S.E.C. Number
____
File Number__________

EAGLE CEMENT CORPORATION
(Company's Full Name)

2/F SMITS Corporate Center, 155 EDSA, Barangay Wack-Wack, Mandaluyong City,1554
(Company's Address)

(632) 5 3013453
(Telephone Numbers)

December 31
(Fiscal Year Ending) (month & day)

SEC FORM 17-A – Annual Report
Form Type

____
Amendment Delegation (If applicable)

December 31, 2021
Period Ended Date

____
(Secondary License Type and File Number)

COVER SHEET

AS095-005885

SEC Registration Number

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

(Company's Full Name)

2F SMITS CORPORATE CENTER, 155 EDSA BARANGAY WACK-WACK, MANDALUYONG CITY

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

Marlon P. Javarro

(Contract Person)

(02) 5 301-3453

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

17-A

(Form Type)
For the year ended
31 December
2021

06 24

Month *Day*

(Annual Meeting)

Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

(Secondary License Type, If Applicable)

MSRD

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/section

Total Amount of Borrowings

50

Total No. of Stockholders

₱5.2 Billion

Domestic

-

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 171 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended: **December 31, 2021**
2. Commission identification number: **AS095-005885**
3. BIR Tax Identification No.: **004-731-637-000**
4. Exact name of issuer as specified in its charter : **EAGLE CEMENT CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization
   Mandaluyong, Philippines
6. (SEC Use Only Classification Code:
7. **2/F SMITS Corporate Center, 155 EDSA, Barangay Wack Wack, Mandaluyong City**
   Address of issuer's principal office Postal Code : **1554**
8. **(632) 5 301-3453**
   Issuer's telephone number, including area code
9. Former name, former address and former fiscal year, if changed since last report : **NA**
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 Issued and/or Outstanding
COMMON (OUTSTANDING)	**5,000,000,005**

* The total issued and outstanding shares as at December 31, 2021 are:
Common 5,000,000,005

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

Yes [X] No [ ]
If yes, state the name of such Stock Exchange and the classes of securities listed therein:

Philippine Stock Exchange (PSE)	Common Shares

The Company's common shares were listed in the PSE on May 29, 2017 through an initial public offering (IPO).

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:

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

Yes [ ] No [X] This item is not applicable to the Company.

DOCUMENTS INCORPORATED BY REFERENCE

14. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

Please refer to Exhibits identified in this report.

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Eagle Cement Corporation (Eagle Cement or the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 21, 1995. It is a 60.21%-owned subsidiary of Far East Holdings, Inc., an entity incorporated and domiciled in the Philippines.

On May 29, 2017, its common shares were listed and traded on the Philippine Stock Exchange (PSE) through an Initial Public Offering (IPO).

The Company holds office at 2/F SMITS Corporate Center, 155 EDSA, Barangay Wack-Wack, Mandaluyong City, Metro Manila. It operates its cement manufacturing plant in Barangay Akle, San Ildefonso, Bulacan and grinding and packaging facility in Limay, Bataan.

The Company has three (3) subsidiaries as follows:

***South Western Cement Corporation* (SWCC)**

SWCC was incorporated in the Philippines on December 26, 1994. Its primary purpose is to engage in manufacturing, marketing, sale and distribution of cement, cement products and by-products. SWCC holds two (2)Mineral Production Sharing Agreements (MPSAs) covering mining areas in Malabuyoc, Province of Cebu, granted by the Department of Environment and Natural Resources (DENR) in November 1996. In July 2019, the DENR also granted SWCC a Special Use Agreement in Protected Area for Seaport Facility (covering the Tanon Strait Seascape) located in Malabuyoc, Cebu. The Company acquired 100% equity interest in SWCC in December 2016. To date, SWCC has not commenced commercial operations.

***KB Space Holdings, Inc.* (KBHI)**

KSHI was incorporated in the Philippines on April 13, 1994. Its primary purpose is to purchase, acquire, lease, develop, or in any manner hold, own, use, sell or turn into account or dispose of, land and real estate. KSHI was acquired by the Company on August 13, 2015. It has not started operations as of 31 December 2021.

***Solid North Mineral Corporation* (SNMC)**

SNMC was incorporated in the Philippines on July 19, 1995. Its primary purpose is to engage in mining and quarrying activities, and to manufacture and distribute cement products and other minerals. It was acquired by the Company on November 4, 2021. SNMC holds Mineral Production Sharing Agreements (MPSA) covering mining areas located in the Province of Bulacan.

The Company, together with its three (3) subsidiaries, is hereafter collectively referred to as the “Group”.

Business Desription

The Company is primarily engaged in the business of manufacturing, developing, processing,marketing, sale and distribution of cement, cement products, minerals and other by-products. It is now the third largest player in the Philippine cement industry in terms of revenue in 2021, with the fastest growing market share amongst all competitors in the industry since it started its commercial operations in 2010.

The competitive strength of Eagle Cement is founded on its end-to-end production strategy, which seamlessly integrates critical raw material sourcing with modern manufacturing technology resulting in one of the most efficient cement manufacturing operations in the country. It has the newest, state-of - the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan (the "Bulacan Cement Plant"). The Bulacan Cement Plant consists of three (3) integrated production lines with a combined annual cement production capacity of approximately Eight Million Six Hundred Thousand (8,600,000) Metric Tonnes ("MT") or Two Hundred Fifteen Million (215,000,000) bags per annum. This is inclusive of the Twelve Million (12,000,000) bags of cement per annum produced by its grinding and packaging facility in Limay, Bataan. It is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of Eagle Cement.

The Company promotes the distribution of its high-quality products through strong mass media marketing efforts and grass-roots below-the-line activation partnership-building programs with dealers, distributors, and retailers. Through its holistic brand building activities, Eagle Cement continues to enhance its value proposition which develops strong client relationships. Sound credit management framework employed by the Company ensures a substantially liquid financial position that provides options in short-term financial planning and in long term capital development strategy.

About sixty-four percent (64%) of the country's total cement demand come from Luzon region. Eagle Cement currently distributes its products in the following areas of the Luzon region: National Capital Region, Region I (La Union, Pangasinan), Region II (Cagayan, Isabela, and Nueva Vizcaya), Region III (Nueva Ecija, Bulacan, Pampanga, Tarlac, Bataan, Zambales and Aurora), and Region IVA (Cavite, Laguna, Batangas, Rizal, and Quezon). As of 2021, NCR still serves as the center of construction and infrastructure activities in the country. The Company is considered as one of the leading players in areas with the highest economic activity in the Philippines with an estimated market share of 29% in the combined area of NCR, Region III, and Region IVA, based on internal market survey.

Eagle Cement does not sell its products in other countries. With the foreseen increase in both private and public construction activities, supported by the commitment of the national government towards infrastructure development, there remains a strong positive outlook on the Philippine economy which translates to sustained and impressive growth prospects for the cement industry. The Company is uniquely well-positioned to capitalize on these market conditions to maintain its robust financial performance through modern production technology, strategic raw material sources, strong brand equity and established customer and dealer relationships. Eagle Cement's growth will be augmented by the completion of its fifth finish mill, third packhouse, fifth cement silo and other supporting facilities that started operations in February 2022.

SNMC, a subsidiary of the Company, operates a Limestone Pulverizing Plant in San Ildefonso, Bulacan with an annual capacity of one million (1,000,000) metric tonnes. Bulk of its production are used as input in the Company's cement production and are supplied to power companies.

Products and Brands

The Company offers Blended (Type 1P) and OPC (Type 1) cement to both distributors and top Philippine real estate developers under the *Eagle Cement* brand that has become synonymous with strength, durability, reliability, and world-class quality. As a testament to the quality of its products, *Eagle Cement Strongcem* is being used in concrete designs of up to a high of twelve thousand pounds per square inch (12,000 PSI).

Eagle Cement Advance (Type 1P)

Eagle Cement Advance is a Type 1P blended cement used for general construction applications such as floorings, plastering, as well as the production of concrete products like hollow blocks, culverts and concrete pipes. This type of cement is available in 40-kg per bag. Distribution of said product is generally done through direct plant pick-up or delivery to cement retailers, dealers and distributors which in turn is sold to various customers like retailers, contractors, and home builders.

Eagle Cement Strongcem (Type 1)
Eagle Cement Strongcem is a Type 1 portland cement which is available in bulk and a one-tonner bag. This type of cement is usually used for cement and concrete applications that require higher compressive and early strength development such as concrete slabs, foundations and matting in high rise buildings and infrastructures like roads and bridges. Distribution of said product is done through direct plant pick-up or truck delivery to institutional customers such as ready mix concrete suppliers, real estate and infrastructure developers and contractors.

Sales of cement bags to retail customers comprise the main revenue source of Eagle Cement, accounting for about 82.64%, 82.79% and 79.30% of the consolidated net sales for years ended December 31, 2021, 2020, and 2019, respectively. However, demand for bulk cement has seen a compound annual growth rate (CAGR) of (7.74)% over the past three (3) years, accounting for about 17.40%, 17.21% and 20.70% of the consolidated net sales for years ended December 31, 2021, 2020, and 2019, respectively. This is attributable to the continuous marketing and distribution efforts of the Company towards institutional customers and upstart in both public and private infrastructure and construction sectors signifying the improved presence of the *Eagle Cement* brand in this particularly important market segment.

Distribution Methods

The distribution channels are slightly different between cement bags and bulk cement. Cement bags are almost exclusively sold through over a hundred independent wholesalers such as dealers and distributors. These wholesalers are usually associated with various cement producers although there are also a few which exclusively carry brands of a single manufacturer. Wholesalers either pick-up cement from the plant or have it delivered to their depots by the cement companies. Wholesalers mainly sell bagged cement although a small amount of bulk cement (around 5% of total volume) is also being sold. These dealers and distributors sell cement to retailers which usually have outlets selling a variety of building materials to the public. As for bulk cement, this is mainly sold directly by the manufacturers to ready mix concrete producers (“RMC”), concrete product producers, projects contractors and developers.

Eagle Cement has four distribution centers located in Parañaque in the NCR, in Cavite and Batangas in Region IVA and in Pangasinan in Region 1. These are complemented by a fleet of about 132 cargo trucks, 355 trailers, and 51 bulk carriers operated by third party service providers comprising a network that can efficiently reach the most important markets in NCR and its developing suburban areas as well as nearby fast-growing provincial markets. The distribution network of the Company supplies cement products to about 96 dealers and sub-dealers all over NCR and Region IVA.

Competition

Current Domestic Supply

As of December 2021, the Philippine cement industry has an estimated annual cement capacity of 43.0 Million MT based on nameplate capacities of integrated cement manufacturing and grinding plants in the country. The top four industry players (Holcim Philippines, Inc., Cemex Holdings Philippines, Inc., Republic Cement and Building Materials, Inc., and Eagle Cement Corp.) account for about 77% of cement domestic production.

In the Luzon region, the top four industry players account for about 75% share of the said market. While the Company has 24% share of the Luzon market, it has an estimated market share of 22% and 38% in NCR and Region 3, respectively. Because of this, the Company is considered as one of the leading cement players in the areas with highest economic activities in the Philippines.

Competition is mainly on the basis of product quality, market coverage, distribution infrastructure, product offerings, marketing strategy, brand equity and pricing. Given its key strengths and track record to date, the Company believes it can continue to compete strongly on these factors with other players in the industry.

The Company has a diverse customer base and is not dependent on any single customer. No single customer accounts for 20% or more of its total revenues.

The following table illustrates the contribution in revenue of each product of the Company:

CEMENT TYPE	2021	2020	2019
Bags (Type 1P)	82.6%	82.8%	79.3%
Bulk (Type 1)	17.4%	17.2%	20.7%
Total	**100.0%**	**100.0%**	**100.0%**

Imports

As a result of the robust growth in cement consumption, the Philippine cement market has seen significant growth in imports of both clinker and cement. These imports are brought into the country either by existing industry players or independent importers. The entry of independent importers is viewed to be opportunistic in nature and their long-term commitment to the market is questionable since they have yet to invest in importation assets in the country such as terminals, depots, etc.

Sources and availability of raw materials

The primary raw materials used by the Company in the cement manufacturing process is limestone. Raw materials costs represent approximately 20.6%, 20.7% and 23.5% of the costs of sales of the Company for the years ended December 31, 2021, 2020 and 2019, respectively.

Limestone is sourced primarily from the Company's own reserves pursuant to its mineral rights. As part of the strategy, said reserves are co-located or within proximity of the Bulacan Cement Plant to minimize transportation/hauling costs.

In addition to the limestone sourced from its reserves the Company also procures shale, gypsum, silica, and other raw materials from third party suppliers located within and outside of the Philippines. Raw materials sourced through third parties are usually contracted on a cost (based on prevailing market prices) and freight basis up to the plants. Raw materials below the prescribed standards are deducted from suppliers' billings. Losses incurred during the transport of the raw materials to the plant are charged to the third party service providers.

Research and Development Activities

Research and development activities of the Company form part of the function of its Quality and Process Departments. The Company spent on said activities a total of ₱116.08 million, ₱66.02 million, and ₱88.57 million in 2021, 2020 and 2019, representing 0.5%, 0.3%, and 0.5% of total net sales, respectively.

Employees and Labor Relations

As of December 31, 2021, the Company has a total of 490 regular employees.

The Company maintains a good relationship with its workforce. Neither the Company nor any of its subsidiaries has experienced a work stoppage as a result of labor disagreements. None of the employees belong to a union.

The Company has a rewards and recognition policy that is competitive with industry standards in the Philippines. Salaries and benefits are reviewed periodically and adjusted accordingly to retain current employees and attract new talents. Tied to this is a performance management system that calls for the alignment of individual key results, competencies, and development plans with the overall business targets and strategy of the Company. Performance is reviewed annually and employees are rewarded based on the attainment of pre-defined objectives. In addition to the statutory benefits, the Company provides other benefits for the increased security of its employees in the following areas: healthcare, insurance, leaves, miscellaneous benefits, loans and financial assistance, and retirement benefits. It also provides programs for the professional and personal development of its employees.

Transactions with Related Parties

Refer to Note 20 (Related Party Transactions) of the Consolidated Financial Statements as of year ended December 31, 2021 in the accompanying Audited Financial Statements filed as part of this Form 17-A.

Our Related Party Transactions Committee and the Audit Committee ensured that such RPTs are in the ordinary course of business, under reasonable terms, and did not include financial assistance or loans to Board Directors, affiliates or related entities.

Intellectual Properties

Below is the list of the Registered Trademarks of the Company as of December 31, 2021:

Eagle Cement (TM4202000003451), Eagle Cement (TM4202000003447), Eagle Cement (TM4202000003449), Eagle (TM4202000003450), Eagle Cement (TM4202000003446), Eagle Cement (TM4202000003448), Eagle Cement Exceed (TM42009012374), The Reinforcements! (TM42013010045), Eagle Cement Hard Wall (TM42013010042), Eagle Cement Palitada Max (TM42013010043), Eagle Cement Super Mason (TM42013010044), Eagle Cement High Sa Tibay! (TM4201500003734), Eagle Cement Power Minerals (TM4201500006465), Eagle Cement Power Minerals (TM4201500006466), Eagle Cement (TM4200900010863), Eagle Cement (TM4200800006759), and Eagle Building Materials (TM4202100501623).

Compliance with Regulatory and Environmental Laws

The Company is subject to a number of laws and regulations relating to the protection of the environment and human health and safety, including those governing air emissions, water and wastewater discharges, and odor emissions and the management and disposal of hazardous materials. The Company applies its quality standards uniformly across all its production facilities.

As a certified IMS (Integrated Management System) company, Eagle Cement was issued with ISO-9001 and ISO-14001 for the establishment and application of a quality management system and environmental management system for the manufacturing of Portland cement and blended hydraulic cement with pozzolan. In 2021, the Company has been certified with a new standard ISO 45001 Occupational Health and Safety Management System by TUV-SUD Asia Pacific TUV SUD Group.

