dec-2023	30-Jun-2024	31-Dec- 2023
Cost	32,393,358	32,393,358	51,412,499	51,412,499	83,805,857	83,805,857
Accumulated share in net earnings (losses):						
Balance at January 1	178,596,500	152,995,052	(51,412,499)	(51,412,499)	127,184,001	101,582,553
Equity in net earnings	-	49,860,900	-	-	-	49,860,900
Dividends during the year	(16,000,000)	(24,000,000)	-	-	(16,000,000)	(24,000,000)
Balance at December 31	162,596,500	178,855,952	(51,412,499)	(51,412,499)	111,184,001	127,443,453
Accumulated share in other comprehensive loss:						
Remeasurement loss on retirement obligation, net of tax	-	(259,452)	-	-	-	(259,452)
	194,989,858	210,989,858	-	-	194,989,858	210,989,858

5.1 MCWM

MCWM was incorporated on March 6, 2002 with the primary purpose of managing, supervising and operating a waste management system for the efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of commercial, industrial and other waste garbage, refuse and similar items and engaging in related activities. The registered business address of MCWM is at Clark Special Economic Zone, Clark Field, Pampanga.

5.2 ERC

On November 6, 2013, the Group entered into a joint venture agreement with Lafarge Industrial Ecology International, S.A. (LIEI) to organize and establish ERC to engage in the development, utilization of renewable energy sources for non-power applications, and in particular, the production, processing, packaging, distribution and/or sale of fuel generated from municipal solid waste, such as refuse derived fuel, and pursuant thereto, to establish renewable energy systems or facilities, and to engage in any activity pursuant or incidental thereto. ERC was incorporated on November 27, 2013 and its registered address is Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

There are no significant restrictions on the ability of the associate and the joint venture to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group.

6. Deposits

As at June 30, 2024 and December 31, 2023, the Group has outstanding deposits as surety bond amounting to P1.99 million. These deposits were made in favor of Group's contracting parties, which are government offices, so that the completion of the project is guaranteed. If the Group fails to execute the services according to the specifications laid out in the respective contracts, the government offices will receive guaranteed compensation for any monetary loss up to the amount of the performance bond.

7. Investment properties, net

Details and movements of investment properties, net as at June 30, 2024 and December 31, 2023 are as follows:

	Land	Condominium units	Total
Cost			
January 1 and December 31, 2023		74,000,000	74,000,000
Disposals		-	-
June 30, 2024	-	74,000,000	74,000,000
Accumulated depreciation			
January 1, 2024	-	23,572,731	23,572,731
Depreciation for the six months	-	1,072,921	1,072,921
June 30, 2024	-	24,645,652	24,645,652
Net book values			
June 30, 2024	-	49,354,348	49,354,348
December 31, 2023		50,427,269	50,427,269

Land pertains to a property located in Taytay, Rizal with currently undetermined use. In 2023, the Group sold the land to a related party with a net book value of P70,320,000 for P100,000,000, which resulted in a gain of disposal of P29,680,000. For cash flow purposes, total uncollected proceeds from the sale of land amounted to P17,000,000 (Notes 3 and 18).

Condominium units consist of two (2) units leased out for office space. In 2023, the management decided to lease out one of the condominium units to a third party previously occupied by the Group. As such, the Group transferred the condominium unit from property and equipment with a cost and accumulated depreciation amounting to P29,237,960 and P8,225,954, respectively, to investment property.

Total rental income earned from the lease of condominium units for the year ended December 31, 2023 amounted to P4.13 million (2022 and 2021 - P2.45 million) (Note 21). There are no other direct operating expenses incurred in relation to these investment properties aside from depreciation for the three years ended December 31, 2023.

The Group’s investment properties are initially measured at cost, including transaction costs. Thereafter, investment properties are accounted for using the cost model as the accounting policy elected by the Group.

For land property and condominium units, the sales comparison approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

8. Property and equipment, net

Details and movements of property and equipment, net as at June 30, 2024 and December 31, 2023 are as follows:

	Land and land improvements	Condominium unit and improvements	Transportation and heavy equipment	Office furniture and fixtures	Development costs	Leasehold Improvements	ARO - Asset (Note 20)	Construction-in-progress	Total
Cost									
At January 1, 2024	132,914,160	1,591,653	128,471,335	9,823,092	268,304,257	4,415,648	28,994,460	13,999,395	588,514,000
Additions	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	735,000	675,982	1,518,370	4,030,444	-	16,084,374	23,044,170
At June 30, 2024	132,914,160	1,591,653	129,206,335	10,499,074	269,822.627	8,446,092	28,994,460	30,083,769	611,558,170
Accumulated depreciation and amortization									
At January 1, 2024	22,982,489	1,565,112	124,288,201	8,497,873	212,140,709	793,186	11,663,525	-	381,931,095
Depreciation and amortization	879,730	4,683	464,196	190,306	4,779,039	563,768	-	-	6,881,722
At June 30, 2024	23,862,219	1,569,795	124,752,397	8,688,179	216,919,748	1,356,954	11,663,525	-	388,812,817
Net book values									
At June 30, 2024	109,051,941	21,858	4,453,938	1,810,895	52,902,879	7,089,138	17,330,935	30,083,769	222,745,353
At December 31, 2023	109,931,671	26,541	4,183,135	1,325,218	56,163,548	3,622,462	17,330,935	13,999,395	206,582,905

The Group's property and equipment have no restrictions or not pledged as security for any liability.

On July 1, 2023, the Group transferred the condominium unit to investment property previously used by the Group as office space with the cost and accumulated depreciation amounted to P29,237,960 and P8,225,954, respectively. No rental income generated from this property as of June 30, 2024 and December 31, 2023. The Group leased out the condominium unit to a third-party in 2023 (Note 7).

Based on the results of management assessment, the Group believes that there are no indications that the property and equipment are impaired or the carrying values are not recoverable as at June 30, 2024 and December 31, 2023.

Joint Operation

On September 25, 2019, the Group entered into an agreement with the City of Passi, Iloilo (CLGU), a local government unit and a political subdivision of the Government of the Republic of the Philippines. The Project shall comprise of the planning, preparation, development, financing, engineering, construction, procurement, and installation of the Passi City Integrated Waste Management Facility, as well as its management, operation, maintenance, and physical closure, thereafter, including the transfer of the sanitary landfill upon termination date of the agreement. The Project shall be utilized as the final disposal site for solid waste generated by the members of the Passi City Cluster of LGUs. The Project site comprises of a parcel of land in Passi City, Iloilo, owned by the CLGU. The Group shall undertake the financing, design, engineering, construction and installation of the sanitary landfill, as well as its operation and maintenance, and conduct its physical closure and turn over to the CLGU at the termination of the agreement. In consideration of the services to be provided by the Group, Passi City and the member LGUs under the cluster shall pay the Group, on a monthly basis, a tipping fee per metric ton of solid waste disposed to the sanitary landfill. The parties shall have the following pro-rata participation interest of 82:18 (BEST:CLGU) based on the annual net income after tax of the Project. The agreement shall become effective upon signing date and will expire on the date when the sanitary landfill has been utilized up to its maximum capacity.

In 2019, the Group started the design and engineering of the sanitary landfill and has capitalized expenses as part of Development Cost. The Passi City Integrated Waste Management Facility opened in 2021.