The Company is compliant with relevant health, safety, and environmental laws. It has also obtained all necessary permits and licenses to manufacture and sell its products. In addition, the Company continues to implement health and safety protocols in accordance with the guidelines and requirements of government agencies in order to contain the spread of COVID-19.

ITEM 2. PROPERTIES

The Company owns parcels of land where it erected three integrated cement lines, including three kilns, five cement mills, three packhouses, five cement silos, and other support production facilities such as waste heat recovery facility, raw materials storage, clinker silos and buildings. The Company also owns other support facilities, such as IT Center, Administration, Logistics, and EHS Buildings, Motor Pool, Fabrication Facilities, Warehouses, Guest House and Employees Quarters.

The Company also owns grinding and packaging facility in Limay, Bataan. It also leases four warehouses in Luzon and two office buildings in Metro Manila.

SNMC owns lands and other equipment, buildings and improvements located in San Ildefonso, Bulacan, including Limestone Pulverizing Plant with its major components and accessories, staff housing units, warehouse, and Administrative Building.

KBSHI owns parcels of land located in Mandaluyong City where two commercial buildings are being constructed.

SWCC owns parcels of land in Malabuyoc and Ginatilan, Cebu.

ITEM 3. LEGAL PROCEEDINGS

The Company is a plaintiff in one civil case for Fraud. It sought to enjoin defendants Exclusive Precinct Int. (M) Sdn Bhd (Exclusive), PT Hasta Yasa Semsta (PT Hasta), an Indonesian entity, QY Asia Marketing & Services Sdn Bhd (QY Asia), a Malaysian entity, and Malayan Bank Berhad (Maybank) from claiming under the Letter of Credit No. 2010/0260 in the amount of Nine Hundred Four Thousand US Dollars (US$904,000.00), and defendant Bank of Commerce (BOC) from releasing payment under the said Letter of Credit.

On July 12, 2011, a writ of preliminary injunction was issued by Hon. Presiding Judge Ofelia Calo of the Regional Trial Court of Mandaluyong, Branch 211, enjoining defendants from claiming payment from defendant Bank of Commerce.

As of December 31, 2021, the trial of the case is continuously being held.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

There were no matters that were submitted to a vote of the security holders other than those items taken up during the Annual Meeting of the Stockholders on June 24, 2021.

PART II - FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER’S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Market Information

The principal market for the Company’s common equity is the Philippine Stock Exchange.

The percentage of public ownership of the Company as of December 31, 2021 is 11.50%.

The Company’s high and low closing prices for each quarter of 2021 are as follows:

Stock Prices	High	Low
1st Quarter	₱14.50	₱10.44
2nd Quarter	₱15.30	₱10.60
3rd Quarter	₱15.70	₱14.00
4th Quarter	₱15.26	₱13.66

As of December 31, 2021 there are Five Billion and five (5,000,000,005) issued and outstanding common shares which are registered securities pursuant to Sections 8 and 12 of the Securities Regulations Code.

Stockholders

The Top Twenty (20) Stockholders (Common) of the Company as of December 31, 2021 are as follows:

	Name of Stockholder	Nationality	No. of Shares	Percentage to total O/S (%)
1	Far East Holdings, Inc.	Filipino	3,010,714,288	60.21%
2	Ang, Ramon S.	Filipino	1,317,857,139	26.36%
3	PCD Nominee Corp - Filipino	Filipino	523,416,512	10.47%
4	Ang, John Paul L.	Filipino	96,428,569	1.93%
5	PCD Nominee Corp - Non-Filipino	Non-Filipino	45,344,159	0.91%
6	Pac Rim Realty And Development Corporation	Filipino	1,696,600	0.03%

	Name of Stockholder	Nationality	No. of Shares	Percentage to total O/S (%)
7	Raymond M. Moreno	Filipino	1,333,300	0.03%
8	Farmville Holdings, Inc.	Filipino	1,000,000	0.02%
9	A & D Olympus Holdings Corp.	Filipino	666,600	0.01%
10	Manuel G. Daway Jr.	Filipino	333,300	0.01%
11	The First Resources Management And Securities Corporation	Filipino	330,000	0.01%
12	Gerardo P. Sugay	Filipino	250,000	0.00%
13	Carousel Holdings,Inc.	Filipino	200,000	0.00%
14	Kim Sy Jacinto-Henares	Filipino	100,000	0.00%
15	Nestor D. Alampay Jr.	Filipino	70,000	0.00%
16	Rudy B. Manguiat Or Mary Aileen C. Manguiat	Filipino	70,000	0.00%
17	Sysmart Corporation	Filipino	50,000	0.00%
18	Raul G. Gerodias	Filipino	40,000	0.00%
19	William Tan Ang	Filipino	15,500	0.00%
20	Josephine Eviota Jolejole	Filipino	12,300	0.00%
	Total		**4,999,928,267**	

Cash Dividends

Below is a summary of the cash dividend declarations of the Company in the past five years:

Date of Declaration	Class of Shares	Rate per share (₱)	Total Amount (₱)	Record Date
January 9, 2017	Preferred	0.015	45,000,000.00	January 15, 2017
April 5, 2017	Preferred	0.015	45,000,000.00	March 31, 2017
June 29, 2017	Preferred	0.015	45,000,000.00	May 31, 2017
June 29, 2017	Preferred	0.015	45,000,000.00	May 31, 2017
June 29, 2017	Preferred	0.015	45,000,000.00	May 31, 2017
March 15, 2018	Preferred	0.015	45,000,000.00	March 15, 2018
March 15, 2018	Preferred	0.015	45,000,000.00	March 15, 2018
March 15, 2018	Preferred	0.015	45,000,000.00	March 15, 2018
March 15, 2018	Preferred	0.015	45,000,000.00	March 15, 2018
May 3, 2018	Common	0.2310231027	1,155,115,515.50	May 31, 2018
February 28, 2019	Preferred	0.015	45,000,000.00	February 28, 2019
February 28, 2019	Preferred	0.015	45,000,000.00	February 28, 2019
February 28, 2019	Preferred	0.015	45,000,000.00	February 28, 2019
February 28, 2019	Preferred	0.015	45,000,000.00	February 28, 2019
June 18, 2019	Common	0.26	1,300,000,001.30	July 12, 2019
March 13, 2020	Preferred	0.015	46,500,000.00	March 13, 2020
May 11, 2021	Common	0.33	1,650,000,001.00	May 26, 2021
September 23, 2021	Common	0.33	1,650,000,002.00	October 7, 2021

Recent Sale of Unregistered or Exempt Securities

There were no sales of unregistered or exempt securities as of December 31, 2021.

ITEM 6. MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis relate to the consolidated financial position and results of operations of the Group and should be read in conjunction with the accompanying audited consolidated financial statements and related notes. The audited consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (“PFRS”). PFRS includes statements named PFRS and Philippine Accounting Standards, including Interpretations issued by the PFRS Council.

The financial information appearing in this report and in the accompanying audited consolidated financial statements is presented in Philippine pesos, the Group’s functional and presentation currency, as defined under PFRS. All values are rounded to the nearest million pesos, except when otherwise indicated.

Key Components of Results of Operations

Revenues

The Group generates revenue mainly from the sale of cement. It sells majority of its products to dealers and institutional customers.

Cost of Goods Sold

Cost of goods sold represents the accumulated total of all costs used to produce cement and mineral products which has been sold. It comprises variable and fixed and semi-variable expenses such as, electricity, fuel, raw materials, packaging materials, repairs and maintenance, personnel costs, depreciation and depletion of assets utilized inproduction, costs related to moving, storing, feeding of raw materials in the plant, and all other expenses directly identifiable to cement and mineral production.

Expenses related to personnel, equipment and other services involved in the sales, distribution, and warehousing activities of cement and mineral products at points of sales do not form part of cost of sales. These are included in operating expenses. Freight expenses of finished products between plants and points of sale and freight expenses from points of sales to the facilities of the customers are included as part of distribution expenses.

Operating Expenses

Operating expenses consist of administrative, selling and distribution expenses. Administrative expenses includes personnel costs, taxes and licenses, security services and depreciation of non-production related assets. Selling and distribution expenses comprise of, but not limited to, freight cost, warehousing fees, advertising and promotion and handling.

Finance Costs

Finance costs mainly consist of interest expense incurred in relation to the Term Loan Facility and Security Agreement (TLFSA) entered into with various banks to finance the construction of the third production line.

Interest Income

Interest income largely comprise of interest income earned from short-term and long-term placements of cash deposits.

Other Income – Net

Other income comprises of foreign exchange gain, fair value adjustment on investment properties, gain on sale of property and equipment, gain or loss on sale of investments, and dividend income.

Income Taxes

Income taxes include current and deferred income tax. Current income tax expense pertains to regular corporate income tax of the Company. The statutory income tax rate is 25%, lower than the 30% statutory income tax rate on 2020 due to Republic Act No. 11534 (CREATE Act). The income tax at effective rate was 11.78% , 23.39% and 17.01% in CY 2021, CY 2020, and CY 2019, respectively, after taking into consideration the increase (decrease) in income tax resulting from: income exempt from tax (Income Tax Holiday) covered activities, non-deductible interest expense, interest income subjected to final tax, and dividend income exempt from income tax. On July 31, 2017, the Bureau of Investments

(BOI) approved the application of the Company as an expanding producer of cement in Bulacan on a nonpioneer status. In May 2018, the Company started commercial operations of its Production Line 3. On October 2, 2020, BOI granted the deferment of the Company's ITH entitlement for the taxable year 2020 for its registered project due to the adverse effects of the COVID-19 pandemic . The Company resumed the availment of its ITH incentive starting January 1, 2021 until April 30, 2022.

RESULTS OF OPERATIONS (2021 VS. 2020)

The Group registered full-year consolidated revenues of ₱21.40 billion, 54% better against the ₱13.91 billion it generated a year earlier and an increase of 8% versus 2019 level. Cement operation reached revenue of ₱21.30 billion, a 53% increase over prior year's ₱13.91 billion, resulting from higher sales volume despite historically low average selling price of cement. Meanwhile, Mining contributed ₱92.63 million in revenue.

Cost of sales increased by 51% to ₱12.42 billion from ₱8.21 billion last year mainly due to higher volume sold combined with higher prices of power and coal as a result of spike in coal and oil price index in the second half of the year.

Gross profit of the Group went up by 58% to ₱8.97 billion. Consolidated gross profit margin showed a slight improvement from 41% last year to 42%.

Operating expenses (OPEX) increased by 46% to ₱2.32 billion from ₱1.59 billion. Cement segment's OPEX increased by 45% to ₱2.29 billion from ₱1.58 billion last year largely driven by the increase in freight and trucking, advertising and warehousing expenses relative to the growth in sales volume and surge in oil prices in the latter part of the year. Meanwhile, Mining's OPEX, comprised mostly of delivery expenses, amounted to ₱12.32 million. Other pre-operating subsidiaries incurred combined OPEX of ₱13.77 million.

Finance costs dropped by 16% to ₱360.33 million from ₱430.70 million a year ago due to continuous repayment of TLFSA. Interest-bearing loans declined by 17% to ₱5.24 billion from ₱6.30 billion last year.

Interest income slipped by 36% to ₱213.33 millionowing to lower money market placements and yield from short-term investments.

Other income decreased by 22% to ₱320.80 million from ₱412.79 million in the previous year, as a result of lower fair value gain on investment property and financial asset valuation offset by the higher cash dividend income received from investment in perpetual security.

Income before income tax of the Group rose by 54% to ₱6.83 billion from ₱4.43 billion in the corresponding year.

The lower tax rates and the resumption of availment of the BOI ITH incentive resulted to the decrease in income tax by 22% to ₱804.31 million from ₱1.04 billion a year earlier. Moreover, recorded income tax includes a downward adjustment of ₱86.00 million from year 2020 due to the retroactive application of the 25% new coporate tax rate.

Net income after tax (NIAT) surged by 78% to ₱6.03 billion from ₱3.39 billion last year. This translated to earnings per share (EPS) of ₱1.21, exceeding last year's ₱0.67 by 81%.

For the fourth quarter alone, the Group reported net sales of ₱5.15 billion, 31% ahead relative to the same quarter in the prior year. Gross profit rose by 6% to ₱1.68 billion. EBITDA went up by 9% to ₱1.47 billion. NIAT grew by 35% to ₱947 million.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2021, 2020 and 2019, presented in absolute amounts as a percentage of net sales.

	For the Year Ended December 31				
	2021	**2020**	**2019**	**% of Change**	
	(in Millions of Philippine Pesos, except percentages)			2021 vs 2020	2021 vs 2019
Net Sales	21,397	13,906	19,824	54%	8%
Cost of Goods Sold	12,423	8,209	11,153	51%	11%
Gross Profit	8,974	5,697	8,671	58%	3%
Operating Expenses	2,318	1,586	1,872	46%	24%
Income from Operations	6,656	4,111	6,799	62%	-2%
Finance costs	360	431	496	-16%	-27%
Interest Income	213	334	764	-36%	-72%
Other income – net	321	413	180	-22%	78%
Income Before Income Tax	6,830	4,427	7,248	54%	-6%
Income Tax Expense	804	1,036	1,233	-22%	-35%
Net Income	6,026	3,391	6,015	78%	0%

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

	For the year ended	
	December 31, 2021	**December 31, 2020**
Net income	₱6,025,794,105	₱3,391,392,558
Add:		
Income tax expense	804,314,676	1,035,711,238
Depreciation and amortization	1,166,056,132	1,047,083,967
Finance costs	360,333,838	430,696,047
Less:		
Interest income	213,327,485	333,746,012
EBITDA	₱8,143,171,267	₱5,571,137,798

FINANCIAL CONDITION

The financial position of the Company for the year ended December 31, 2021 remains solid and stable, with total assets growing by 7% to ₱53.23 billion from ₱49.66 billion as at end of 2020.

Current assets grew by 8% to ₱20.39 billion. Cash and cash equivalents slightly increased by 2% to ₱11.65 billion. Strong income generation beefed up the cash position of the Group.

Non-current assets likewise increased 7% to ₱32.84 billion largely due to additions to PPE and goodwill recognized as a result of the acquisition of SNMC.

Current liabilities surged by 24% to ₱5.65 billion mainly due to increase in trade and other payables.

Non-current liabilities decreased by 16% to ₱5.38 billion primarily due to principal repayment of the long-term debt related to TLFSA.

Total liabilities stood at ₱11.03 billion, slightly increased by 1% from ₱10.95 billion registered last year.

After accounting for net income, cash dividends payments and revaluation of properties and other equity reserves, consolidated stockholders' equity increased by 9% to ₱42.20 billion.

The Company remains compliant with its loan covenants, with debt-to-equity ratio registering at 0.26x while financial debt to equity ratio stood at 0.12x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.61x while return on equity ended at 15%.

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31			
	2021	**2020**	**Increase/(Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	20,394	18,914	1,480	8%
Noncurrent Assets	32,840	30,745	2,095	7%
Total Assets	**53,234**	**49,659**	**3,575**	**7%**
Current Liabilities	5,655	4,563	1,091	24%
Noncurrent Liabilities	5,375	6,381	-1,006	-16%
Total Liabilities	**11,030**	10,945	86	1%
Equity	**42,204**	38,714	3,492	9%
Total Liabilities and Equity	**53,234**	**49,659**	**3,575**	**10%**

COMPANY PERFORMANCE AND PROFITABILITY AND LIQUIDITY

Key Performance Indicators

Relevant Financial Ratios

The table below shows the comparative key performance indicator of the Company:

Financial KPI	Formula	2021	2020	2019
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	**3.61**	4.14	4.40
Solvency ratio	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	**0.65**	0.41	0.59
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.26**	0.28	0.31
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.26**	1.28	1.31
Return on asset ratio	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	**0.12**	0.08	0.14
Return on equity ratio	$\frac{\text{Net income}}{\text{Average total equity}}$	**0.15**	0.09	0.17

Capital Expenditure

The total capital expenditure of the Company in 2021 amounted to ₱1.23 billion. Of that amount, 81% was spent on the construction of Finish Mill 5, Packhouse 3 and Cement Silo 5, 12% was disbursed for plant machinery and equipment, while the remaining 6% was accounted for building and improvement, transportation equipment, furniture, fixtures and office equipment.

MATERIAL CHANGES IN THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME (YEAR-END 2021 VS. YEAR-END 2020)

Net Sales – 54% increase

Driven by higher sales volume which partly offset by lower average selling price of cement

Cost of Goods Sold – 51% increase

Cost of inventories – 61% increase
Largely due to the higher consumption of raw materials relative to the increase in sales volume coupled with the increase in prices of coal as a result of spike in coal index.

Utilities – 67% increase
Increase in power usage due to higher production volume and increase in electricity rate in latter part of the year due to surge in coal and price index.

Depreciation and Amortization – 9% increase
Due to additional PPE capitalized during the year a result of completion of various projects mostly related to expansion project of the Company.

Repairs and Maintenance – 51% increase
Relatively due to the maintenance of the three production lines which were postponed in 2020 and carried out on 2021 due to covid-19 restriction.

Personnel Cost – 22% increase
Due to increase in headcount, third party contractor rates and company-wide salary increases.

Taxes and Licenses – 15% decrease
Due to the reduction of real property taxes caused by the decrease in the net book value of assets due to the depreciation considered in the computation of RPT.

Fuel and Oil – 106% increase
Mainly due to higher consumption of diesel relative to the increase in volume and spike in price of fuel.

Operating Expenses – 46% increase

Freight, trucking, and handling – 68% increase
Mainly vriven by higher sales volume.

Personnel Cost – 12% increase
Due to increase in headcount and company wide salary increases.

Advertising Expenses – 288% increase
Largely due to the new incentive promotions for customers and marketing activities.

Warehousing fees –60% increase
Mainly due toincrease in sales volume from various warehouses.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (END 2021 vs. END 2020)

Current Assets – 8% increase

Trade and other receivables – 110% increase
Mainly due to the receivables of the acquired subsidiary.

Inventories – 20% Increase
Due to higher prices and level of raw materials maintained for its operational requirements.

Other current assets – 37% increase
Attributable to the increase in advances to suppliers for the supply of raw materials and spareparts.

Noncurrent Assets – 7% increase

Investment Properties – 8% increase
Due to ₱107.56 million gain on market value of investment property of KSHI

Property, Plant & Equipment – 8% increase
Mainly from the land revaluation increment as a result of the increase in market value of land and spending for various expansion projects.

Current Liabilities – 24% increase

Trade and other payables – 33% increase
Mainly due to the increase in the accruals for sales rebates relative to the increase in sales volume and increase in accruals for utilities due to higher production volume.

Income tax payable – 60% decrease
Attributable to the reduced income tax rate, ITH availment and the prior year adjustment relative to the reduced income tax rate from CREATE Act.

Noncurrent Liabilities – 9% decrease

Loans payable – net of current portion – 16% decrease
Due to the ₱1.07billion repayment of TLFSA.

Equity – 9% increase

Total retained earnings 31 % increase
Due to ₱6.03 billion net income generated in 2021 and the ₱736.92 million revaluation surplus offset by the dividend payment amounting to ₱3.30billion for common shareholders.

Liquidity and Capital Resources

Cash Flows
The primary sources and uses of cash of the Group for calendar years 2021, 2020 and 2019 were as follows:

	For the years ended December 31		
	2021	**2020**	**2019**
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	8,783	4,919	7,152
Cash flows used in investing activities	(3,886)	(5,773)	(3,435)
Cash flows provided by (used in) financing activities	(4,719)	(4,602)	(2,953)
Net effect of exchange rate changes on cash and cash equivalents		(16)	(3)
Net increase (decrease) in cash and cash equivalents	179	5,456	765
Cash and cash equivalents at beginning of year	11,466	16,938	16,177

Cash and cash equivalents at end of year	11,645	11,466	16,938

Cash Flows From Operating Activities
Internal cash generation from operations this year amounted to ₱8.78 billion. This was primarily the result of net income before taxes of ₱6.83 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.17 billion, finance costs of ₱360.33 million, gain on fair value changes in investment properties of ₱107.56 million, income taxes paid of ₱992.94 million and interest received of ₱210.15 million.

Cash Flow From Investing Activities
Cash utilized for investing activities amounted to ₱3.89 billion. This was mainly spent for the purchase of SNMC shares of ₱3.31 billion, capital expenditures of ₱718.28 million, deposits on asset purchase amounting to ₱623.03 million and ₱200.00 million additional investment in bonds, partially negated by the cash from terminated investment agreement, cash dividends received and proceed from sale of assets amounting to ₱717.00 million, ₱214.51 million and ₱108.15 million respectively.

Cash Flow From Financing Activities
Meanwhile, cash utilized for financing activities totaled ₱4.73 billion. This comprised of cash dividend payment of ₱3.30 billion and TLFSA debt servicing of ₱1.42 billion.

After substantial cash requirement for the purchase of subsidiary of ₱3.31 billion, capex of ₱718.28 million and cash dividend payment of ₱3.30 billion, the company managed to increase cash at ₱178.62 million.

Consolidated ending cash closed at ₱11.65 billion. posting a 2% growth from beginning balance of ₱11.47 billion.

<u>RESULTS OF OPERATIONS (2020 VS. 2019)</u>

The Company registered a net profit of ₱3.39 billion, 44% lower than the ₱6.01 billion it made in 2019 after a strong start in 2020 was disrupted by the implementation of lockdown measures amid the COVID-19 pandemic that began in mid-March of the year.

The Company reached net sales of ₱13.91 billion, 30% lower than the ₱19.82 billion it recorded last year as COVID-19 related restrictions led to a sharp contraction in cement demand. Of the total net sales, 83% were derived largely from Type 1P or bagged cement while the remaining 17% represents Type 1 or bulk cement. Following the easing of restrictions in the second half, the Company grew its net sales by 35% during the period versus the first semester of the year.

Cost of goods sold consequently dropped by 26% to ₱8.21 billion, reflecting the decline in sales volume, coupled with the nonconsumption of imported clinker and lower prices of coal.

Gross profit registered at ₱5.70 billion, a 34% decrease from the ₱8.67 billion in the same period last year, with margin registering at 41%

Operating expenses decreased by 15% to ₱1.59 billion from ₱1.87 billion last year led lower by the 33% drop in freight costs resulting from the lower sales volume.

Finance costs dropped by 13% to ₱430.70 million owing to the partial repayment of loan related to the Term Loan Facility and Security Agreement (TLFSA).

Interest income dropped by 56% to ₱333.75 million mainly due to the decrease in the interest rate in the financial market with the interest rate cut(s) imposed by the Bangko Sentral ng Pilipinas.

Other income surged by to 130% ₱412.79 million as a result of fair value adjustments on investment properties and of dividend income from the investment in redeemable perpetual security.

Income tax expense decreased by 16% to ₱1.04 billion attributable to the lower taxable income resulting from the decrease in net sales during the period.

These movements resulted in an earnings before interest, tax, depreciation and amortization (EBITDA) of ₱5.57 billion, maintaining an EBITDA margin at 40%.

Meanwhile, net income margin registed at 24%.

For the fourth quarter alone, the Company reported net sales of ₱3.94 billion, 13% lower relative to the same quarter in 2019. Gross profit similarly declined by 19% to ₱1.58 billion. Meanwhile, EBITDA went down by 25% to ₱1.36 billion.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2020, 2019 and 2018, presented in absolute amounts as a percentage of net sales.

	For the Year Ended December 31				
	2020	**2019**	**2018**	**% of Change**	
	(in Millions of Philippine Pesos, except percentages)			2020 vs 2019	2019 vs 2018
Net Sales	13,906	19,824	16,522	-30%	20%
Cost of Goods Sold	8,209	11,153	9,311	-26%	20%
Gross Profit	5,697	8,671	7,211	-34%	20%
Operating Expenses	1,586	1,872	1,568	-15%	19%
Income from Operations	4,111	6,799	5,643	-40%	20%
Finance costs	431	496	366	-13%	36%
Interest Income	334	764	548	-56%	39%
Other income – net	413	180	470	129%	-62%
Income Before Income Tax	4,427	7,248	6,294	-39%	15%
Income Tax Expense	1,036	1,233	1,496	-16%	-18%
Net Income	3,391	6,015	4,798	-44%	25%

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

	For the year ended	
	December 31, 2020	**December 31, 2019**
Net income	₱3,391,392,558	₱6,014,901,093
Add:		
Income tax expense	1,035,711,238	1,232,614,482
Depreciation and amortization	1,047,083,967	952,698,422
Finance costs	430,696,047	495,685,474
Less:		
Interest income	333,746,012	763,982,413
EBITDA	₱5,571,137,798	₱7,931,917,058

FINANCIAL CONDITION

The financial position of the Company for the year ended December 31, 2020 remains solid and well-capitalized, with total assets growing by 1% to ₱49.66 billion.

Current assets decreased by 8% to ₱18.91 billion as a result of the decrease in revenues.

Noncurrent assets on the other hand increased by 8% to ₱30.75 billion resulting from the revaluation gains on land and investment properties.
Current liabilities dropped by 3% to ₱4.56 billion owing to subsequent payments to various suppliers and the decrease in income tax payable.

Noncurrent liabilities also declined by 9% to ₱6.38 billion as a result of repayments made to the TLFSA.

Consequently, total liabilities dropped by 7% to ₱10.94 billion while stockholder's equity rose by 4% to ₱38.71 billion.

The Company remains compliant with its loan covenants, with debt to equity ratio registering at 0.28x while financial debt to equity ratio stood at 0.16x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 4.14x while return on equity ended at 9%.

Summary of Consolidated Statements of Financial Position

	December 31			
	2020	**2019**	**Increase/(Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	18,914	20,659	-1,745	-8%
Noncurrent Assets	30,745	28,396	2,349	8%
Total Assets	**49,659**	**49,055**	**604**	**1%**
Current Liabilities	4,563	4,699	-136	-3%
Noncurrent Liabilities	6,381	7,026	645	-9%
Total Liabilities	**10,945**	**11,724**	**-780**	**-7%**
Equity	**38,714**	**37,331**	**1,383**	**4%**
Total Liabilities and Equity	**49,659**	**49,055**	**604**	**1%**

Company Performance and Profitability and Liquidity

Key Performance Indicators

Relevant Financial Ratios

The table below shows the comparative key performance indicator of the Company:

Financial KPI	Formula	2020	2019	2018
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	**4.14**	4.40	4.17
Solvency ratio	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	**0.41**	0.59	0.44
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.28**	0.31	0.39
Asset-to-equity ratio	Total assets	**1.28**	1.31	1.39

	Total equity			
Return on asset ratio	Net income before interest expense after tax / Average total assets	**0.08**	0.14	0.12
Return on equity ratio	Net income / Average total equity	**0.09**	0.17	0.15

Capital Expenditure

The Company's total capital expenditure in 2020 amounted to ₱1.60 billion. Of that amount, 16% was disbursed for plant machinery and equipment, 77% was spent on the construction of Finish Mill 5, Packhouse 3 and Cement Silo 5, while the remaining 7% was accounted for building and improvement, transportation equipment, and furniture, fixtures and office equipment.

MATERIAL CHANGES IN THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME (YEAR-END 2020 VS. YEAR-END 2019

Net Sales – 30% decrease

Attributable to the halting of operations during the first half of the year due to Covid-19 restrictions

Cost of Goods Sold – 26% decrease

Cost of inventories – 32% decrease
Largely due to the decrease in sales volume and non consumption of imported clinker

Utilities – 35% decrease
Decrease in power usage as a result of Covid-19-related restrictions starting in mid-March.

Repairs and Maintenance – 24% decrease
Due to the postponement of preventive maintenance activities for three production lines

Operating Expenses – 15% decrease

Freight, trucking, and handling – 33% decrease
Due to the decrease in sales volume

Warehousing fees – 22% decrease
Driven by the drop in sales volume

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (END 2020 vs. END 2019)

Current Assets – 8% decrease

Financial Assets at FVPL – 555% increase
Pertains to the ₱4.0 billion investment in redeemable perpetual security.

Trade and other receivables – 13% decrease
Due to the decrease in trade receivable as result of decline in sales and decrease of interest receivable.

Other current assets – 14% decrease
Attributable to the decrease in advances to suppliers caused by application of downpayments for trade-related purchases completely delivered in 2020

Noncurrent Assets – 8% increase

Investment Properties – 26% increase
Resulted from the ₱262 million gain on change in fair value of investment property of KSHI

Property, Plant & Equipment – 8% increase
Mainly from the land revaluation increment and of company's ongoing construction of Finish Mill 5, Cemet Silo 5 and Packhouse 3.

Current Liabilities – 3% decrease

Trade and other payables – 3% decrease
Subsequent payments to trade suppliers.

Income tax payable – 19% decrease
Attributable to the decline in revenue and profit before tax.

Noncurrent Liabilities – 9% decrease

Loans payable – net of current portion – 17% decrease
Related to the ₱1.07 billion repayment of TLFSA.

Equity – 4% increase

Total retained earnings – 16% increase
The ₱3.39 billion net income generated in 2020 was offset by the dividend payment amounting to ₱46.50 million for preferred shareholders.

Liquidity and Capital Resources

Cash Flows
The primary sources and uses of cash of the Group for calendar years 2020, 2019 and 2018 were as follows:

	For the years ended December 31		
	2020	**2019**	**2018**
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	4,919	7,152	4,691
Cash flows used in investing activities	-5,773	-3,435	-2,872
Cash flows provided by (used in) financing activities	-4,602	-2,953	-2,398
Net effect of exchange rate changes on cash and cash equivalents	-16	-3	17
Net increase (decrease) in cash and cash equivalents	5,472	761	(562)
Cash and cash equivalents at beginning of year	16,938	16,177	16,739
Cash and cash equivalents at end of year	11,466	16,938	16,177

Net Cash Flows Provided by Operating Activities
Net cash flows provided by operating activities was ₱4.92 billion. This was primarily the result of net income before taxes of ₱4.43 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.05 billion, finance costs of ₱430.70 million, gain on fair value changes in investment properties of ₱262.00 million, income taxes paid of ₱1.08 billion and interest received of ₱383.10 million.

Net Cash Flow Used in Investing Activities
The net cash flows used in investing activities amounting to ₱5.77 billion was mainly from the ₱4.00 billion investment in redeemable perpetual security, ₱1.45 billion capital expenditures, the ₱217.00 million additional advances for future investment and the ₱132.06 million additions to intangible assets.

Net Cash Used in Financing Activities
The net cash flows used in financing activities amounting to ₱4.60 billion comprised of ₱3.09 billion payments for the redeemed preferred stocks and the accumulated dividends, and ₱1,488.9 million principal and interest payments related to TLFSA

ITEM 7 – FINANCIAL STATEMENTS

The Group's Accompanying Audited Consolidated Financial Statements as at and for the year ended December 31, 2021 are filed as part of this Form 17-A (Annual Report).

ITEM 8 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no disagreements with the Group's respective external auditors on accounting and financial disclosure.