The Group classified its joint arrangement with the CLGU as “Joint Operation” since the joint arrangement’s legal form does not confer separation between the parties and separate vehicle, the parties have the rights to the assets and obligations for the liabilities in proportion to the interests agreed by parties.

9. Leases

9.1 The Group as a lessee

(a) Long-term lease agreements

On September 26, 2023, the Group entered into a lease agreement for the lease of office space commencing on November 1, 2023 until October 31, 2026. The fixed quarterly rental amounts to P267,010 subject to a 5% increasing rate annually. Also, the Group is required to pay security deposit amounting to P249,570 (Note 10).

(i) Right-of-use asset and lease liability in the consolidated statements of financial position

Details and movements of right-of-use asset, net as at June 30, 2024 and December 31, 2023 are as follows:

	30-June-2024	31-Dec-2023
Cost		
January 1, 2024	-	-
Additions	2,845,803	2,927,113
June 30, 2024	2,845,803	2,927,113
Accumulated amortization		
January 1, 2024	-	-
Amortization (Note 16)	487,854	81,310
June 30, 2024	487,854	81,310
Net book value	2,357,949	2,845,803

In 2023, lease payments prior to commencement of lease is capitalized directly to right-of-use asset amounting to P249,570 which pertains to advance rental to be applied in the last quarter of the lease term.

Details and movements of lease liability as at June 30, 2024 and December 31, 2023 are as follows:

	Amount
January 1, 2023	-
Additions	2,677,543
Interest expense	12,808
Payment of interest expense	(12,808)
Payment of principal	(236,762)
	2,440,781
Current lease liability	894,643
Non-current lease liability	1,546,138

9.2 The Group as a lessor

The Group entered into a lease agreement with a third party for a lease of condominium unit for a period of two (2) years effective from July 1, 2023 until June 20, 2025 and automatically expiring at the end of the lease term. Other relevant information is disclosed in Note 7.

10. Other non-current assets

Other non-current assets as at June 30, 2024 and December 31, 2023 consist of:

	30-Jun-2024	31-Dec-2023
Advances to landowners	17,000,000	17,000,000
Intangible assets, net	5,271,833	6,203,246
Security deposit	249,570	249,570
	22,521,403	23,452,816

Advances to landowners pertain to a partial payment for purchase of land for a Public-Private Partnership project of the Group. As at reporting date, the Group is securing all the required permits and the requisite right-of-way acquisition necessary for the future operations of the project.

Intangible assets pertain to My Basurero App which was completed towards the end of 2021 and partnered to bXTRA wherein the customers earn cashback for every waste disposal.

11. Trade and other payables

Trade and other payables as at June 30, 2024 and December 31 consist of:

	30-Jun-2024	31-Dec-2023
Trade payables		
Related parties	3,772,572	1,088,860
Third parties	477,423	6,080,957
	4,249,995	7,169,817
Deferred output VAT	92,128,830	96,189,586
Output VAT	30,100,033	23,042,056
Accrued expenses	15,344,702	8,339,298
Advances from customers	15,000,000	3,614,424
Payable to government agencies	1,493,536	1,785,001
	158,317,096	140,140,182

Trade payables comprise of payables in the contracting and consulting operations of the Group to provide waste disposal services. These are non-interest bearing and are due and demandable.

Payable to government agencies pertain to documentary stamp tax, withholding tax on compensation and expanded withholding tax. These also include liabilities arising from contributions to Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund, which are remitted within one month from the reporting period.

Accrued expenses pertain to accruals of professional fees, salaries and wages and professional services which are normally settled within 12 months.

12. Loan payable

On November 5, 2015, the Group obtained a loan from a local bank for working capital requirements amounting to P100 million and is due for settlement on October 20, 2016. The loan is unsecured and with interest rate of 4.00% per annum. The interest on loan is paid on a monthly basis and the principal was rolled over prior to its maturity.

On April 30, 2019, May 24, 2019 and October 29,2019, the Group paid P2 million each for the principal amount of the loan. The remaining P90 million was renewed in 2020 and 2021 and will mature in September 2022. Principal amount renewed bears interest payable monthly in arrears. Interest from November 21, 2019 to December 20, 2019 (29 days) shall be at 7.00% per annum. Payment of interest shall commence on November 21, 2019 and every month, thereafter until fully paid at prevailing rate. Interest expense on loan payable amounted to P3.99 million for the year ended December 31, 2023 (2022 - P5.08 million; 2021 - P5.19 million).

As at December 31, 2023, the outstanding balance of loan payable amounting to P85 million was fully settled in 2023. Interest rate is at 5.50% per annum. There is no outstanding loan payable as at December 31, 2023.

On May 29, 2024, the Group obtained the 1st trance of loan from a local bank amounting to P25 million for the construction of PPP Bataan and is due for settlement in seven years.

13. Equity

(a) *Share capital*

Share capital of the Parent Company as at June 30, 2024 and December 31, 2023 are as follows:

	Authorized		Issued	
	Shares	Amount	Shares	Amount
Common shares at P1 par value per share	740,000,000	740,000,000	690,000,000	690,000,000

In accordance with Annex 68-K of Revised SRC Rule 68, below is a summary of the Parent Company's track record of registration of securities.

Common shares	Number of shares registered	Issue/Offer price	Date of approval
180,000,000	180,000,000	1.00	August 31, 1995
10,000,000	10,000,000	1.00	April 14, 2010
500,000,000	500,000,000	1.00	June 11, 2013
690,000,000	690,000,000		

The Parent Company's unissued authorized capital stock amounted to P50,000,000 as at June 30, 2024 and December 31, 2023.

The number of holders of securities of the Parent Company as at June 30, 2024 and December 31, 2023 is 114 shareholders.

(b) *Equity reserve arising from reverse acquisition*

The equity reserve amounting to P298,498,391 pertains to the difference in capital structure of IPMHI and BEST and recognition of deficit of IPMHI during the date of acquisition in 2013, as the retained earnings of the consolidated financial statements represents retained earnings of BEST before acquisition adjusted by post-acquisition results of the Group. This transaction did not qualify as a business combination as defined in PFRS 3 "*Business Combination*" but a share-based payment transaction whereby BEST has received the net assets of the Parent Company.

(c) *Retained earnings*

As at June 30, 2024, the portion of retained earnings corresponding to the undistributed equity in net earnings of the associate amounted to P162,596,500, are not available for distribution as dividends until declared by the associate.

On December 15, 2023, the Board of Directors of BEST approved the declaration of cash dividends amounting to P30,001,575 or P0.05212 per share in favor of shareholders of record as of the date of declaration. On December 18, 2023, IPMHI and BEST agreed via an offsetting agreement to offset the payable from dividends declared by BEST on December 15, 2023 amounting to P25,297,745 against the outstanding advances payable by IPMHI to BEST as at this date amounting to P25,600,000. As at June 30, 2024, the remaining dividends declared to the non-controlling interest amounting to P4.70 million was fully settled on June 3, 2024.

14. Service income

Service income for the second quarters and six months ended June 30 consist of:

	Quarters Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Income from tipping fee	29,730,734	27,221,125	57,377,277	12,053,571
Income from waste collection	-	-	-	55,010,771
Hauling income	10,439,748	7,424,348	20,182,841	14,491,740
Trash to cashback	5,089,479	1,315,043	9,035,915	2,068,427
Consultancy/field services	1,363,536	1,363,536	2,727,073	2,727,073
	46,623,497	37,324,052	89,323,106	86,351,582

Income from tipping fee are the fees charged by the Group to customers, usually LGUs, for the given quantity of residual wastes received at the landfill facility.

Hauling income pertains to the house-to-house collection of garbage and delivery as well as waste collection from commercial and private establishments to the sanitary landfill of the waste collected. On August 28, 2020, IPMCDC and the Group's JV has entered into a service agreement with the Group for hauling services in Cagayan de Oro City (CDO) from February 1, 2020 to January 31, 2021 at a price not to exceed P13.50 million (VAT inclusive) per month. The agreement is subsequently renewed until January 31, 2023. It was no longer renewed thereafter. In 2023, the Group reported an income from this agreement which amounted to P12.05 million (2022 - P144.64 million, 2021 - P144.64 million) (Note 18).

Trash to cashback pertains to the fee from implementation of programs and activities for waste segregation and recyclable collection and the sale of recyclable materials derived from such programs and activities.

Consultancy/field services pertains to the Group's revenue from maintaining and operating the sanitary landfill facility in Passi City.

15. Cost of services

Cost of services for the second quarters and six months ended June 30 are as follows:

	Quarters Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Subcontracting costs (Note 15)	1,823,724	-	2,910,950	11,160,714
Depreciation and amortization	4,069,986	7,722,263	7,776,354	14,149,132
Rent	7,500,810	8,719,798	15,879,188	16,598,288
Salaries, wages and employee benefits	7,175,043	4,747,723	13,591,778	8,881,956
Fuel and oil	677,526	1,653,635	1,093,002	3,271,311
Transportation and travel	270,265	910,851	546,307	2,111,584
Supplies	499,448	355,696	1,458,104	514,192
Security and janitorial	969,298	-	1,521,248	-
Taxes and licenses	626,913	427,007	1,161,862	1,051,757
Entertainment, amusement and recreation	449,425	-	903,090	-

Repairs and maintenance	3,982,464	188,005	6,606,645	317.844
Materials	265,625	-	265,625	-
Professional fees	-	-	29,688	-
Utilities	862,485	94,226	1,266,609	181,405
Others	3,641,407	3,609,627	7,642,150	7,602,727
	32,814,419	28,428,831	62,652,600	65,840,910

Others include management fees, bid expenses, subscription and documentation fees.

16. General and administrative expenses

General and administrative expenses for the second quarters and six months ended June 30 are as follows:

	Quarters Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Salaries, wages and employee benefits	3,704,424	2,940,092	7,888,340	5,583,064
Taxes and licenses	4,946,568	751,232	5,210,932	1,038,599
Professional fees	1,131,590	581,395	1,707,305	1,343,538
Depreciation and amortization	814,827	598,802	1,597,557	1,206,603
Entertainment, amusement and recreation	460,131	284,143	686,775	595,741
Repairs and maintenance	44,994	120,100	176,977	215,883
Directors' fee	520,000	160,000	520,000	440,000
Fuel and oil	139,391	155,418	263,942	287,757
Office supplies	77,389	31,353	320,807	129,847
Transportation and travel	392,998	39,207	455,389	184,054
Stock exchange listing fee	62,500	115,575	125,000	231,150
Utilities	412,867	115,168	535,463	165,671
Rent	320,272	91,071	640,543	91,071
Pension expense	-	-	-	112,716
Insurance	53,426	-	96,717	-
Others	568,600	1,032,596	882,618	1,530,594
	13,649,977	7,016,152	21,108,365	13,156,288

Other expenses include bank charges, membership fee, bid expense, uniform expense, subscription fee, testing fee and miscellaneous expense.

17. Income tax

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, Republic Act No. 11534, CREATE Act, was signed into law. The CREATE Act took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation. Among the salient provisions of CREATE include changes to the corporate income tax as follows:

- lowering of regular corporate income tax (RCIT) rate to 20% from 30% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) from
- July 1, 2020;
- lowering of RCIT to 25% from 30% for all other domestic corporations from July 1, 2020; and
- for the period beginning July 1, 2020 until June 30, 2023, the minimum corporate income tax (MCIT) rate shall be 1%, instead of 2%; however, effective July 1, 2023, MCIT rate reverted to 2% based on gross income of the corporation.

18. Related Party Transactions (RPT)

In the normal course of business, the Group transacts with companies which are considered related parties.

The coverage of the Group's Material Related Party Transactions is any related party transaction/s, 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 the latest audited financial statements. Transactions amounting to ten percent (10%) or more of the total consolidated assets that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the Group's policy.

Related Party Transaction Committee tasked with reviewing all material RPTs which should be composed of at least three (3) non-executive directors, two (2) of whom should be independent, including the Chairman. After the review and evaluation of the material RPTs, the committee shall endorse the same to the BOD for approval. All individual material RPTs shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Group's total consolidated assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The table below summarizes the Group's transactions and balances with its related parties as at June 30, 2024 and December 31, 2023:

		30-June-2024		31-Dec-2023		
	Notes	Transactions	Receivable (Payable)	Transactions	Receivable (Payable)	Terms and conditions
Trade receivables						
Shareholders						
IPMCDC (a) (b)		411,566	197,039,648	2,368,180	196,597,269	These receivables are collectible in cash, non-interest bearing, due and demandable. These are secured by traded shares and freehold land, with aggregate fair values higher than the carrying amount of receivables
IPMESI (d)		-	519,548,374	9,548,374	519,548,368	
IPMRDC (d)		-	34,687	-	34,687	
Affiliate						
JV BEST Inc. and IPMCDC (c)		-	109,110,630	12,053, 571	130,000,000	
Joint Venture						
ERC (e)		29,107	27,847	53,571	22,624	
	3		825,761,186		846,202,948	
Loans						
Joint Venture						
ERC (f)	3	-	31,000,000	-	31,000,000	This loan is collectible in cash, interest bearing, unsecured and due upon maturity
	3	590,160	11,521,300	1,180,320	10,931,140	
Shareholder						
IPMCDC (h)		20,000,000	20,000,000	-	-	This loan is collectible in cash, non-interest bearing, unsecured and due upon maturity
Other receivable						
Shareholder						
IPMCDC (h)		-	17,000,000	100,000,000	17,000,000	This receivable is collectible in cash, non-interest bearing, unsecured and due on demand
Trade payables						
Shareholder						
IPMCDC (g)		20,206,096	3,772,572	55,587,104	1,088,860	This is payable in cash, non-interest bearing, unsecured and due on demand
Accrued expenses						
Affiliate						
GNCA Holdings, Inc. (GNCA) (i)		-	-	105,000	-	

	Notes	30-June-2024 Transactions	30-June-2024 Receivable (Payable)	31-Dec-2023 Transactions	31-Dec-2023 Receivable (Payable)	Terms and conditions
Per diem (j)						
Board of Directors		520,000	-	840,000	-	This is payable in cash, non-interest bearing, unsecured and due on demand

(a) BEST charged IPMCDC for transportation and heavy equipment rental fees. Total equipment rental income for the year ended December 31, 2023 amounted to P0.99 million (2022 - P3.2 million; 2021 - P1.16 million).

(b) In 2019, BEST had an agreement with IPMCDC that receivables will be collectible upon demand. Further, on December 27, 2019, BEST entered into a memorandum of agreement (MOA) with IPMCDC wherein the latter assigned 54,200,000 shares of the IPMHI to guaranty the former's receivables from IPMCDC amounting to P314.45 million.