Audit and Audit Related Fees

The Company paid the external auditors the following fees for the last three years for professional services rendered:

	2021	2020	2019
Audit and other audit related fees	₱3,850,000	₱3,700,000	₱3,500,000
Tax fees	2,104,796	120,000	-
Others	335,000	1,500,000	

PART III- CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND OFFICERS

The present Board of Directors (Board) of Eagle Cement consists of ten (10) directors, three (3) of whom are independent directors, as follows:

Name	Position	Age	Citizenship
Ramon S. Ang	Chairman	67	Filipino
John Paul L. Ang	President & Chief Executive Officer	41	Filipino
Manny C. Teng	General Manager & Chief Operating Officer	49	Filipino
Monica L. Ang-Mercado	Chief Finance Officer/ Treasurer/ Executive Vice President for Business Support Group/ Risk Oversight Officer	33	Filipino
Mario K. Surio	Director	75	Filipino
Luis A. Vera Cruz, Jr.	Director	71	Filipino
Manuel P. Daway	Director	74	Filipino
Melinda Gonzales-Manto	Independent Director	69	Filipino
Ricardo C. Marquez	Independent Director	61	Filipino
Martin S. Villarama, Jr.	Independent Director	75	Filipino
Jose P. Perez*	Independent Director	74	Filipino

**Jose P. Perez passed away on August 12, 2021.*

Ramon S. Ang has been the Chairman of the Board since his first election on October 5, 2007. He is also the Chairman of the Board of San Miguel Brewery Inc., South Western Cement Corporation, Solid North Mineral Corp., San Miguel Brewery Inc., San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation and

Philippine Diamond Hotel & Resort, Inc. He is the Chairman of the Board and Chief Executive Officer (CEO) of SMC Asia Car Distributors Corp., and concurrently the President and Chief Operating Officer (COO) of SMC Global Power Holdings Corp. and Far East Holdings, Inc.; Chairman of the Board and President of San Miguel Holdings Corp., San Miguel Equity Investments Inc., San Miguel Properties, Inc., SEA Refinery Corporation, San Miguel Aerocity Inc., KB Space Holdings, Inc. He holds, among others, the following positions in other publicly listed companies: Vice Chairman, President and COO of San Miguel Corporation (SMC); President and CEO of Top Frontier Investment Holdings Inc. and Petron Corporation; President of Ginebra San Miguel, Inc.; Chairman of the Board of San Miguel Brewery Inc. and San Miguel Brewery Hong Kong Limited (listed on the Hong Kong Stock Exchange) and Petron Malaysia Refining & Marketing Bhd. (a publicly listed company in Malaysia); and Vice Chairman, President, and CEO of San Miguel Food and Beverage, Inc. He is the President of San Miguel Northern Cement, Inc. and President and CEO of Northern Cement Corporation. He is also the sole director and shareholder of Master Year Limited and the Chairman of the Board of Privado Holdings, Corp. He formerly held the following positions: Chairman of Liberty Telecoms Holdings, Inc. and Cyber Bay Corporation, President and COO of PAL Holdings, Inc. and Philippine Airlines, Inc.; Director of Air Philippines Corporation; and Vice Chairman and Director of Manila Electric Company. Mr. Ang has held directorships in various domestic and international subsidiaries of SMC in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University.

John Paul L. Ang has been the President and Chief Executive Officer of the Company since June 17, 2016. He served as the Chief Operating Officer and General Manager from 2008 to 2016. He was first elected as director of the Company on November 30, 2010. He is the Chairman of the Executive Committee and a member of the Audit Committee. He is also the President and CEO of South Western Cement Corporation and Solid North Mineral Corp., and a director of San Miguel Corporation, Top Frontier Investment Holdings, Inc., Petron Corporation, San Miguel Food and Beverage, Inc., KB Space Holdings, Inc. and Buildnet Construction, Inc. He is the Vice-Chairman of SMC Global Power Holdings Corp. Mr. Ang was the Managing Director of Sarawak Clinker from 2003 to 2007, and Purchasing Officer of Basic Cement from 2002 to 2003. He has a Bachelor of Arts degree in Interdisciplinary Studies, Minor in Economics and Finance from the Ateneo de Manila University.

Manny C. Teng is the General Manager and Chief Operating Officer of the Company. He served as President of the Company from 2009 to 2016. He has been a director of the Company since June 21, 1995. He is a member of the Executive and Corporate Governance Committees. Mr. Teng is also a director of South Western Cement Corp., KBP Space Holdings, Inc., and Solid North Mineral Corp. He previously held various positions in the following companies: Technical Services Manager, Beverage Group of Ginebra San Miguel, Inc.; Technical Service Manager, Beverage group of San Miguel Beverages; Product Development Manager, Non-Alcoholic Beverages International of San Miguel Beverages; Project Group of Centech Consultancy; Purchasing Head of Cement Management Corporation; and Purchasing Officer of Standard Construction and Rebuilding Corporation. He has a Bachelor of Science degree in Chemical Engineering from the University of Santo Tomas.

Monica L. Ang-Mercado is the Chief Finance Officer and Treasurer of the Company. She is concurrently the Executive Vice President for Business Support Group and the Risk Oversight Officer of the Company. She has been a director of the Company since June 3, 2013. She is a member of the Corporate Governance, Board Risk Oversight, and Executive Committees. She is the Chairperson of Buildnet Construction, Inc. and a Director, CFO and Treasurer of South Western Cement Corporation and Solid North Mineral Corp. She is also a director of the following companies: KB Space Holdings, Inc., A5 Wagyu, Inc., Q-Tech Alliance Holdings, Inc., and Premier Capital Venture Corporation. She has a Bachelor of Science degree in Management, Minor in Enterprise Development from the Ateneo de Manila University.

Mario K. Surio has been a director of the Company since January 14, 2011. He holds, among others, the following positions in other companies: Technical Consultant for the Office of the President and Chief Operating Officer of San Miguel Corporation; Vice- Chairman and Director of Private Infrastructure Development Corporation -Tarlac-Pangasinan-La Union Expressway (PDIC/TPLEX); Director of South Luzon Expressway (SLTC/SLEX), Ginebra San Miguel, Inc., and San Miguel Yamamura Packaging Corp. He previously served as the President of Philippine Technologies, Inc. Cement Management Corporation and CEMA Consultancy Services, Inc. He also became the Assistant Quality Control Head, Quality Control Head, Production Manager and Plant Manager of Northern Cement Corporation and a Laboratory Technician and Physical Tester for Republic Cement Corporation. Mr. Surio is a licensed

Chemical Engineer with a Bachelor of Science degree in Chemical Engineering from the University of Santo Tomas.

Luis A. Vera Cruz, Jr. has been a director of the Company since February 23, 2017. He is a member of the Related Party Transactions and Audit Committees. He is an Of Counsel at Angara Abello Concepcion Regala & Cruz, a Legal Consultant of San Miguel Corporation, Corporate Secretary of Chemical Industries of the Philippines, Inc., and a Director of Philippine Resources Savings Banking Corporation and Cyber Bay Corporation. He previously served as Co- Managing Partner at Angara Abello Concepcion Regala & Cruz and Director of ACCRA Holdings, Inc. He holds a Master of Laws from Cornell University, a Bachelor of Laws degree from the University of the Philippines, and a Bachelor of Science degree in Business Administration from the University of the Philippines.

Manuel P. Daway has been a director of the Company since February 13, 2017. He is the Vice-President for Operations and responsible for expansion projects of the Company. He previously held the following positions in various corporations, namely: Project Director of CEMA Consultancy, an engineering and construction corporation; Vice-President for External Relations of Lafarge Cement Services Philippines Inc.; and Vice-President for Operations of Lafarge/Republic Cement Corporation. Mr. Daway is a licensed Professional Electrical Engineer and holds a Bachelor of Science degree in Electrical Engineering from the Mapua Institute of Technology.

Melinda Gonzales-Manto was first elected as an independent director of the Company on December 22, 2016. She is the Lead Independendent Director , Chairperson of the Audit Committee, and a member of the Corporate Governance and Related Party Transactions Committees. She holds the following positions in other companies: Independent Director of Petrogen Insurance Corporation, Director and Vice-President of Linferd & Company, Inc., Director and Vice-President of ACB Corabern Holdings Corporation, Independent Director and Chairperson of the Audit Committee of the Bank of Commerce, and Resident Agent of several multinational companies doing business in the Philippines. She was formerly a partner of SGV & Co., Assurance and Advisory Business Services Division from 1974 to 2009, and previously served as Board Member of the Philippine Retailers Association from 2000 to 2009, and as an independent member of the board of directors of the GSIS Family Bank from 2011 to 2016. She is a certified public accountant and holds a Bachelor of Science degree from the Philippine School of Business Administration. She completed the Management Development Program at the Asian Institute of Management.

Ricardo C. Marquez has been an independent director of the Company since February 13, 2017. He is the Chairman of the Board Risk Oversight Committee and a member of the Audit and Related Party Transactions Committees. He is currently a Director of the Public Safety Mutual Benefit Fund, Inc. and San Miguel Pure Foods Company, Inc. He previously held various positions in the Philippine National Police, eventually being promoted to Chief of the Philippine National Police. He also served as the Chairman of Public Safety Mutual Benefit Fund Inc. from July 2015 until June 2016. He has undergone various trainings and programs from the Institute of Corporate Directors, Harvard Kennedy School, and the Federal Bureau of Investigation National Academy, among others. He holds a master’s degree in Management from the Philippine Christian University and a Bachelor of Science Degree from the Philippine Military Academy.

Martin S. Villarama, Jr. has been an independent director of the Company since February 13, 2017. He is the Chairman of the Related Party Transactions Committee and a member of the Audit and Corporate Governance Committees. He is currently a member of the Board of Advisers of San Miguel Brewery Hongkong Ltd., and a member of the Association of Retired Justices of the Supreme Court of the Philippines and BIR Tennis Club. He was the 166th member of the Supreme Court and served as a Supreme Court Justice from 2009 to 2016. He started his career in the Judiciary in 1986, when he was appointed as Regional Trial Court Judge of Pasig City. He was also a lecturer at the Philippine Judicial Academy from 2007 to 2009. He obtained his Bachelor of Laws degree from the Manuel L. Quezon University after completing a Bachelor of Science degree in Business Administration from De La Salle University.

Jose P. Perez (†) was an independent director of the Company from February 13, 2017, and served as the Chairman of the Corporate Governance Committee and a member of the Board Risk Oversight Committee, until his demise on 12 August 2021. He served as a member of the Board of Advisers of San Miguel Brewery Hongkong Ltd., and an Independent Director of Bloomberry Resorts Corporation, San Miguel Yamamura Packaging Corporation, and San Miguel Infrastructure Corporation – SLEX. He served as a Justice of the Supreme Court from 2009 to 2016. He held a Bachelor of Laws Degree and Political Science Degree both from the University of the Philippines.

Term

Pursuant to the Company's By-laws, the directors are elected at each annual stockholders meeting by stockholders entitled to vote. Each director holds office until the next annual election and his successor is duly elected, unless he resigns, dies, or is removed prior to such election.

Officers

The principal officers of the Company are as follows:

Name	Position	Age	Citizenship
John Paul L. Ang	President and Chief Executive Officer	41	Filipino
Manny C. Teng	General Manager and Chief Operating Officer	49	Filipino
Monica L. Ang-Mercado	Chief Finance Officer/Treasurer/ Executive Vice-President for Business Support Group/Risk Oversight Officer	33	Filipino
Jens Christian Enemark Lund	Manufacturing Transformation Director	65	Danish
Manuel P. Daway	Vice-President for Operations	74	Filipino
Marlon P. Javarro	Assistant Corporate Secretary/Related Party Transaction Officer/AVP for Finance	43	Filipino
Fabiola B. Villa	SVP for Legal and Compliance/Compliance Officer/Data Protection Officer	56	Filipino
Mercedes V. Jorquia	Chief Audit Executive	56	Filipino
Maria Farah Z. G. Nicolas-Suchianco	Corporate Secretary	53	Filipino

Jens Christian Enemark Lund is the Company's Manufacturing Transformation Director. He was previously an Operations Manager of Hume Cement Sdn Bhd in Malaysia and Plant Director and Technical Support Director of Cemex Holdings Philippines, Inc. He was also the Senior Field Engineer of FLSmidth D/K in Denmark. He obtained his degree in Bachelor of Technology Management and Marine Engineering from Svendborg Maritime Academy. He has been with the Company since 2019.

Fabiola B. Villa is the Company's Compliance Officer, Data Privacy Officer, and Senior Vice President for Legal and Compliance. She is also the Corporate Secretary of Solid North Mineral Corp. Prior to joining the Company, she was the Vice-President, Corporate Secretary and Head of Legal and Secretariat of United Overseas Bank Manila, and an Associate at the law offices of Picazo Buyco Tan Fider and Santos, and Tan Concepcion and Que. She obtained her degrees in Bachelor of Arts and Bachelor of Laws from the University of the Philippines.

Marlon P. Javarro is the Assistant Vice President and Head for Finance, Assistant Corporate Secretary, and Related Party Transaction Officer of the Company. He also served as Finance Manager of the Company from 2008 to 2018. He is a director of South Western Cement Corporation. Prior to joining the Company, he was a Finance Manager at Sarawak Clinker Sdn Berhad in Malaysia from 2005 to 2007. He is a Certified Public Accountant and holds a Bachelor of Science degree in Accountancy from Colegio de San Agustin.

Mercedes V. Jorquia is the Head of Corporate Internal Audit Department and the Chief Audit Executive of the Company. She was a Senior Manager and Head of Internal Audit Department of a Retail Company in 2018, Building Materials Manufacturing from 2016 to 2018, Real Estate Development from 2011 to 2016, prior to joining the Company. She has served both Domestic and Foreign Airline Companies as Audit Officer and Senior Auditor positions from 1986 to 2011. She is a Certified Public Accountant and holds a Bachelor in Accountancy degreefrom the Polytechnic University of the Philippines.

Maria Farah Z. G. Nicolas-Suchianco, has been the Corporate Secretary of the Company since 2010. She is a Founding Partner of Gerodias Suchianco Estrella Law Firm, serving as its Managing Partner form 2016-2021. She is the Vice-Chairman and Treasurer of GSE Managed Solutions, Inc. She is the Chairman and President of Assetvalues Holding Corporation, Inc., Evander Holdings Corporation, Global Titan Leisure Holdings Corp., and Sunspear Holdings, Inc. She is the Treasurer of Alpha Point Property Holdings, Inc., Countrybreeze Corporation, Escaler Realty Corporation, Pedalmax Holdings, Inc., and Terramino Holdings, Inc. She currently serves as a Director and Corporate Secretary of Eastbay Resorts, Inc., Radio Philippines Network, Inc., South Western Cement Corporation, and Thunderbird Pilipinas Hotels and Resorts, Inc., among others. She is the Corporate Secretary of numerous corporations, including Rags2riches, Inc., KB Space Holdings, Inc. and Wynsum Realty & Development, Inc. She was a Senior Partner at De Borja Medialdea Bello Guevarra & Gerodias Law Firm. She holds a Juris Doctor degree and a Bachelor of Science degree in Management, Major in Legal Management, from the Ateneo de Manila University.

Significant Employees

The Group considers the collective efforts of its employees as vital to its success. The Group does not solely rely on key individuals for the conduct of its business. Therefore, the resignation or loss of any non-executive employee will not have any significant, adverse effect on the business of the Group. No special arrangement with non-executive employees to assure their continued stay with the Group exists, other than standard employment contracts.

Family Relationships

The Chairman, Mr. Ramon S. Ang, is the parent of siblings John Paul L. Ang, CEO & President, and Monica L. Ang-Mercado, CFO and Treasurer, and Executive Vice-President for Business Support Group.

Manny C. Teng, COO and General Manager, is the nephew of Mr. Ramon S. Ang.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best of the Company's knowledge and belief and after due inquiry, and except as otherwise disclosed, none of its directors and executive officers have been the subject of (a) bankruptcy petition; (b) conviction by final judgment in a criminal proceeding; (c) order, judgment or decree barring, suspendin or limiting involvement in any any type of business, securities, commodities or banking activities; or (d) judgment for violation of a securities or commodities law or regulation, for the past five (5) years up to the latest date that is material to the evaluation of their ability or integrity to hold relevant positions in the Company.