On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables from IPMCDC due to be paid in installments until 2023. As a result, the Group recognized a loss on restructuring due to discounting amounting to P4.12 million in 2022 which is accounted as day-one loss and was presented under general and administrative expense. Interest income from accretion in value amounted to P1.50 million (2022 - P2.74 million) (Note 16).

In accordance with the MOA, as a consequence of default, upon 30 working days after prior written notice to IPMCDC, the pledged shares may be disposed through private or public sale (BEST is also eligible to purchase in the foreclosure sale), IPMCDC shall have the right to redeem the pledged shares from BEST by paying the entire amount equivalent to the secured obligation.

As at June 30, 2024, the parties are currently negotiating the best mode of settlement without prejudice to the Group's right to demand the immediate sale of the collateral.

(c) On August 28, 2020, IPMCDC and the Group's JV has entered into a service agreement with BEST for hauling services in CDO from February 1, 2020 to January 31, 2021 at a price not to exceed P13.50 million (VAT inclusive) per month. The service agreement has been renewed from February 1, 2021 to January 31, 2023; however, it was no longer renewed thereafter.

(d) In prior years, IPMESI has contracted BEST for the operation and maintenance of an Integrated Solid Waste Management Facility for a fixed monthly fee of P15.58 million. The contract was terminated in August 2017 and was not renewed in 2018 (see Note 21).

On April 26, 2018, BEST entered a MOA with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares, respectively, of IPMHI to guaranty BEST's receivables from IPMESI amounting to P693.75 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables (guaranteed by 70,000,000 shares and 30,000,000 shares of the IPMHI held by IPMESI and IPMRDC, respectively) from IPMESI due to be paid in installment until 2023. As a result, the Group recognized a loss on restructuring due to discounting amounting P21.84 million in 2022 which is accounted as day-one loss which is presented under general and administrative expense. Interest income from accretion in value amounted to P9.55 million (2022 - P12.29 million) (Note 16).

In accordance with the MOA, as a consequence of default and upon 30 working days, after prior written notice to IPMESI and IPMRDC, the pledged shares may be disposed through private or public sale (BEST is also eligible to purchase in the foreclosure sale), IPMESI and IPMRDC shall have the right to redeem the pledged shares from BEST by paying the entire amount equivalent to the secured obligation.

As at June 30, 2024, the parties are currently negotiating the best mode of settlement without prejudice to the Group's right to demand the immediate sale of the collateral.

On December 13, 2023, BEST and IPMESI executed a Memorandum of Understanding (MOU) stated in that should there be proceeds from the sale of substantially freehold land, as discussed below, owned by IPMESI the payment will be given to the following order: (1) all taxes, assessments and governmental charges; (2) all reasonable expenses of sales and (3) obligation to the Group. In event that the land of IPMESI is not sold, IPMESI agrees to offer the land as an additional security until the obligations are settled.

The land, which is free of any lien or encumbrances, has an estimated minimum fair value of P960 million (12 hectares at minimum value of P8,000 per square meter based on verifiable zonal value). Management estimates that the market value of the land, given its location and accessibility, is significantly higher than the zonal value. As at June 30, 2024, IPMESI is pursuing informal offers from major real estate developers, to buy the land.

(e) In January 2017, BEST entered a contract of lease with ERC, whereby the latter, shall lease a portion of BEST's office space. The lease term is until December 31, 2018, renewable upon mutual agreement by the parties. The contract renewed annually thereafter.

(f) In 2014, BEST granted loans to ERC amounting to P19 million with 3.864% interest rate per annum and P12 million with 3.718% interest rate per annum which are due and demandable. In 2018, BEST agreed with ERC the fixing of date of collection of the former's receivable to the latter. Receivables pertaining to interest receivables amounting to P3 million are collectible within (1) year. The principal amounting to P31 million and interest income and receivable amounting to P1.18 million are collectible within five (5) years from 2018.

In 2019, BEST agreed with ERC that the principal balance amounting to P31 million and interest receivable amounting to P6.21 million are collectible within five (5) years. Loan receivable from ERC amounted to P31 million as of June 30, 2024 and December 31, 2023. On the second quarter of 2024, BEST granted loans to IPMCDC amounting to P20 million.

(g) IPMCDC charges the Group for the rental of equipment, subcontracted services, salaries and wages, fuel and oil and repairs and maintenance costs incurred in line with the operations of BEST.

On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2020 to January 31, 2021 at a price not to exceed P12.50 million (VAT inclusive) per month. The Group incurred subcontractor costs amounting to P11.06 million for the year ended December 31, 2023 (2022 - P133.92 million; 2021 - P140.42 million).

(h) In 2023, BEST sold a parcel of land under investment property to IPMCDC for a selling price of P100 million. As at June 30, 2024, the remaining uncollected proceeds amounted to P17 million (Notes 3 and 7).

(i) IPMHI entered into an agreement with GNCA, an entity controlled by one of the IPMHI's BOD, for the sharing of common costs incurred on the leased office space. The agreement provides that IPMHI shall pay fixed monthly utility charges of P15,000 exclusive of VAT in 2023 and 2022, in lieu of its proportionate share in monthly rentals on the leased premises. IPMHI has no unpaid utilities expense as at June 30, 2024 and December 31, 2023. The agreement is already terminated in July 2023.

(j) In 2013, the BOD of IPMHI approved the grant of per diem to members of the BOD for every attendance in the regular meetings of the BOD. In 2018, the BOD approved the 100% increase in the per diem of each director. Total per diem paid to the directors amounted to P0.52 million as at June 30, 2024 and P0.84 million as at December 31, 2023.

19. Retirement benefit obligation

The Group has a funded, non-contributory defined benefit pension plan that covers all regular full-time employees. Under its defined benefit plan, the Group provides a retirement benefit equal to 22.5 days' pay for every year of credited service in accordance with the Retirement Pay Law (RA 7641). The benefit is paid lump sum upon retirement or separation in accordance with the terms of the plan. The law does not require minimum funding of the plan.

The Group's retirement fund is administered by Metropolitan Bank and Trust Company (the Trustee) under the supervision of the Board of Trustees (BOT) of the plan which delegates the implementation of the investment policy to the Trustee. The fund is subject to the investment objectives and guidelines established by the Trustee and rules and regulations issued by Bangko Sentral ng Pilipinas covering assets under trust and fiduciary agreements. The Trustee is responsible for the investment strategy of the plan.

The latest actuarial valuation date of the Group's retirement plan is as of December 31, 2023.

Details of the Group's retirement benefits as at June 30, 2024 and December 31 are as follows:

	30-Jun-2024	31-Dec-2023
Retirement benefit obligation	3,220,104	3,220,104
Retirement benefit expense	-	474,791
Remeasurements recognized in other comprehensive income (loss)	-	(1,585,198)

Details of retirement benefit obligation in the statements of financial position as at December 31 are as follows:

	30-Jun-2024	31-Dec-2023
Present value of defined benefit obligation	3,220,104	3,628,675
Fair value of plan assets	-	(408,571)
	3,220,104	3,220,104

There is no expected contribution to the defined benefit plan assets in 2024.

20. Provision for rehabilitation of sanitary landfills

Details and movements of the provision for rehabilitation of sanitary landfills as at and for the years ended December 31 are as follows:

	30-Jun-2024	31-Dec-2023
At January 1	50,061,522	31,275,298
Additions	-	17,671,153
Accretion	-	3,296,737
Adjustment	-	(2,181,666)
	50,061,522	50,061,522

Under Republic Act 9003, the Ecological Solid Waste Management Act of 2000, the Group, being the owner and operator of the Facility is responsible for the proper physical closure of the Facility after it has been fully utilized up to its maximum capacity.

The Group shall prepare for both Morong and Passi Projects, carry out and complete a Closure Action Plan, which shall be approved by the Department of Environment and Natural Resources - Environmental Management Bureau (DENR - EMB). The implementation of the approved Closure Action Plan shall include the following:

a. Stabilization of critical slopes or reformation of shape/slope;
b. Provision of waste storage bank, suitable retaining wall or embankment structures;
c. Installation of final soil cover and suitable vegetation;
d. Provision of proper drainage systems to channel rainwater from the disposal site to the discharge drains; and;
e. Provision of adequate facilities for the management of the landfill gas and leachate.

In addition, the Group shall be responsible and shall provide for the post-closure management and post-closure land use of the Facility, including maintenance and rehabilitation activities after the physical closure of the sanitary landfill. The Group shall also continuously monitor the implementation of the Closure Action Plan of the landfill for a period of ten (10) years.

(a) Morong Project

In 2023, the Group made a reassessment of the timing of estimated funding of rehabilitation works for Morong Project to align with the full utilization of the total remaining capacity of the Facility which resulted in an adjustment to provision for rehabilitation amounted to P2,181,666.

(b) Passi Project

In 2023, the Group recognized an addition to the provision for closure and rehabilitation of Passi Sanitary Landfill which consist of 82% of the total future rehabilitation costs which is based on the pro-rata participation interest of 82:18 (Group:

CLGU) as part of the agreement with the City of Passi. Accretion expense is presented under interest expense in the consolidated statement of total comprehensive income.

21. Commitments

As of June 30, 2024 and December 31, 2023, the Group has the following contractual commitments:

(a) In 2020, the Group entered into a Joint Venture Agreement (JVA) with IPMCDC for the purpose of collection, hauling and disposal of municipal solid wastes including street sweeping in Cagayan de Oro City (CDO) for 12 months beginning February 1, 2020. The agreement was further renewed until January 31, 2023 but it was no longer renewed thereafter. The JV between the Group and IPMCDC was registered as a taxable entity in 2020.

The capital contribution, participation interest in the net profits of the Joint Venture shall be shared by parties equally (50% - BEST, 50% - IPMCDC).

On August 28, 2020, IPMCDC and the Group's JV has entered into a service agreement with the Group for hauling services in CDO from February 1, 2020 to January 31, 2021 at a price not to exceed P13.50 million (VAT inclusive) per month.

On August 28, 2020, the Group has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2020 to January 31, 2021 at a price not to exceed P12.50 million (VAT inclusive) per month.

(b) On June 19, 2019, the Group entered into a contract of lease with Megaxcess IT Solutions for a period of two (2) years beginning July 1, 2019 until June 30, 2021 which is further renewed until June 30, 2025 whereby the latter shall lease a portion of the Group's condominium office space. The rent income recognized for the years ended December 31, 2022 and 2021 amounted to P2.45 million.

(c) On July 12, 2023, the Group entered to another contract of lease of condominium office space with Megaxcess IT Solutions for a period of two (2) years beginning July 1, 2023 until June 20, 2025. The rent income recognized for the year ended December 31, 2023 amounted to P4.13 million (Note 7).

(d) The Group entered into contractual commitments with various municipalities of Rizal and Laguna for tipping and disposal of residual wastes. Each agreement is effective for one year, renewable every year under the same terms and conditions unless, otherwise, mutually agreed upon by the parties. The related agreement is effective in 2023 and 2022.

22. Segment information

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding and (2) service. Details of the Group's business segments are as follows:

	30-Jun-2024				
	Investment holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Service income	-	89,323,106	89,323,106	-	89,323,106
Rental income from external customer	-	3,640,757	3,640,757	-	3,640,757
Intersegment rental income	-	80,357	80,357	(80,357)	-
Interest income	82	605,770	605,853	-	605,853
	82	93,649,991	93,650,073	(80,357)	93,569,716
Cost and expenses					
Cost of services	-	62,652,600	62,652.600	-	62,652,600
General and administrative expenses	1,735,116	19,453,606	21,188,722	(80,357)	21,108,365
Interest expense	-	-	-	-	-
	1,735,116	82,106,206	83,841,322	(40,178)	83,760,965
Income/(Loss) before tax	(1,735,034)	11,543,785	9,808,751	-	9,808,751
Provision for income tax	-	(2,811,653)	(2,811,653)	-	(2,811,653)
Net income	(1,735,034)	8,732,132	6,997,098	-	6,997,098

	30-Jun-2024				
	Investment holding	Service	Combined	Eliminations	Consolidated
Segment assets	485,912,402	1,637,433,880	2,123,346,282	(487,677,255)	1,635,669,027
Segment liabilities	3,042,475	239,080,667	242,123,142	(2,302,255)	239,820,887
Depreciation and amortization	-	9,373,910	9,373,910	-	9,373,910

	31-Dec-2023				
	Investment holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Service income	-	188,591,358	188,591,358	-	188,591,358
Rental income from external customer	-	5,171,304	5,171,304	-	5,171,304
Intersegment rental income	-	160,714	160,714	(160,714)	-
Interest income	187	12,247,871	12,248,058	-	12,248,058
Dividend income	25,297,745	-	25,297,745	(25,297,745)	-
Gain from sale of investment property	-	29,680,000	29,680,000	-	29,680,000
Adjustment of provision for rehabilitation	-	2,181,666	2,181,666	-	2,181,666
Gain from reversal of impairment loss on receivables	-	4,948,282	4,948,282	(4,948,282)	-
Equity in net earnings of an associate	-	49,860,900	49,860,900	-	49,860,900
	25,297,932	292,842,095	318,140,027	(30,406,741)	287,733,286
Cost and expenses					
Cost of services	-	142,721,512	142,721,512	-	142,721,512
General and administrative expenses	4,206,727	41,534,794	45,741,521	(160,714)	45,580,807
Provision for impairment loss on trade receivables	-	2,551,718	2,551,718	-	2,551,718
Interest expense	-	7,299,672	7,299,672	-	7,299,672
	4,206,727	194,107,696	198,314,423	(160,714)	198,153,709
Income before tax	21,091,205	98,734,399	119,825,604	(30,246,027)	89,579,577
Provision for income tax	-	10,680,478	10,680,478	(2,250,000)	8,430,478
Net income	21,091,205	88,053,921	109,145,126	(27,996,027)	81,149,099
Segment assets	485,659,753	1,380,024,593	1,865,684,346	(485,691,586)	1,379,992,760
Investments in an associate and a joint venture	-	210,989,858	210,989,858	-	210,989,858
Total assets	485,659,753	1,591,014,451	2,076,674,204	(485,691,586)	1,590,982,618
Segment liabilities	1,054,791	201,393,370	202,448,161	(316,586)	202,131,575
Capital expenditures	-	49,218,075	49,218,075	-	49,218,075
Depreciation and amortization	-	37,114,022	37,114,022	-	37,114,022

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports to assess performance of the Group.

Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated at consolidation.
All of the Group's revenues are derived from operations within the Philippines, hence, the Group did not present geographical information required by PFRS 8 "*Operating Segments*".