ITEM 10. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate compensation paid or incurred during the last three (3) fiscal years to the Company's CEO and executive officers are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
CEO and the four (4) most highly compensated officers	2021 2020 2019	₱30.8 Million ₱29.5 Million ₱23.0 Million	₱5.8 Million ₱5.7 Million ₱7.8 Million	₱2.4 Million ₱1.6 Million ₱2.0 Million	₱39.1 Million ₱36.8 Million ₱32.8 Million

All other officers and Directors as a group unnamed	2021 2020 2019	₱27.3 Million ₱26.1 Million ₱29.8 Million	₱5.9 Million ₱4.6 Million ₱12.9 Million	₱4.0 Million ₱2.8 Million ₱2.6 Million	₱37.2 Million ₱33.5 Million ₱45.3 Million
TOTAL	2021 2020 2019	₱58.1 Million ₱55.6 Million ₱52.8 Million	₱11.8 Million ₱10.3 Million ₱20.7 Million	₱6.4 Million ₱4.4 Million ₱4.6 Million	₱76.3 Million ₱70.3 Million ₱78.1 Million

Article III, Section 10 of the By-laws of the Company provides that by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meetings of the Board.

Each director receives a per diem of Thirty Thousand Pesos (₱30,000.00) and Ten thousand Pesos (P10,000.00) per attendance at Board and committee meetings held, respectively.

There were no other arrangements pursuant to which any of the directors was compensated or is to be compensated, directly or indirectly, for services rendered during the last fiscal year, and the ensuing fiscal year.

There are no outstanding warrants or options held by the Company's President, named executive officers and all directors and officers as a group.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

Owners of more than five per cent (5%) of the Company's Voting Stock as of December 31, 2021 are as follows:

Title of Class	Names and addresses of record owners and relationship with the Corporation	Names of beneficial owner and relationship with record owner	Citizenship	Number of shares	% to Total Outstanding
Common	Far East Holdings, Inc.* (No. 153 EDSA, Barangay Wack-Wack, Mandaluyong City)	Far East Holdings, Inc. (The same as the record owner)	Filipino	3,010,714,288	60.21%
Common	Ramon S. Ang (Harvard St. Barangay Wack Wack, Mandaluyong City)	Ramon S. Ang (The same as the record owner)	Filipino	1,317,857,139	26.36%

** Far East Holdings, Inc. is 100%-owned by Ramon S. Ang*

Security Ownership of Management as of December 31, 2021:

Title of Class	Names of beneficial owner	Position	Amount and nature of beneficial ownership	Citizenship	% to Total Outstanding
CEO and FOUR MOST HIGHLY COMPENSATED OFFICERS					

Common	John Paul L. Ang	President and Chief Executive Officer	96,428,569	Filipino	1.93%
Common	Manny C. Teng	General Manager and Chief Operating Officer	1	Filipino	-
Common	Monica L. Ang-Mercado	Chief Finance Officer and Treasurer	123,001[1]	Filipino	-
Common	Jens Christian Enemark Lund	Manufacturing Transformation Director	0	Danish	-
Common	Manuel P. Daway	Vice-President for Operations	1	Filipino	-

OTHER DIRECTORS AND OFFICERS

Common	Ramon S. Ang	Chairman	1,317,857,139	Filipino	26.36%
Common	Mario K. Surio	Director	1	Filipino	-
Common	Luis A. Vera Cruz, Jr.	Director	1	Filipino	-
Common	Melinda Gonzales-Manto	Independent Director	1	Filipino	-
Common	Ricardo C. Marquez	Independent Director	1	Filipino	-
Common	Martin S. Villarama, Jr.	Independent Director	1	Filipino	-
		TOTAL	**1,414,408,716**		28.29%

[1] *includes 123,000 shares lodged under PCD Nominee Corp. (Filipino)*

Voting Trust Holders of Five Percent (5%) or More

There is no person holding 5% or more of the Company's voting securities under a voting trust arrangement.

Changes in Control

No change of control in the company has occurred since the beginning of the last fiscal year

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There were no transactions with directors, officers or any principal stockholders (owning at least ten per cent (10%) of the total outstanding shares of the Company) which are not in the ordinary course of business. Please see Note 20 of the 2021 AFS.

PART IV – CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

The Company is committed to the principles of transparency, accountability, fairness and integrity in directing and running its business. Its Manual on Corporate Governance was adopted and approved on February 13, 2017 following leading practices, programs and policies on corporate governance.

The Integrated Annual Corporate Governance Report (I-ACGR) of the Company for the year 2021 shall be filed on or before May 30, 2022 in compliance with SEC Memorandum Circular No. 15, Series of 2017.

PART V- EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS

a) Exhibits

APPENDIX A – Consolidated Financial Statements of the Company as at and for the year ended December 31, 2021

APPENDIX B – Independent Auditor's Report

b) Reports on SEC Form 17-C

The following current reports have been reported bythe Company during the year 2021:

Date	Title
January 13, 2021	Quarterly Progress Report on the Application of Proceeds from the IPO for the quarter ending 31 December 2020
January 28, 2021	Annual Progress Report on the Application of Proceeds from the IPO for the year ending 31 December 2020
March 23, 2021	Press release - Eagle Cement sweeps 7th achievement award for sustainable development
March 24, 2021	FY2020 Notice of Analysts' briefing
April 07, 2021	Board Meeting Resolution
April 07, 2021	Press release - Eagle Cement bags Golden Arrow Award for corporate governance
April 12, 2021	Press release - Eagle Cement posts P3.4 billion net income in 2020
April 14, 2021	Quarterly Progress Report on the Application of Proceeds from the IPO for the quarter ending 31 March 2021
April 01, 2028	1Q2021 Notice of Analysts' briefing
May 11, 2021	Board Meeting Resolution
June 24, 2021	Results of Annual and Organizational Meetings
July 13, 2021	Quarterly Progress Report on the Application of Proceeds from the IPO for the quarter ending 30 June 2021
July 27, 2021	1H2021 Notice of Analysts' briefing
August 13, 2021	Passing of Justice Jose P. Perez
September 23, 2021	Board Meeting Resolution
September 23, 2021	Acquisition of 100% of the capital stock of Solid North Mineral Corp.

October 15, 2021	Quarterly Progress Report on the Application of Proceeds from the IPO for the quarter ending 30 September 2021
October 28, 2021	9M2021 Notice of Analysts' briefing
November 04, 2021	Board Meeting Resolution
November 10, 2021	Press release - Eagle Cement sustains growth in 9M21, with net profit up by 89%

c) Sustainability Report

The Company’s Sustainability Report for 2021 is attached hereto as Appendix C.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 171 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of ______ on the 16th day of May 2022.

RAMON S. ANG
Chairman

JOHN PAUL L. ANG
President & CEO

MONICA L. ANG-MERCADO
CFO & Treasurer

MARLON P. JAVARRO
AVP and Head of Finance
Asst. Corporate Secretary

QUEZON CITY

SUBSCRIBED AND SWORN to before me this _day of MAY 1 6 2022 affiants exhibiting to me the following:

Name	CTC/ Passport No. / SSS No. Date and Place of Issuance	Competent Evidence of Identity
Ramon S. Ang		TIN 118-247-725
John Paul L. Ang		TIN 212-627-576
Monica L. Ang		TIN 249-786-240
Marlon P. Javarro		TIN 165-102-272

Doc. No. 222;
Page No. 46;
Book No. 5;
Series of 2022.

ATTY. KARES P. SALENDREZ-PANGILINAN
Notary Public
Adm. Matter No. NP104(2019-2020)
Extended until 30 June 2022 per B.M. 3795
2625 T2 Amaia Skies Cubao, 5th Ave., Brgy. Socorro, QC
Roll No. 69872
MCLE Compliance No. VI-0016081
PTR No. 2438608 / 11 / 2022, QC
IBP No. 197865 01/10/2022, QC

"STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The management of **Eagle Cement Corporation** (the Company) **and Subsidiaries** (collectively referred to as "the Group") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor and appointed by the Board of Directors, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

RAMON S. ANG
Chairman of the Board

JOHN PAUL L. ANG
Chief Executive Officer

Monica
MONICA L. ANG-MERCADO
Chief Financial Officer

Signed this ___ day of ___ 2022

REPUBLIC OF THE PHILIPPINES)
Quezon City) S.S.

SUBSCRIBED AND SWORN to before me on 6 May 2022 at Quezon City, the following affiants exhibited to their competent evidence of identity.

Name	Competent Evidence of Identity	Date/ Place Issued
Ramon S. Ang	TIN-118-247-725	
Monica L. Mercado	TIN- 249-786-240	
John Paul L. Ang	TIN- 212-627-576	

Doc. No. 200;
Page No. 41;
Book No. 5;
Series of 2022.

ATTY. KARES P. SALENDREZ-PANGILINAN
Notary Public for Quezon City
Commission until 31 December 2020
Adm. Matter No. NP104(2019-2020)
Extended until 30 June 2022 per B.M. 3795
Unit 2625 T2 Amaia Skies Cubao, 5th Ave., Brgy. Socorro, Quezon City
Roll No. 69872
MCLE Compliance No. VI-0016081
PTR No. 2438608/11/2022, QC
IBP No. 197865 01/10/2022, QC

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	5	0	0	5	8	8	5

COMPANY NAME

EAGLE CEMENT CORPORATION AND
SUBSIDIARIES

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

2/F SMITS Corporate Center, 155 EDSA
Barangay Wack-Wack, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
corporatesecretary@eagle-cement.com.ph	(02) 5301-3453	0917-622-3575

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
45	1st Monday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Marlon P. Javarro	mpjavarro@eagle-cement.com.ph	(02) 5301-3453	0917-598-8771

CONTACT PERSON'S ADDRESS

2/F SMITS Corporate Center, 155 EDSA Barangay Wack-Wack, Mandaluyong City

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

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

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Eagle Cement Corporation and Subsidiaries
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

Opinion

We have audited the accompanying consolidated financial statements of Eagle Cement Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2021, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2021, 2020 and 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

Implementation of the New Information System
The Group implemented a new information system, that went live on November 1, 2020. The Group's financial accounting and reporting processes are highly dependent on the automated application and controls in this information system. The IT systems and controls, as they impact the financial recording and reporting of transactions, are key audit matters and our audit approach could significantly differ depending on the effective design and operation of the IT controls.

We engaged our internal IT specialists to perform audit procedures to assess the IT systems and controls over financial reporting, which included the following:

- IT general controls' design and operation

  We tested a sample of key controls operating over the new system in relation to financial accounting and reporting, including system access and system change management, program development, and computer operations.

- System change management controls operation

  Upon implementation, we performed procedures to get assurance that master data and beginning financial balances were migrated to the new system correctly. We also assessed the operating effectiveness of controls over specific changes or enhancements requested by the Group after its implementation.

- User access controls operation

  We assessed management's evaluation of access rights granted to employees relevant to financial accounting and reporting systems and tested the resolution of a sample of exceptions. We also assessed the operating effectiveness of controls over granting, removal, and appropriateness of access rights. Further, we tested specific relevant application controls for significant financial reporting processes.

Acquisition of Solid North Mineral Corp. (SNMC)
As discussed in Note 4 to the consolidated financial statements, the Group acquired 100% ownership of SNMC, a related party engaged in the mining and processing of limestones, for a total consideration of ₱3,572.0 million in November 2021. We determined that the acquisition of SNMC is a key audit matter due to the significance of the transaction and its impact in the consolidated financial statements, including the recognition of mining rights and goodwill amounting to ₱1,015.5 million and ₱327.8 million, respectively.

We reviewed the allocation of the purchase price to the fair value of the identifiable assets and liabilities of SNMC including mining rights, and the computation of goodwill. We reviewed the valuation of mining rights including the reasonableness of projections and assumptions used in the computation. We also reviewed the completeness and appropriateness of relevant disclosures in the consolidated financial statements.

Capitalization of Property, Plant and Equipment
As discussed in Note 11 to the consolidated financial statements, the carrying amount of the Group's property, plant and equipment amounted to ₱27,723.6 million as at December 31, 2021. During the year, additions to property, plant and equipment amounted to ₱1,230.1 million which includes amount capitalized as construction in progress of ₱998.8 million and acquired machineries and equipment and other equipment of ₱231.3 million. In 2021, various construction projects amounting to ₱243.3 million were completed and were reclassified to appropriate property, plant and equipment account. We determined that the capitalization of property, plant and equipment account is a key audit matter due to the significance of the transactions and the judgment involved in determining the useful life and the timing in depreciating these assets.

We have assessed the existence of the additions to property, plant and equipment through site inspection and examination of supporting documents. We also tested the completeness of amounts capitalized including the purchase price or construction costs of the assets and its directly attributable cost to bring the asset to the location and condition for its intended use. Further, we have validated the proper classification of major components of property, plant and equipment. We also assessed the reasonability of estimated useful lives and appropriateness of the depreciation method used, including commencement of depreciation. We also tested the reliability of the Group's information system in capturing additions to property, plant and equipment including the application used in the computation of depreciation expense.

Revenue Recognition
The Group manufactures, sells and distributes cement products. As discussed in Note 21 to the consolidated financial statements, net sales of the Group amounted to ₱21,396.9 million in 2021. The Group recognizes sales to customers when goods are delivered, the title to the goods has passed to the buyer, and the amount of revenue can be measured reliably.

We determined that the revenue recognition of the Group is a key audit matter because of the inherent risk related to the completeness and occurrence of the revenue recognition arising from the Group's arrangements with its key customers. We have performed an understanding of the revenue cycle and revenue recognition policy and tested the reliability of its information system in capturing transactions related to revenue. Further, we have reviewed the arrangement with the customers vis-à-vis its transaction during the year to determine proper revenue recognition. In addition, we have validated against supporting documents the revenue transactions during the year and ascertained proper recording in the Group's consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Joseph C. Bilangbilin.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 1778-A
Valid until September 23, 2022
BIR Accreditation No. 08-005144-011-2020
Valid until January 1, 2023
PTR No. 8851709
Issued January 3, 2022, Makati City

March 17, 2022
Makati City, Metro Manila

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱11,645,049,344**	₱11,466,255,207
Financial assets at fair value through profit or loss (FVPL)	6	**4,868,682,658**	4,703,019,162
Trade and other receivables	7	**1,028,364,218**	488,698,028
Inventories	8	**1,690,426,733**	1,405,696,412
Other current assets	9	**1,161,284,626**	850,409,547
Total Current Assets		**20,393,807,579**	18,914,078,356
Noncurrent Assets			
Investment in an associate	13	**75,000,000**	75,000,000
Financial assets at fair value through other comprehensive income (FVOCI)	10	**105,679,875**	103,079,550
Property, plant and equipment	11	**27,723,632,795**	25,603,963,422
Investment properties	12	**1,753,172,245**	1,630,650,604
Intangible assets	14	**1,707,247,353**	323,388,553
Other noncurrent assets	15	**1,475,756,704**	3,008,991,655
Total Noncurrent Assets		**32,840,488,972**	30,745,073,784
		₱53,234,296,551	₱49,659,152,140
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	16	**₱4,363,019,469**	₱3,283,815,937
Current portion of loans payable	17	**1,195,127,948**	1,060,127,446
Current portion of lease liabilities	26	**12,221,931**	7,648,720
Income tax payable		**84,601,850**	211,879,633
Total Current Liabilities		**5,654,971,198**	4,563,471,736
Noncurrent Liabilities			
Loans payable - net of current portion	17	**4,040,380,818**	5,235,508,836
Lease liabilities - net of current portion	26	**35,500,277**	36,557,012
Net retirement benefit liability	27	**122,801,864**	87,944,993
Provision for mine rehabilitation and decommissioning	18	**50,026,848**	31,233,753
Net deferred tax liabilities	29	**1,126,614,793**	989,861,221
Total Noncurrent Liabilities		**5,375,324,600**	6,381,105,815
Total Liabilities		**11,030,295,798**	10,944,577,551
Equity	19		
Capital stock		**8,000,000,005**	8,000,000,005
Additional paid-in capital		**6,525,506,098**	6,525,506,098
Retained earnings:			
Appropriated		**16,000,000,000**	16,000,000,000
Unappropriated		**11,568,997,758**	8,843,203,656
Other equity reserves		**3,109,496,892**	2,345,864,830
Treasury stock		**(3,000,000,000)**	(3,000,000,000)
Total Equity		**42,204,000,753**	38,714,574,589
		₱53,234,296,551	₱49,659,152,140