23. Basic/Diluted Earnings per Share

Basic/diluted earnings per share for the second quarters and six months ended June 30 were computed as follows:

	Quarters Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Net income attributable to equity holders of the Parent Company	928,072	619,908	4,814,065	3,103,804
Weighted average number of outstanding common shares	690,000,000	690,000,000	690,000,000	690,000,000
	0.001	0.0009	0.007	0.004

The basic EPS is equal to the diluted EPS since the Group has no potential shares that will have a dilutive effect on EPS.

24. Financial risk and capital management; Critical accounting estimates, assumptions and judgments

24.1 Financial risk management

The Group's principal financial assets and liabilities comprise of cash, receivables (excluding advances to officers and employees), deposits, due to/from related parties, trade and other payables (excluding payable to government agencies), lease liability, dividends payable, and loans payable. The main purpose of these financial instruments is to raise finances for the Group's operations.

The Group has established a risk management function with clear terms of reference and with the responsibility for developing policies on market risk, credit risk and liquidity risk. It also supports the effective implementation of policies. The policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The main risk arising from the Group's financial statements are market risk, credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

24.1.1 Market risk

Cash flow and fair value interest rate risks

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management believes that the related cash flow risk on bank deposits is relatively low due to immaterial changes in interest rates within the duration of these financial instruments.

The Group's interest rate risk arises from interest-bearing borrowings. The Group has long-term borrowings issued at fixed interest rates and carried at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

24.1.2 Credit risk

Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation in time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash in banks, receivables and deposits. Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The table below shows the maximum exposure to credit risk of the financial assets at amortized costs of the Group as at June 30, 2024 and December 31, 2023:

	30-Jun-2024		
	Gross maximum exposure	Fair value of collateral	Net exposure
Cash in banks	85,074,934	-	85,074,934
Receivables:			
Trade			
Related parties	825,761,186	802,098,998	23,662,188
LGUs	31,848,347	-	31,848,347
Private entities	42,774,349	-	42,774,349
Loans	51,000,000	-	51,000,000
Interest	11,521,300	-	11,521,300
Other receivable from a related party	- 17,000,000	-	- 17,000,000
Deposits	1,988,034	-	1,988,034
Security deposits	249,570	-	249,570
	1,067,217,720	802,098,998	265,118,721

31-Dec-2023			
	Gross maximum exposure	Fair value of collateral	Net exposure
Cash in banks	65,110,293	-	65,110,293
Receivables:			
Trade			
Related parties	846,202,948	832,744,368	13,458,580
LGUs	23,442,640	-	23,442,640
Private entities	43,361,580	-	43,361,580
Loans	31,000,000	-	31,000,000
Interest	10,931,140	-	10,931,140
Other receivable from a related party	17,000,000	-	17,000,000
Deposits	1,988,034	-	1,988,034
Security deposits	249,570	-	249,570
	1,039,286,205	832,744,368	206,541,837

To manage credit risks on receivables from LGUs and private entities, the Group only transacts with counterparties with strong credit capacity and financial condition.

The gross maximum exposure to credit risk of the Group approximates its net maximum exposure. Information on the guarantees and collaterals to secure the receivables from related parties are disclosed in Note 18.

Credit quality

The financial assets of the Group are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 90 days past due, and based on change in rating, delinquencies, and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies, and payment history, demonstrate significant increase in credit risk, and/or are considered more than 90 days past due but does not demonstrate objective evidence of impairment as of reporting date.

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

The table below shows determination of ECL stage of the Group's financial assets as at June 30, 2024 and December 31:

30-Jun-2024				
	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Cash in banks	85,074,934	85,074,934	-	-
Receivables				
Trade	900,383,882	26,032,549	862,444,014	11.907,319
Loans	51,000,000	20,000,000	31,000,000	-
Interest	11,521,300	590,160	10,931,140	-
Other receivables from a related party	17,000,000		17,000,000	
Deposits	1,988,034	1,988,034	-	-
Security deposits	249,570		249,570	-
	1,067,217,720	133,685,677	921,624,724	11,907,319

31-Dec-2023				
	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Cash in banks	65,110,293	65,110,293	-	-
Receivables				
Trade	913,007,168	65,845,538	835,254,311	11,907,319
Loans	31,000,000	-	31,000,000	-
Interest	10,931,140	-	10,931,140	-
Other receivables from a related party	17,000,000		17,000,000	

	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Deposits	1,988,034	1,988,034	-	-
Security deposits	249,570	249,570	-	-
	1,039,286,205	133,193,435	894,185,451	11,907,319

To manage credit risk on material related party balances, the Group holds, as securities for the outstanding balances, certain significant assets of the debtors comprising of traded shares and freehold land, all covered by enforceable agreements mutually signed by both parties.

24.1.3 Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. To manage liquidity, the Group management aims to tap into credit facilities with various financial institutions, as and when additional funds are necessary. It maintains an adequate cash and cash equivalents in the event of unforeseen interruption of its cash collections.

The table below summarizes the maturity profile of the Group's financial assets and liabilities as at June 30, 2024 and December 31, 2023 based on contractual undiscounted payments:

30-Jun-2024

	On demand	Less than 3 months	3 to 12 months	More than one year	Total
Financial assets					
Cash	85,458,195	-	-	-	85,458,195
Receivables:					
Trade	14,731,034	-	-	885,652,848	900,383,882
Loan	-	20,000,000	-	31,000,000	51,000,000
Interest	590,160	-	-	10,931,140	11,521,300
Other receivables	17,000,000	-	-	-	17,000,000
Deposits	-	-	-	1,988,034	1,988,034
Security deposits	-	-	-	249,570	249,570
	117,779,389	20,000,000	-	929,821,592	1,067,600,981
Financial liabilities					
Trade and other payables*	-	19,594,697	-	-	19,594,697
Loan payable		25,000,000			25,000,000
Lease liability	-	-	-	1,546,138	1,546,138
	-	44,594,697	-	1,546,138	46,140,835

**Excluding payable to government agencies, advances from customers, output VAT and deferred output VAT*

31-Dec-2023

	On demand	Less than 3 months	3 to 12 months	More than one year	Total
Financial assets					
Cash	65,428,554	-	-	-	65,428,554
Receivables:					
Trade	913,007,168	-	-	-	913,007,168
Loan	31,000,000	-	-	-	31,000,000
Interest	10,931,140	-	-	-	10,931,140
Other receivables	17,000,000	-	-	-	17,000,000
Deposits	-	-	-	1,988,034	1,988,034
Security deposits	-	-	-	249,570	249,570
	1,037,366,862	-	-	2,237,604	1,039,604,466
Financial liabilities					
Trade and other payables*	-	15,509,115	-	-	15,509,115
Dividends payable	-	4,238,659	-	-	4,238,659
Lease liability	-	249,570	774,540	1,625,618	2,649,728
	-	19,997,344	774,540	1,625,618	22,397,502

**Excluding payable to government agencies, advances from customers, output VAT and deferred output VAT*

24.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and 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.

The Group considers total equity (excluding other comprehensive loss, accumulated share in other comprehensive loss of joint venture, and non-controlling interest) as its capital.
The Group is not subject to any externally imposed capital requirements arising from debt covenants and other similar instruments.

24.3 Fair value estimation

The carrying amounts of current financial assets and current financial liabilities are assumed to approximate their fair values, due to the liquidity, short maturities and nature of such items. Non-current portion of receivables and lease liabilities approximates market rates.

24.4 Fair value hierarchy

As at June 30, 2024 and December 31, 2023, the Group has no financial instrument carried in the books at fair value. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into or out of Level 3 fair value instrument.

24.5 Critical accounting estimates, assumptions and judgments

The preparation of the financial statements in accordance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of the contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

24.5.1 Critical judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

(a) Assessment of control

The Parent Company classifies its investee companies as subsidiary if the Parent Company achieves control over the companies. Control is presumed to exist if the Parent Company has the following characteristics:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Control is achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies.

As at June 30, 2024 and December 31, 2023, the BEST holds 60% interest in Ecoedge Resources Corporation (ERC), which is accounted as investment in joint venture.

Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of the BEST and Lafarge Industrial Ecology International, S.A (LIEI), which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholder's resolution;
- ERC shall be governed by the BOD that will comprise five (5) directors (three (3) nominated by BEST and two (2) nominated by LIEI), whereby four (4) directors shall be required to pass a board resolution.

(b) Assessment of significant influence

The Group classifies its investee companies as an associate if the Group has significant influence in the investee company. Significant influence is presumed to exist if the Group has a holding of 20% or more of the voting power of the investee. Holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

As of June 30, 2024 and December 31, 2023, the Group holds 16% interest in Metro Clark Waste Management Corporation (MCWM), which is accounted as investment in associate. The Group exercises significant influence in MCWM due to the presence of the BEST's representatives in the Board of MCWM. Hence, the Group, effectively has a participation in the policy-making processes of MCWM.

24.5.2 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty as of 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 discussed below:

(a) Estimation of allowance for expected credit losses on receivables

The Group uses a provision matrix to calculate ECLs for its receivables. The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. In determining the credit loss, the Group takes into account the quality of the securities it holds and the financial capacity of the related parties.

The Group's trade receivables amounting to P716.59 million are secured by shares of stocks of the Parent Company and freehold land as of June 30, 2024 and December 31, 2023 (Note 18). These credit enhancements are considered in the calculation of ECL.

The allowance for expected credit losses on receivables amounted to P15.88 million as of June 30, 2024 and December 31, 2023 (Note 3).

25 Summary of material accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

25.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee, and International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention except for fair value of plan assets.

The consolidated financial statements comprise the financial statements of the Parent Company and BEST.

The consolidated financial statements are prepared based on the principles that the subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the parent obtains control, and continues to be consolidated until the date that such control ceases.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interest (NCI) represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position and consolidated statements of changes in equity.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the equity holders of the Parent Company.

Assessment of control

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring its accounting policies in line with the accounting policies of the Group.

As at June 30, 2024 and December 31, 2023, NCI pertains to ownership of individuals and companies other than the Parent Company of BEST.

The financial information of BEST, with material NCI, is provided below. This information is based on amounts before intercompany eliminations.

	30-Jun-2024	31-Dec-2023
Proportion of equity interests held by NCI	25%	25%
Voting rights held by NCI	25%	25%
Accumulated balances of NCI	429,143,698	426,960,665
Net income allocated to NCI	2,183,033	21,338,910
Comprehensive income allocated to NCI	2,183,033	20,877,748

	30-Jun-2024	31-Dec-2023
Current assets	1,131,178,646	1,082,429,477
Non-current assets	506,255,234	508,584,974
Current liabilities	184,252,903	146,565,605
Non-current liabilities	54,827,765	54,827,764
Total equity	1,398,353,212	1,389,621,082
Total comprehensive income for the year	8,732,133	88,760,985

There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

25.3 Financial instruments

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

25.3.1 Financial assets

(a) Initial recognition of financial instruments

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

As of June 30, 2024 and December 31, 2023, the Group's financial assets pertain to financial assets at amortized cost (debt instruments).

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

(d) Impairment of financial assets

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

For trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type). The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

25.3.2 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As of June 30, 2024 and December 31, 2023, the Group's financial liabilities include trade and other payables (other than payable to government agencies, advances from customers, output VAT and deferred output VAT which is covered by other accounting standard), lease liability, loan payable and dividend payable.

(a) Loans and borrowings and other payables

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings, and other payables are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the consolidated statement of total comprehensive income.

This category generally applies trade and other payables (other than payable to government agencies and deferred output VAT which is covered by other accounting standard), lease liability, loan payable and dividend payable.

(b) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss.

25.3.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

25.4 Fair value measurement

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

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

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

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

All assets for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3: valuation techniques for which lowest level input that is significant to the fair value measurement is observable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial instruments

The fair values for financial instruments traded in active markets at the reporting date are based on their quoted market prices (any price between the bid and ask spread), without any deduction for transaction costs. When current market prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

Non-financial asset

Fair value measurement of non-financial asset, such as investment property, property and equipment and investments in an associate and joint venture takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring fair value measurement.

25.5 Other current assets, net

Other current assets include prepayments representing expenses not yet incurred but already paid in advance. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit and loss as the benefits are consumed in operations or expired with the passage of time. Input VAT and creditable withholding tax are recognized as assets to the extent that it is probable that the benefit will flow to the Group. These are derecognized when there is a legally enforceable right to apply the recognized amounts against the related tax liability within the period prescribed by the relevant tax laws.

25.6 Investments in an associate and a joint venture

Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

A joint venture is an entity, not being a subsidiary or an associate, in which the Group exercises joint control together with one or more venturers. Investments in an associate and a joint venture are accounted for under the equity method of accounting in the consolidated financial statements.

25.7 Interest in a joint operation

The Group has an interest in a joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. The Group's interest in the joint arrangement is classified as a joint operation and recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line in its consolidated financial statements.

The financial statements of the joint operation are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies into line with those of the Group.

25.8 Investment property

Property held for long-term rental and/or capital appreciation are classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property, except land, is stated at cost, less any accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any accumulated impairment losses.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

25. 9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when such cost is incurred if the recognition criteria are met.

Costs of construction projects in progress are accumulated in the "Construction in progress" account under "Property and equipment" in the consolidated statement of financial performance until these projects are completed, upon which these are classified to the appropriate property and equipment accounts and accordingly depreciated.

Depreciation of property and equipment, other than land and identified development cost specific to the landfill cells, is computed using the straight-line method over the following estimated useful lives:

	Years
Condominium units and improvements	35
Development costs	5 to 15
Transportation and heavy equipment	5 to 10
Office furniture and fixtures	2 to 5
Leasehold improvements	5 or over the period of lease term, whichever is shorter

The Group's land improvements used as sanitary landfill and identified development costs specific to the landfill cells are depreciated and amortized using the unit of production method (i.e., volume of landfill utilized over the total landfill utilization capacity). Land is not depreciated.

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The initial estimate of the costs of rehabilitation of the sanitary landfill is included in property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

25.10 Intangible assets

Intangible assets pertain to software for My Basurero App which is accounted for under the cost model. The cost is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire the asset at the time of its acquisition. Amortization is computed on the straight-line basis over the estimated useful lives of five (5) years.

The Group annually tests the asset for impairment by comparing its carrying amount with its recoverable amount, and recognizing any excess of the carrying amount over the recoverable amount as
an impairment loss.

25.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

Investments in an associate and a joint venture

25.12 Provision for rehabilitation of sanitary landfills

The Group is legally required to rehabilitate the land used as landfill through performance of certain maintenance and monitoring functions at site for a minimum of ten (10) years.

Although rehabilitation costs will only be incurred and paid when the last phases/cells of the landfill reach final waste elevation, the event that gives rise to the obligation is the actual development and operations conducted by the Group in the landfill.