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 2021	2020	2019
NET SALES	21	**₱21,396,891,131**	₱13,906,139,382	₱19,824,452,081
COST OF GOODS SOLD	22	**12,422,544,346**	8,208,930,134	11,153,024,543
GROSS PROFIT		**8,974,346,785**	5,697,209,248	8,671,427,538
OPERATING EXPENSES	23	**2,318,036,461**	1,585,941,759	1,871,981,700
INCOME FROM OPERATIONS		**6,656,310,324**	4,111,267,489	6,799,445,838
FINANCE COSTS	17	**(360,333,838)**	(430,696,047)	(495,685,474)
INTEREST INCOME	5	**213,327,485**	333,746,012	763,982,413
OTHER INCOME - Net	24	**320,804,810**	412,786,342	179,772,798
INCOME BEFORE INCOME TAX		**6,830,108,781**	4,427,103,796	7,247,515,575
INCOME TAX EXPENSE (BENEFIT)	29			
Current		**805,282,609**	1,032,478,972	1,224,911,672
Deferred		**(967,933)**	3,232,266	7,702,810
		804,314,676	1,035,711,238	1,232,614,482
NET INCOME		**6,025,794,105**	3,391,392,558	6,014,901,093
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent periods				
Revaluation of land (net of deferred tax)	11	**736,919,989**	994,379,358	–
Remeasurement gains (losses) on net retirement benefit liability (net of deferred tax)	27	**24,111,748**	42,339,397	(25,457,530)
Unrealized gains on financial assets at FVOCI	10	**2,600,325**	2,000,250	1,066,800
		763,632,062	1,038,719,005	(24,390,730)
TOTAL COMPREHENSIVE INCOME		**₱6,789,426,167**	₱4,430,111,563	₱5,990,510,363
Basic/Diluted Earnings Per Share (EPS)	33	**₱1.21**	₱0.67	₱1.17

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

		Capital Stock - ₱1 par value		Additional	Retained Earnings		Other Equity Reserves				
	Note	Common Stock	Preferred Stock	Paid-in Capital	Appropriated	Unappropriated	Revaluation Surplus (Net of Deferred Tax)	Cumulative Remeasurement Gains (Losses) on Net Retirement Benefits Liability (Net of Deferred Tax)	Cumulative Unrealized Gains on Financial Assets at FVOCI	Treasury Stock	Total Equity
Balances as at December 31, 2020		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱8,843,203,656	₱2,319,467,358	₱23,330,422	₱3,067,050	(₱3,000,000,000)	₱38,714,574,589
Net income		–	–	–	–	6,025,794,105	–	–	–	–	6,025,794,105
Other comprehensive income		–	–	–	–	–	736,919,989	24,111,748	2,600,325	–	763,632,062
Cash dividends declared	19	–	–	–	–	(3,300,000,003)	–	–	–	–	(3,300,000,003)
Balances as at December 31, 2021		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱11,568,997,758	₱3,056,387,347	₱47,442,170	₱5,667,375	(₱3,000,000,000)	₱42,204,000,753
Balances as at December 31, 2019		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱7,500,000,000	₱13,998,311,098	₱1,325,088,000	(₱19,008,975)	₱1,066,800	₱–	₱37,330,963,026
Net income		–	–	–	–	3,391,392,558	–	–	–	–	3,391,392,558
Other comprehensive income		–	–	–	–	–	994,379,358	42,339,397	2,000,250	–	1,038,719,005
Appropriations	19	–	–	–	8,500,000,000	(8,500,000,000)	–	–	–	–	–
Redemption of preferred shares	19	–	–	–	–	–	–	–	–	(3,000,000,000)	(3,000,000,000)
Cash dividends declared	19	–	–	–	–	(46,500,000)	–	–	–	–	(46,500,000)
Balances as at December 31, 2020		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱8,843,203,656	₱2,319,467,358	₱23,330,422	₱3,067,050	(₱3,000,000,000)	₱38,714,574,589
Balances as at December 31, 2018		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱7,500,000,000	₱9,463,410,006	₱1,325,088,000	₱6,448,555	₱–	₱–	₱32,820,452,664
Net income		–	–	–	–	6,014,901,093	–	–	–	–	6,014,901,093
Other comprehensive income (loss)		–	–	–	–	–	–	(25,457,530)	1,066,800	–	(24,390,730)
Cash dividends declared	19	–	–	–	–	(1,480,000,001)	–	–	–	–	(1,480,000,001)
Balances as at December 31, 2019		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱7,500,000,000	₱13,998,311,098	₱1,325,088,000	(₱19,008,975)	₱1,066,800	₱–	₱37,330,963,026

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱6,830,108,781**	₱4,427,103,796	₱7,247,515,575
Adjustments for:				
Depreciation and amortization	11	**1,166,056,132**	1,047,083,967	952,698,422
Finance costs	17	**360,333,838**	430,696,047	495,685,474
Dividend income	6	**(214,505,092)**	(134,753,962)	(13,065,644)
Interest income	5	**(213,327,485)**	(333,746,012)	(763,982,413)
Fair value changes in investment properties	12	**(107,556,400)**	(262,000,000)	(111,216,000)
Retirement benefit costs	27	**63,007,502**	33,230,449	20,778,962
Trading losses (gains) on financial assets at FVPL	6	**23,205,545**	(20,077,980)	(63,663,740)
Unrealized foreign exchange losses (gains)		**(2,802,203)**	18,968,158	4,297,334
Loss (gain) on sale of property, plant and equipment	24	**(659,328)**	(5,976,932)	4,586,716
Operating income before working capital changes		**7,903,861,290**	5,200,527,531	7,773,634,686
Decrease (increase) in:				
Trade and other receivables		**1,224,895,351**	82,614,279	(40,273,278)
Inventories		**12,168,412**	288,454,859	118,561,883
Other current assets		**(224,293,069)**	140,396,770	107,058,186
Other noncurrent assets		**2,569,917**	36,521,591	(266,890,082)
Increase (decrease) in trade and other payables		**646,722,119**	(130,554,344)	(2,761,533)
Net cash generated from operations		**9,565,924,020**	5,617,960,686	7,689,329,862
Income taxes paid		**(992,942,550)**	(1,081,824,664)	(1,279,114,639)
Interest received		**210,154,402**	383,096,025	742,238,510
Net cash provided by operating activities		**8,783,135,872**	4,919,232,047	7,152,453,733
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of a new subsidiary, net of cash	4	**(3,308,490,741)**	–	–
Additions to:				
Property, plant and equipment		**(718,278,653)**	(1,448,633,399)	(2,265,013,698)
Deposits on asset purchase		**(623,026,418)**	(94,386,948)	(223,725,693)
Financial assets at FVPL		**(200,000,000)**	(4,000,000,000)	(499,999,931)
Intangible assets	14	**(60,845,680)**	(132,059,137)	–
Investment properties	12	**(10,597,241)**	(4,167,431)	–
Deposit for future investment	15	**(4,306,438)**	(217,000,000)	(500,000,000)
Collections of deposit for future investment	15	**717,000,000**	–	–
Dividends received		**214,507,871**	84,753,962	13,065,644
Proceeds from sale of:				
Property, plant and equipment		**97,022,810**	3,479,335	13,339,334
Financial assets at FVPL		**11,130,959**	34,890,335	27,393,089
Net cash used in investing activities		**(3,885,883,531)**	(5,773,123,283)	(3,434,941,255)

(Forward)

	Note	2021	2020	2019
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Dividends		**(₱3,300,000,003)**	(₱91,500,000)	(₱1,480,000,001)
Loans payable	17	**(1,068,000,000)**	(1,068,000,000)	(979,000,000)
Interest		**(351,533,412)**	(420,914,555)	(481,738,877)
Lease liabilities	26	**(7,138,880)**	(11,569,276)	(11,893,731)
Advances from a related party		**–**	(10,000,000)	–
Advances from related parties		**8,039,826**	–	–
Acquisition of treasury stock	19	**–**	(3,000,000,000)	–
Net cash used in financing activities		**(4,718,632,469)**	(4,601,983,831)	(2,952,632,609)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**178,619,872**	(5,455,875,067)	764,879,869
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**174,265**	(16,361,818)	(3,339,418)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**11,466,255,207**	16,938,492,092	16,176,951,641
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱11,645,049,344**	₱11,466,255,207	₱16,938,492,092

See accompanying Notes to Consolidated Financial Statements.

1. General Information

Corporate Information

Eagle Cement Corporation (ECC or the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 20, 1995. The Parent Company is primarily engaged in the business of manufacturing, marketing, sale and distribution of cement products.

The Parent Company is a 60.21%-owned subsidiary of Far East Holdings, Inc. (FEHI or the Ultimate Parent Company), an entity incorporated and domiciled in the Philippines.

On May 29, 2017, the common stocks of the Parent Company were listed and traded in the Philippine Stock Exchange (PSE) through an Initial Public Offering (IPO) under the trading symbol "EAGLE."

The registered office address of the Parent Company is 2/F SMITS Corporate Center, 155 EDSA Barangay Wack-Wack, Mandaluyong City.

Subsidiaries

The Parent Company and its subsidiaries are collectively referred to herein as "the Group". The following subsidiaries are all incorporated in the Philippines and are registered with the SEC:

		Percentage (%) of Ownership	
Name of Subsidiary	Principal Activity	**2021**	2020
KB Space Holdings, Inc. (KSHI)	Property leasing activities	**100**	100
South Western Cement Corporation (SWCC)	Manufacturing, marketing, sale and distribution of cement products	**100**	100
Solid North Mineral Corp. (SNMC)	Mining activities and processing of limestones	**100**	–

KSHI and SWCC have not started commercial operations as at March 17, 2022.

On November 4, 2021, the Parent Company acquired 100% ownership of SNMC for a total consideration of ₱3,572.0 million from related parties (see Note 4).

Status of Mining Operations

The Group has the following Mineral Production Sharing Agreements (MPSA) granted by the Philippine Government through the Mines and Geosciences Bureau (MGB) either through direct grant or through deed of assignment.

Grantee/ Assignee	MPSA No.	Location	Date of Issuance/Renewal	Commodity	Status of Operations
Luzon sites:					
ECC	245-2007-III	Dona Remedios Trinidad and San Ildefonso, Bulacan	July 25, 2007	Limestone	Exploration
ECC*	181-2002-III	Akle, San Ildefonso, Bulacan	December 9, 2002	Limestone	Commercial Operations
SNMC**	161-00-III	Akle, San Ildefonso, Bulacan	September 12, 2000	Limestone, shale and pozzolan	Commercial Operations
Cebu sites:					
ECC	100-97-VII	Ginatilan, Cebu	December 29, 1997	Limestone	Exploration
ECC	101-97-VII	Ginatilan and Malabuyoc, Cebu	December 29, 1997	Limestone	Exploration
SWCC	059-96-VII	Lo-oc, Malabuyoc, Cebu	November 18, 2030	Limestone	Development
SWCC	060-96-VII	Lo-oc, Malabuyoc, Cebu	November 18, 2030	Limestone	Development
Mindanao site-					
SNMC	083-97-IX	Siayan, Sindangan and Jose Dalman, Zamboanga del Norte	November 20, 1997	Copper and gold	Exploration

*Started commercial operations for the production of limestone in 2010.

**Started commercial operations for the production of shale and pozzolan, and pulverized limestone in January 2016 and April 2019, respectively.

These MPSAs have a term of 25 years from the issuance date and may be renewed thereafter for another term not exceeding 25 years. On August 6, 2020, the MGB approved the extension of the terms of the MPSAs 059-96-VII and 060-96-VII from Cebu sites for a period of nine (9) years until November 18, 2030.

As of March 17, 2022, the Group is in the process of applying for the extension of the term of MPSAs 100-97-VII and 101-97-VII from Cebu sites.

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were approved and authorized for issuance by the Board of Directors (BOD) of the Parent Company on March 17, 2022, upon endorsement by the Audit Committee on the same date.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

The significant accounting policies used in the preparation of the consolidated financial statements are consistently applied to all the years presented, unless otherwise stated.

Measurement Bases
The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

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

	Measurement Basis
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Land, included as part of "Property, plant and equipment" account	Revalued amount
Investment properties	Fair value

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the following notes to the consolidated financial statements:

- Note 6 - Financial Assets at FVPL
- Note 10 - Financial Assets at FVOCI
- Note 11 - Property, Plant and Equipment
- Note 12 - Investment Properties
- Note 31 - Fair Value Measurement

Amended PFRS Issued But Not Yet Effective
Relevant amended PFRS, which are not yet effective as at December 31, 2021 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities* – The amendments clarify which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

  - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendments remove from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Deferred effectivity -

- Amendment to PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

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

Basis of Consolidation

The consolidated financial statements comprise of the financial statements of the Parent Company and its wholly-owned subsidiaries.

A subsidiary is an entity in which the Parent Company has control. The Parent Company controls a subsidiary if it is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. In assessing control, the Parent Company takes into consideration potential voting rights that are currently exercisable. Subsidiaries are consolidated from the date on which control is transferred to the Parent Company. Subsidiaries are deconsolidated from the date the Parent Company ceases to have control.

All intra-group balances, transactions, income and expenses and unrealized gains and losses are eliminated. The financial statements of the subsidiaries are prepared for the same reporting year using uniform accounting policies as that of the Parent Company.

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

If there is a loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. Any investment retained is recognized at fair value.

Business Combinations under Common Control. Business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and for which the control is not transitory, are accounted for using either the pooling of interests method or the acquisition method. The Group adopted the acquisition method for its business combination under common control.

Under the acquisition method, the Group determines if the assets acquired and the liabilities assumed constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. In an acquisition method, the acquirer measures the non-controlling interest in the acquiree at fair value of the entity's net assets. Acquisition-related costs incurred are recognized as expense. If the acquisition is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts and recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period ends at the date the Group receives the information about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but should not exceed one (1) year from the acquisition date.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

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

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

Financial Assets

Initial Recognition and Measurement. Financial assets, are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at FVPL, includes transaction cost.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI, and (c) financial assets at FVPL. The classification of a financial asset at initial recognition largely depends on the Group's business model for managing the asset and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets are measured at amortized cost if both of the following conditions are met:

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

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

As at December 31, 2021 and 2020, the Group's cash and cash equivalents, trade and other receivables (except advances to officers and employees), Debt Service Reserve Account (DSRA), long-term placements, restricted cash, refundable deposits, and deposit in escrow are classified under this category (see Notes 5, 7, 9 and 15).

Cash and cash equivalents include cash on hand, cash in banks, and short-term placements. Short-term placements are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. For equity instruments that are not held for trading, the Group may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, *Financial Instruments: Presentation.* This option is available and made on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in other comprehensive income (OCI) and are presented in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, instead, these are transferred directly to retained earnings.

As at December 31, 2021 and 2020, the Group has quoted investments in equity securities which were irrevocably designated as financial assets at FVOCI because the Group considers these investments to be strategic in nature (see Note 10).

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not "solely for payment of principal and interest", and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell. The Group may, at initial recognition, designate a debt instrument meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

This category also includes equity instruments which the Group had not irrevocably elected to classify at FVOCI at initial recognition.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2021 and 2020, the Group's investment in unquoted redeemable perpetual security and investments in various listed debt and equity securities other than those classified as financial assets at FVOCI are classified under this category (see Note 6).

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

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized n profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new carrying amount.

Impairment of Financial Assets at Amortized Cost. The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with all debt instruments not held at FVPL. ECL is 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 to the asset's 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, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Group also considers reasonable and supportable information, that is available without undue cost or effort, which is indicative of significant increases in credit risk since initial recognition.

The Group considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

Classification. The Group classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2021 and 2020, the Group does not have financial liabilities at FVPL.

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

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

As at December 31, 2021 and 2020, the Group's trade and other payables (except advances from customers, and statutory payables), loans payable and lease liabilities are classified under this category (see Notes 16, 17 and 26).

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Classification of Financial Instrument between Liability and Equity. Redeemable preferred shares are classified as equity if it does not exhibit the following contractual obligations to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. Redeemable preferred shares that exhibit characteristics of a liability are recognized at fair value, net of transaction costs, at inception date and presented as a liability in the consolidated statements of financial position.

Offsetting of Financial Assets and Liabilities
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 intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). The cost of raw materials, spare parts and supplies comprises all purchase price and other costs incurred in bringing the inventories to its present location and condition. The cost of finished goods and goods in process comprises raw materials, direct labor and other direct costs and related production overheads.

The cost of raw materials is calculated based on moving average method while the cost of goods in process and finished goods is calculated based on standard costing method. Standard cost is adjusted to reflect actual cost which is principally determined using the moving average method. The NRV of raw materials, goods in process and finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and of marketing and distribution.

Cost is determined using the moving average method for spare parts and supplies. The NRV of spare parts and supplies are their current replacement costs. Spare parts are carried as inventory and recognized in profit or loss as consumed. However, major spare parts and stand-by equipment are recorded under "Property, plant and equipment" account in the consolidated statements of financial position when the Group expects to use these for more than one (1) year or if these can be used only in connection with an item of property, plant and equipment.

When the NRV of the inventories is lower than its cost, the Group provides for an allowance for the decline in value of inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of write-down of inventories, arising from an increase in NRV, is recognized in profit or loss in the period in which the reversal occurs.

Other Nonfinancial Current Assets
Other nonfinancial current assets include advances to suppliers, prepayments, and advances to officers and employees.

Advances to Suppliers. Advances to suppliers are amounts paid in advance for the purchase of goods and service contractors. These are carried at face amount in the consolidated statement of financial position and are recognized to appropriate asset account or in profit or loss when the services or materials for which the advances were made are received or delivered. Advances to suppliers wherein the related assets to which the advances were made will be used primarily for the purpose of trading are classified as current assets. Otherwise, these are classified as noncurrent assets.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Advances to Officers and Employees. Advances to officers and employees are measured at face amount. These pertain to advances made to the Group's officers and employees in relation to the operations of the Group. These are recognized as expense upon liquidation of said advances.

Investment in an Associate

An associate is an entity over which the Group has significant influence. 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 Group's investment in an associate is accounted for under equity method. The investment is initially recognized at cost and adjusted to recognize the Group's share in net assets of the associate since the acquisition date. Dividends received by the Group from the associate will reduce the carrying amount of the investment when the right to receive the dividend is established. The Group recognizes its share in net income or loss of the associate in profit or loss. Any change in OCI of the associate is presented as part of the Group's OCI. In addition, where there has been change recognized directly in equity of the associate, the Group recognizes its share in any changes, when applicable, in the consolidated statements of changes in equity.

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

The financial statements of the associate are prepared in the same reporting period as the Group.

Property, Plant and Equipment

Land is accounted for using the revaluation model.

Under the revaluation model, land is initially recorded at cost and subsequently measured at fair value less impairment losses, if any. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded initially in OCI and accumulated to the other equity reserves account in equity. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus.

The following property, plant and equipment are stated at cost less accumulated depreciation, amortization and any accumulated impairment losses:

- Machinery and equipment
- Building and improvements
- Furniture, fixtures and other office equipment
- Transportation equipment
- Right-of use (ROU) assets

The initial cost of property, plant and equipment comprises its purchase price, after deducting trade discounts and rebates, import duties, non-refundable purchase taxes, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable in bringing the assets to a working condition for their intended use, costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. The cost of replacing a component of an item of property, plant and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property, plant and equipment:

	Number of Years
Machinery and equipment	5 to 30
Building and improvements	10 to 30
Furniture, fixtures and other office equipment	3 to 5
Transportation equipment	5
ROU assets	2 to 8

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

Fully depreciated assets are retained in the account until they are no longer in use and no further change for depreciation is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Construction in progress represents properties under construction and is stated at cost. Cost includes costs of construction and other directly attributable costs. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

Investment Properties

Investment properties pertain to land which is intended to be used for the construction of a building to be held for rental and construction in progress pertaining to development costs for the building. Investment properties are properties held either to earn rental income or for capital appreciation or both, and properties under construction or redevelopment, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the period in which they arise. The carrying amount excludes the costs of day-to-day servicing of the investment properties.

Investment properties are derecognized when either these have been disposed of or the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

For transfers from investment properties to owner-occupied properties or inventories, the cost for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such in accordance with the policy under property, plant and equipment up to the date of change in use.

Stripping Costs

As part of its mining operations, the Group incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine before the production phase commences (development stripping) are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using unit-of-production method. The capitalization of development stripping costs ceases when the mine is commissioned and ready for use as intended by management. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping.

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to the ore to be mined in the future, the costs are recognized as a noncurrent asset, referred to as a 'stripping activity asset', if the following criteria are met:

a. Future economic benefits (improved access to the ore body) are probable;
b. The component of the ore body for which access will be improved can be accurately identified; and
c. The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are recognized in profit or loss as operating costs when incurred.

Intangible Assets
Intangible assets include mining rights, computer software, and goodwill.

Mining Rights and Computer Software. Mining rights and computer software are stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. Mining rights and computer software are amortized over their useful lives on a straight-line basis and assessed for impairment whenever there is an indication that the mining rights and computer software may be impaired.

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets with finite useful lives are recognized in profit or loss.

The useful life of intangible assets arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Group. The useful lives are as follows:

	Number of Years
Mining rights	25
Computer software	10

When mining rights and computer software are retired or otherwise disposed of, the cost and the related accumulated amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Goodwill. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Other Nonfinancial Noncurrent Assets

Other nonfinancial noncurrent assets include deposit on asset purchase, deferred exploration and evaluation costs, and deposit for future investment.

Deposit on Asset Purchase. Deposit on asset purchase, measured at face amount less any allowance for impairment, represents advance payments for long-term supply of raw materials and advance payments for the purchase of property, plant and equipment. Deposit on asset purchase are applied against acquisition of property, plant and equipment and long-term deposit for inventory acquisition.

Deferred Exploration and Evaluation Costs. Deferred exploration and evaluation costs arising from the Group's exploration and evaluation activities are carried at cost less any accumulated impairment losses, if any.

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. These include the following:

- Acquisitions of rights to explore;
- Gathering exploration data through geophysical studies;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements; and
- Evaluating the technical feasibility and commercial viability of extracting the mineral resource.

Exploration and evaluation expenditures are deferred as asset when future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Group capitalizes any further evaluation costs incurred up to the point when a commercial reserve is established.

Deferred exploration and evaluation costs are assessed for impairment before these are reclassified to "Property, plant and equipment" account in the consolidated statements of financial position. Any impairment loss is recognized in profit or loss. If the mining property is found to contain no commercial reserves, the deferred exploration and evaluation costs are charged to profit or loss.

Deposit for Future Investment. Deposit for future investment represents funds paid in advance for future acquisition of the investee's capital stocks which is measured at cost less any allowance for impairment. Deposit for future investment is applied against subscription to common shares of stock of a business entity.

Impairment of Nonfinancial Assets

The carrying amounts of property, plant and equipment, intangible assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or CGU are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

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

Value-Added Tax (VAT)

VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

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

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

The net amount of VAT payable to the taxation authority is included as part of "Trade and other payables" account in the consolidated statements of financial position.

Deferred Input VAT

In accordance with Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Deferred input VAT that are expected to be claimed against output VAT within 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Advances from Customers
Advances from customers consist of amounts received by the Group from its customers as advance collections for the sale of goods. These are recorded at face amount in the consolidated statements of financial position and recognized as revenue in the consolidated statements of comprehensive income when the control over the goods for which the advances were made are transferred and delivered to the customers.

Rebates
The Group provides rebates to certain customers based on the level of their purchases which may be applied against the amount of their existing or future payables to the Group. The rebates granted by the Group are not considered as a variable consideration as defined in PFRS 15. Accordingly, the Group's sales rebates are accounted for separately from the total consideration of the revenue recognized and measured at the amount expected to be claimed by the customer against future sales transactions.

The Group's accrual for sales rebates is included as part of "Trade and other payables" account in the consolidated statements of financial position.

Equity

Common Stock. Common stock is measured at par value for all shares issued and outstanding.

Preferred Stock. Preferred stock is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. It is measured at par value for all shares issued. Dividends thereon are recognized as distributions within equity upon approval by the Parent Company's BOD.

Additional Paid-in Capital (APIC). APIC represents the proceeds and/or fair value of consideration received in excess of the par value of the shares issued. Incremental costs directly attributable to the issuance of new common stock are recognized as a deduction from APIC, net of any tax effects.

Retained Earnings. Retained earnings represent the cumulative balance of net income, net of any dividend declaration.

Unappropriated retained earnings pertain to the unrestricted portion available for dividend declaration. Appropriated retained earnings pertain to the restricted portion which is intended for expansion projects and other significant business activities of the Group.

The Group recognizes a liability to pay dividends when the distribution is authorized and no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

Other Equity Reserves. Other equity reserves comprise of items of income and expense, net of any deferred tax expense or benefit, that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Group pertain to revaluation surplus on land, cumulative remeasurement gains or losses on net retirement benefits liability, and cumulative unrealized gains on financial assets at FVOCI.

Treasury Stock. Treasury stock represents issued shares repurchased by the Group. The consideration paid, including any directly attributable incremental costs, net of related taxes, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related taxes, is included in equity attributable to the equity holders of the Group.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Sales. Sales are recognized at a point in time when control of the goods has been transferred, when the products are delivered to the buyer, and the seller has no obligation that could affect the buyer's acceptance of goods.

The following are the specific recognition criteria for other revenues outside the scope of PFRS 15:

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend Income. Dividend income is recognized when the Group's right to receive payment is established.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Goods Sold. Cost of goods sold is recognized as expense when the related goods are delivered to and accepted by customers.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market the goods. These include advertising and freight and handling, among others. These are expensed as incurred.

Employee Benefits

Short-term Benefits. The Group recognizes short-term employee benefits based on contractual arrangements with employees. Unpaid portion of the short-term employee benefits is measured on an undiscounted basis and is included as part of "Trade and other payables" account in the consolidated statements of financial position.

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of net retirement benefits (costs) is performed annually by a qualified actuary. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Group recognizes service costs, comprising of current service cost and past service cost, and net interest cost in profit or loss.

The Group determines the net interest cost by applying the discount rate to the net defined benefit liability at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI and are not reclassified to profit or loss in subsequent periods.

The net retirement benefit liability recognized by the Group is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net retirement benefit liability.

Leases

The Group assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of the asset and whether the Group has the right to direct the use of the asset. The Group recognizes ROU asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

Group as a Lessee. At the commencement date, the Group recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date of the lease contract, the Group measures ROU assets (presented as part of "Property, plant and equipment" account) at cost. The initial measurement of ROU assets includes the following:

- the amount of the initial measurement of lease liabilities;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs; and
- an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging from two (2) to eight (8) years.

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

Lease payments included in the measurement of lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. Lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Finance Costs

Finance costs include interest charges and other costs incurred in connection with the borrowing of funds. Finance costs also include any interest expense resulting from adjusting the amortized cost of financial liabilities based on the effective interest method.

All finance costs, other than capitalizable borrowing costs, are recognized in profit or loss in the period they are incurred.

Foreign Currency-Denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used in the computation are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided 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. Deferred tax assets are recognized for all deductible temporary differences, and carryforward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries and interest in joint ventures.

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

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

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized to equity or in OCI.

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

Related Party Relationships and Transactions
Related party relationships exist 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 relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Related parties may be individual or corporate entities.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Segment Reporting
The Group reports separate information about each of its operating segment.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group) and whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete information is available.

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, for example under an insurance contract, 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 profit or loss net of any reimbursement. If the effect of the time value of money is material, the estimated future cash flows are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for Mine Rehabilitation and Decommissioning. Mine rehabilitation costs will be incurred by the Group either while operating or at the end of the operating life of the Group's facilities and mine properties. The Group assesses its provision for mine rehabilitation and decommissioning at each reporting date. The Group recognizes a provision where: it has a legal and constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of obligation can be made. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closing plant and waste sites, and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the mining asset is installed, or the ground or environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it is incurred as a result of the development or construction of the mine.

Changes in the estimated timing of rehabilitation or changes in the estimated future costs are recognized prospectively as an adjustment to the provision for mine rehabilitation and decommissioning and the related mining asset.

Any decrease in the provision for mine rehabilitation and decommissioning and, therefore, any deduction from the asset may not exceed the carrying amount of the related mining asset. Any excess over the carrying amount is recognized in profit or loss.

If the change in estimate results in an increase in the provision for mine rehabilitation and decommissioning and, therefore, an addition to the carrying amount of the mining asset, the Group considers whether there is an indication of impairment of the asset as a whole. If any such indication exists and when the revised estimate for the mining asset (net of rehabilitation provisions) exceeds the recoverable amount, the increase is recognized as expense.

The discounted provision for mine rehabilitation and decommissioning is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic accretion of the discount is recognized in profit or loss as part of finance cost.

Rehabilitation funds committed for use in satisfying environmental obligations are classified as "Restricted cash" included in "Other noncurrent assets" account in the consolidated statements of financial position.

Contingencies. Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net income (less preferred dividends net of tax, if any) for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's consolidated statements of financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. The judgments, accounting estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates and assumptions made by the Group:

Judgments

Classification of Financial Assets. Classification and measurement of financial assets depends on the results of the contractual cash flow and the business model tests. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

At initial recognition, the Group designated its investments in equity securities either as financial assets at FVOCI (see Note 10) or as financial assets at FVPL. The Group's investments in quoted equity and debt securities and investment in unquoted redeemable perpetual security were designated as financial assets at FVPL (see Note 6).

Cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), DSRA, long-term placements, restricted cash, refundable deposits, and deposit in escrow were classified as financial assets at amortized cost since the Group's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest (see Notes 5, 7, 9, and 15).

Fair Value Measurement of Financial Instruments. The fair values of securities that are actively traded in organized financial markets are determined by reference to unadjusted quoted market prices at the close of business on the reporting date.

When the fair values of financial assets recorded in the consolidated statements of financial position cannot be measured based on quoted prices in active market, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to this model are taken from observable market when possible, but when this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

In accordance with the amendments to PFRS 7, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the consolidated statements of financial position.

Assumptions and methods of determining the fair values of financial instruments are presented in Note 31 to the consolidated financial statements.

Existence of Significant Influence over Armstrong Fly-ash and Logistics Company, Inc. (AFALCI). Significant influence has been established by the Group over the investee as shown from its participation, through its representative in the investee's BOD, in the decision making process of the investee's significant activities. Further, although the Group's interest is only represented by preferred shares, still, a conversion feature gives the Group a potential voting power in the future, which increases its ability to participate in the overall decision making process of the investee.

Investment in the preferred shares of AFALCI amounted to ₱75.0 million as at December 31, 2021 and 2020 (see Note 13).

Classification of Land as Property, Plant and Equipment and Investment Properties. The Group determines whether a property qualifies as an investment property or a property, plant and equipment. In making its judgment, the Group considers whether the property is held primarily to earn rentals or capital appreciation or both or used for operations and administrative purposes by the Group.