The provision for rehabilitation is made based on historical experience and benchmarking of costs from other similar operations undertaken by companies within the same industry.

The estimated cost of provision for rehabilitation of sanitary landfills was recognized by the Group as property and equipment under "ARO-Asset" account. The capitalized asset is amortized using the unit of production method (i.e., volume of landfill utilized over the total landfill utilization capacity). The amount of related obligation is recognized and carried at amortized cost using the effective interest method. The Group regularly assesses the sufficiency of provision for rehabilitation of sanitary landfills and adjusts the related liability for changes in estimates.

25.13 Equity

(a) Share capital

Share capital is measured at par value for all shares issued and outstanding. Incremental costs incurred directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(b) Subscription receivable
Subscription receivable represents share subscribed but not yet paid.

(c) Retained earnings

Retained earnings represent the cumulative balance of the net income or loss of the Group, net of any dividend declaration. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration. Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

(d) Other comprehensive income

Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income includes actuarial gains and losses on defined benefit obligation and share in actuarial losses on defined benefit obligation of the associate. Other comprehensive income that will be reclassified subsequently to profit or loss is presented separately from other comprehensive income that will not be reclassified to profit or loss in the future.

(e) Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are declared by the Group's BOD. Stock dividends are treated as transfer from retained earnings to share capital.

25.14 Leases

(a) The Group as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(i) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

(ii) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

(b) The Group as a lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, if any, and recognized on a straight-line basis over the lease term.

25.15 Revenue from contracts with customers

25.15.1 Revenues from contracts with customers and other income

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

(a) Income from tipping fee

Transaction price is determined to be the contract price stated in each contract service. Hauling of municipal residual waste to Morong Engineered Sanitary Landfill (the Facility) and use of LGU of the Facility is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from tipping fee is recognized at a point in time and when the Group satisfies a performance obligation by transferring a promised service to the customer.

(b) Trash to cashback

Trash to cashback pertains to the fee from implementation of programs and activities for waste segregation and recyclable collection and the sale of recyclable materials derived from such programs and activities. Transaction price is determined to be the contract price stated in each contract services. Income from trash to cashback is recognized at a point in time when the Group satisfies a performance obligation when the related services are rendered.

(c) Hauling income

Transaction price is determined to be the price stated in each contract service or work orders. Collection of residual waste from the customer's garbage room and its disposal is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. Income from hauling services is recognized at a point in time the related services are rendered and when the Group satisfies a performance obligation by transferring a promised service to the customer.

(d) Consultancy/field services

Transaction price is determined to be the contract price stated in each contract service. The Group's responsibility as the contractor to manage, operate, and maintain the principal's (IPMCDC) Material Recovery Facility is considered as a single performance obligation since two or more services are significantly affected by each other. Considering that the Group would not be able to fulfil its obligation by transferring each of the services independently thus it is not necessary to allocate the transaction price. Income from consultancy/field services is recognized over the time the related services are rendered and upon the customer's simultaneous receipt of the services provided by the Group.

25.15.2 Other income not covered by PFRS 15, "Revenue from Contracts with Customers"

(a) Rental income - pertains to the transportation and heavy equipment leased out by the Group and a portion of its office space leased under cancellable operating lease. Rental income is recognized when earned over the time the related services are rendered.

(b) Interest income on bank deposits and loans which is presented net of applicable tax withheld (except for loans), is recognized on a time-proportion basis using the effective interest method.

(c) Other income is recognized when earned or realized.

25.16 Costs and expenses

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

(a) Cost of services

Cost of services include costs relating directly to a specific contract, costs that are attributable to a contract activity in general and can be allocated to the contract and other costs that can be charged to the customer under the contract. These are recognized when incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

(b) General and administrative expenses

General and administrative are recognized in profit or loss in the period these are incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

25.17 Employee benefits

(a) Retirement benefits

The Group has a funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement costs comprise the following:
(a) Service costs
(b) Net interest on the net defined benefit liability
(c) Remeasurements of net defined benefit liability

Service costs which include current service cost and gains or losses on non-routine settlements are recognized as retirement benefit expense in profit or loss. These amounts are calculated periodically by independent qualified actuaries.

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

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

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

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. The related liability is derecognized when the obligation is discharged or cancelled.

(c) Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

25.18 Income tax

(a) Current income tax

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

(b) Deferred income tax

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

Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences and net operating loss carry over (NOLCO) to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and NOLCO can be utilized.

25.19. Provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

25.20 Related party relationships and transactions

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

25.21 Segment reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Disclosure of segment information is presented in Note 22.

25.22 Basic/Diluted earnings per share (EPS)

EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

IPM HOLDINGS, INC. AND SUBSIDIARY

SCHEDULE OF FINANCIAL SOUNDNESS INDICATOR
June 30, 2024

	June 30, 2024	December 31, 2023
Current Ratio[1]	6.11x	7.35x
Quick Ratio[2]	5.70x	6.96x
Solvency Ratio[3]	6.82x	7.87x
Debt Ratio[4]	0.15x	0.13x
Debt to Equity Ratio[5]	0.17x	0.15x
Interest Coverage Ratio[6]	0.00x	13.27x
Asset to Equity Ratio[7]	1.17x	1.15x
Gross Profit Margin[8]	33%	26%
Net Profit Margin[9]	8%	42%
Return on Assets[10]	0.4%	5%
Return on Equity[11]	0.5%	6%
Book Value per Share[12]	2.02	2.01
Book Value per Share - Parent[13]	1.40	1.39
Net Income per Share[14]	0.01	0.12
Net Income per Share - Parent[15]	0.01	0.09

[1] Current Assets / Current Liabilities
[2] (Current Assets less Other current assets) / Current Liabilities
[3] Total Assets / Total Liabilities
[4] Total Debt/Total Assets
[5] Total Debt/Total Stockholders' Equity
[6] Earnings Before Interest and Taxes (EBIT) / Interest Charges
[7] Total Assets / Total Stockholders' Equity
[8] Sales less Cost of Service / Sales
[9] Net Profit / Service income
[10] Net Income / Average total Assets
[11] Net Income / Average total Stockholders' Equity
[12] Total Assets less Total Liabilities/Outstanding common shares
[13] Total equity attributable to equity holders of the Parent Company/Outstanding common shares
[14] Net Income /Number of Outstanding common shares
[15] Net Income Attributable to Equity Holders of Parent/Number of Outstanding common shares

IPM HOLDINGS, INC. AND SUBSIDIARY

AGING OF RECEIVABLES
June 30, 2024

Nature/Description	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Income from Tipping Fee	10,711,927	5,790,291	2,416,925	914,400	8,460,866	28,294,409
Hauling Income	3,495,052	4,719,912	2,193,507	1,664,847	7,557,589	19,630,906
Waste Collection	-	-	-	-	109,110,630	109,110,630
Consultancy/Field Services	509,054	509,054	509,054	509,054	532,627,964	534,664,180
Rental	15,000	45,600	155,914	14,330	193,644,049	193,874,893
Loans Receivable	4,000,000	-	-	16,000,000	31,000,000	51,000,000
Interest Receivable	98,360	98,360	98,360	98,360	11,127,860	11,521,300
Others	783,509	803,914	1,333,047	227,350	17,608,615	20,756,436
Total	19,612,902	11,967,131	6,706,807	19,428,341	911,137,573	968,852,754