Land held for operations and administrative purposes amounting to ₱6,091.3 million and ₱4,104.4 million as at December 31, 2021 and 2020, respectively, is classified as property, plant and equipment (see Note 11). Land held for the construction of a building to be held for rental amounting to ₱1,677.3 million and ₱1,565.4 million as at December 31, 2021 and 2020, respectively, is classified as an investment property (see Note 12).

Assessment of Production Start Date. The Group assesses the stage of development of the mine site to determine the start of production phase or the substantial completion of mining site development or production. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. The criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with construction cost estimate;
- Completion of a reasonable period of testing of the property, plant and equipment; and
- Ability to sustain ongoing production of limestone.

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either capitalized as part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, mine development, or mineable reserve development. It is also at this point that depreciation or amortization commences.

The Luzon mining sites, except for the Dona Remedios Trinidad site, started their production and commercial operations in 2010. As at March 17, 2022, the Cebu mining sites have not yet started commercial operations.

Capitalization of Exploration and Evaluation Expenditures. The Group makes judgments in determining whether there are future economic benefits from either future exploration or sale of mineral reserves to capitalize exploration and evaluation expenditures. The Group further applies estimates and assumptions about future events and circumstances to determine whether an economically viable extraction operation can be established.

Deferred exploration and evaluation costs, presented under "Other noncurrent assets" account in the consolidated statements of financial position, amounted to ₱44.7 million and ₱36.8 million as at December 31, 2021 and 2020, respectively (see Note 15).

Determination of Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

- Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.
- The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.
- Its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements. The Group assessed that it has a single reportable operating segment based on the criteria above (see Note 34).

Estimates and Assumptions

Assessment for ECL on Trade Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

The Group has assessed that the ECL on trade receivables is not material because substantial amount of receivables are normally collected within one (1) year while none of the remaining balances are written off or credit impaired as at reporting date. Accordingly, no provision for ECL on trade receivables was recognized in 2021, 2020 and 2019. The carrying amount of trade receivables is ₱412.4 million and ₱383.0 million as at December 31, 2021 and 2020, respectively (see Note 7).

Assessment for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of other financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparty.

The Group also considers financial assets that are more than 60 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2021, 2020 and 2019.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	2021	2020
Cash in banks and cash equivalents	5	**₱11,644,038,785**	₱11,465,131,641
Long-term placements	15	**650,000,000**	650,000,000
DSRA	9	**333,128,296**	347,425,003
Restricted cash	15	**67,977,321**	28,232,093
Refundable deposits	15	**64,017,934**	55,912,004
Deposit in escrow	15	**44,581,295**	42,083,752
Other receivables*	7	**606,758,716**	105,703,524
		₱13,410,502,347	₱12,694,488,017

**Includes dividends receivable, interest receivable, advances to related parties and other receivables*

Determination of NRV of Inventories. The Group writes down the cost of inventories whenever the NRV of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The Group reviews the lower of cost and NRV of inventories on a periodic basis. NRV represents the estimated selling price of the product based on prevailing prices at the end of the reporting period, less estimated costs to complete production and bring the product to sale. NRV test for spare parts and supplies is also performed annually. The NRV of spare parts and supplies represents the current replacement cost. An increase in allowance for inventory obsolescence and market decline would increase recorded operating expense and decrease current assets.

As at December 31, 2021 and 2020, the cost of inventories is lower than its NRV. The carrying amount of inventories is ₱1,690.4 million and ₱1,405.7 million as at December 31, 2021 and 2020, respectively (see Note 8).

Estimation of the Useful Lives of Property, Plant and Equipment, Mining Rights and Computer Software. The Group estimates the useful lives of its property, plant and equipment and computer software based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property, plant and equipment and computer software based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes, and anticipated use of the assets. In addition, the estimation of the useful lives of property, plant and equipment and computer software is based on internal technical evaluation, and experience with similar assets. The Group also amortizes mining rights based on the total term of the quarry permit which is twenty five (25) years pursuant to Republic Act (R.A.) 7942, the Philippine Mining Act of 1995.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, mining rights and computer software would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment, mining rights and computer software in 2021, 2020 and 2019.

The carrying amount of property, plant and equipment (excluding land and construction in progress) is ₱18,807.6 million and ₱19,259.2 million as at December 31, 2021 and 2020, respectively (see Note 11). The carrying amounts of mining rights and computer software are ₱1,196.5 million and ₱179.2 million, respectively, as at December 31, 2021 and ₱187.5 million and ₱132.1 million, respectively, as at December 31, 2020 (see Note 14).

Determination of the Revalued Amount of Land (Included under Property, Plant and Equipment account). The Group has adopted the revaluation model in determining the carrying amount of land with changes in revalued amount recognized as other comprehensive income. The Group obtained the services of an independent appraiser in determining the fair value of land, and such fair value was determined based on recent prices of similar properties, with adjustments to reflect any changes in economic conditions since the date of those transactions. The amount and timing of recorded changes in fair value for any period would differ if the Group made different judgments and accounting estimates or utilized a different basis for determining fair value.

The carrying amount of land measured at revalued amount as at December 31, 2021 and 2020 is ₱6,091.3 million and ₱4,104.4 million, respectively (see Note 11).

Determination of the Fair Value of Investment Properties. The Group measures its investment properties at fair value with changes in fair values recognized in profit or loss. The Group engaged an independent appraiser to assess the fair value of investment properties as at December 31, 2021 and 2020. These were valued by reference to recent market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the properties.

Estimated fair values of investment properties (excluding construction in progress) amounted to ₱1,677.3 million and ₱1,565.4 million as at December 31, 2021 and 2020, respectively (see Note 12).

Accounting for Business Combination under Common Control. In 2021, the Parent Company acquired 100% ownership in SNMC. As at transaction date, the Group evaluated whether this represents acquisition of a business or of a group of assets. The Group determined that the transaction be accounted as a business combination under common control using acquisition method since the acquisition is a strategic move by the Parent Company to ensure sustainable supply of raw materials for its operations.

Under the acquisition method, the Group accounted for the assets acquired and the liabilities assumed at the date of acquisition based on their respective fair values. This requires certain estimates and assumptions concerning the determination of the fair values of acquired mining rights, land, other property, plant and equipment, as well as liabilities assumed at the acquisition date. The valuation of those assets prepared by the Group are based on information available at the acquisition date.

The carrying amount of goodwill arising from the acquisition of SNMC amounted to ₱327.8 million as at December 31, 2021 (see Note 14).

Leases – Estimation of the IBR. The Group uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Group estimates the IBR using available observable inputs (such as the prevailing BVAL interest rates) adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

The Group has applied IBR ranging from 7.73% to 7.91% for the computation of lease liabilities and ROU assets. Lease liabilities amounted to ₱47.7 million and ₱44.2 million as at December 31, 2021 and 2020, respectively. ROU assets amounted to ₱36.6 million and ₱40.0 million as at December 31, 2021 and 2020, respectively (see Note 26).

Assessment for Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.
The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

No impairment loss on nonfinancial assets was recognized in 2021, 2020 and 2019. The carrying amounts of nonfinancial assets are as follows:

	Note	**2021**	2020
Property, plant and equipment	11	**₱27,723,632,795**	₱25,603,963,422
Intangible assets*	14	**1,375,663,446**	319,582,035
Deposit on asset purchase	15	**583,855,838**	1,453,042,846
Advances to suppliers	9	**418,289,171**	124,895,339
Prepayments	9	**229,602,106**	211,329,558
Deferred input VAT	9,15	**138,158,026**	151,744,805
Investment in an associate	13	**75,000,000**	75,000,000
Deferred exploration and evaluation costs	15	**44,678,353**	36,790,105
Advances to officers and employees	7	**9,222,384**	9,904,885
Deposit for future investment	15	**4,306,438**	717,000,000
Others	9,15	**58,446,552**	40,945,697

**excluding goodwill amounting to ₱331.6 million and ₱3.8 million in 2021 and 2020, respectively.*

Assessment of Goodwill Impairment. The Group tests annually whether any impairment in goodwill should be recognized, in accordance with the related accounting policy. The recoverable amounts of CGU have been determined based on value in use calculations which require the use of estimates. No impairment loss was recognized in 2021, 2020 and 2019. The carrying amount of goodwill amounted to ₱331.6 million and ₱3.8 million as at December 31, 2021 and 2020, respectively (see Note 14).

Assessment of the Recoverability of Deferred Exploration and Evaluation Costs. Deferred exploration and evaluation costs are capitalized in the period incurred until it has been determined that a property has no sufficient economically recoverable reserves, in which case the costs are written off as impairment losses. The Group reviews the carrying amounts of its mineral property interests whenever events or changes in circumstances indicate that their carrying amounts may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying amount of those assets exceeds its recoverable amount.

No impairment loss on deferred exploration and evaluation costs was recognized in 2021, 2020 and 2019.

Recognition of Provision for Mine Rehabilitation and Decommissioning. The ultimate cost of mine rehabilitation and decommissioning is uncertain, and cost estimates can vary in response to many factors including estimates of the extent and costs of rehabilitation activities, changes in the relevant legal requirements, emergence of new restoration techniques or experience, cost increases as compared to the inflation rates, and changes in discount rates. The expected timing of expenditure can also change in response to changes in quarry reserves or production rates. These uncertainties may result in future actual expenditure different from the amounts currently provided. As a result, there could be significant adjustments in provision for mine rehabilitation and decommissioning, which would affect future financial results.

Provision for mine rehabilitation and decommissioning is based on estimated future costs of rehabilitating the mine site using information available at the reporting date.

Provision for mine rehabilitation and decommissioning amounted to ₱50.0 million and ₱31.2 million as at December 31, 2021 and 2020, respectively (see Note 18).

Determination of Retirement Liability. The determination of the net retirement benefit liability and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 27 to the consolidated financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded liability in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net retirement benefit liability.

Net retirement benefit liability amounted to ₱ 122.8 million and ₱ 87.9 million as at December 31, 2021 and 2020, respectively. Cumulative remeasurement gains on net retirement benefit liability (net of deferred tax) amounted to ₱47.4 million and ₱23.3 million as at December 31, 2021 and 2020, respectively (see Note 27).

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

Deferred tax assets amounting to ₱15.1 million and ₱21.9 million were not recognized as at December 31, 2021 and 2020, respectively. Management believes that the Group will not have sufficient taxable income against which the benefits of the deferred tax assets can be utilized (see Note 29).

Deferred tax assets recognized amounted to ₱115.9 million and ₱38.7 million as at December 31, 2021 and 2020, respectively (see Note 29).

4. Acquisition of SNMC

On November 4, 2021, the Parent Company acquired 100% ownership in SNMC for a total consideration of ₱3,572.0 million from its related parties.

The acquisition is a strategic move by the Parent Company to ensure sustainable supply of raw materials for its operations. The fair values of the identified assets and liabilities of SNMC at the date of acquisition and the purchase price were allocated as follows:

Cash	₱263.5
Trade and other receivables	214.1
Inventories	92.5
Other current assets	1,554.4
Property, plant and equipment	1,421.8
Acquired mining rights	1,015.5
Other noncurrent assets	52.9
Trade and other payables	363.1
Other current liabilities	835.8
Income tax payable	47.1
Other noncurrent liabilities	17.4
Net deferred tax liabilities	107.1
Total identifiable net assets acquired at fair value	3,244.2
Percentage share of net assets acquired	100%
Net assets acquired	3,244.2
Cash consideration	(3,572.0)
Goodwill	₱327.8

Total consideration	₱3,572.0
Less cash acquired	263.5
Acquisition of subsidiary, net of cash acquired	₱3,308.5

The excess of consideration over the fair value amounting to ₱327.8 million represents goodwill, which is the fair value of the expected synergies arising from the acquisition of the business (see Note 14). None of the goodwill recognized is expected to be deductible for tax purposes.

The revenue and net income of SNMC from the date the Group obtained control, which is November 4, 2021, up to December 31, 2021, amounted to ₱92.6 million and ₱67.2 million, respectively, which were included in the Group's results of operations in 2021. Had the acquisition taken place at the beginning of 2021, the Group's revenue and net income for the year ended December 31, 2021 would have been ₱21,718.8 million and ₱6,419.3 million, respectively.

The assets and liabilities of SNMC as at December 31, 2021 were included in the Group's 2021 consolidated financial statements.

Measurement of Fair Values of Identifiable Assets Acquired

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Property, Plant and Equipment. The fair value was estimated using the Sales Comparison Approach. This approach compares sales of similar or substitute properties and related market data to establish an estimated fair value.

Acquired Mining Rights. The fair value was estimated using the Discounted Cash Flow method. This method determines the present value of future cash flows of an investment using a discount rate for each periodic cash flow derived from an entity's cost of capital. At acquisition date, discount rate used is 10.99%.

5. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	**₱1,010,559**	₱1,123,566
Cash in banks	**688,249,975**	2,084,472,199
Short-term placements	**10,955,788,810**	9,380,659,442
	₱11,645,049,344	₱11,466,255,207

Cash on hand pertains to petty cash fund and revolving funds. Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations.

Short-term placements are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn annual interest at rates ranging from 0.05% to 3.25% in 2021, 0.88% to 5.50% in 2020, and 3.63% to 7.10% in 2019.

Interest income is recognized from the following:

	Note	**2021**	2020	2019
Cash in banks and cash equivalents*		**₱124,812,576**	₱273,048,011	₱705,860,018
Long-term placements	15	**30,738,423**	31,797,173	37,571,500
Deposit for future investments	15	**28,879,000**	–	–
Financial assets at FVPL	6	**28,681,286**	28,100,980	20,550,895
Others		**216,200**	799,848	–
		₱213,327,485	₱333,746,012	₱763,982,413

**Includes interest income from DSRA, deposit in escrow and restricted cash.*

6. Financial Assets at FVPL

This account consists of:

	2021	2020
Equity securities	**₱4,055,104,101**	₱4,058,939,455
Debt securities	**813,578,557**	644,079,707
	₱4,868,682,658	₱4,703,019,162

Financial assets at FVPL consist of quoted, debt, quoted equity, and unquoted redeemable perpetual securities held by the Group for trading purposes.

On July 1, 2020, the Group subscribed to an unquoted perpetual redeemable securities of a related party amounting to ₱4,000.0 million with a distribution rate of 5.0% per annum to be distributed quarterly starting October 1, 2020 (see Note 20).

Dividend income is recognized from the following equity securities (see Note 24):

	Note	2021	2020	2019
Financial asset at FVPL		**₱207,660,775**	₱127,945,911	₱6,257,593
Financial asset at FVOCI	10	**6,844,317**	6,808,051	6,808,051
		₱214,505,092	₱134,753,962	₱13,065,644

Trading gains (losses) on financial assets at FVPL are as follows (see Note 24):

	2021	2020	2019
Unrealized gains (losses) on fair value changes	**(₱23,433,048)**	₱18,320,962	₱59,077,911
Realized gains on sale of securities	**227,503**	1,757,018	4,585,829
	(₱23,205,545)	₱20,077,980	₱63,663,740

Debt securities are quoted and earn annual interest rate ranging from 5.17% to 6.25% in 2021, 2020 and 2019. Interest income on debt securities amounted to ₱28.7 million, ₱28.1 million and ₱20.6 million in 2021, 2020 and 2019, respectively (see Note 5).

The Group's quoted financial assets at FVPL as at December 31, 2021 and 2020 are carried at fair values based on quoted market or bidding dealer price quotations from active markets as at the reporting period. The fair valuation is classified under Level 1 category (see Note 31).

The Group's unquoted financial asset at FVPL as at December 31, 2021 is carried at fair value computed using the discounted cash flow method. This method uses management's assumptions about forecasted cash flows, and discount rate. The fair valuation is classified under Level 2 category (significant observable inputs) (see Note 11).

The following are the key inputs used for the valuation of the investment in unquoted equity security using the discounted cash flow method:

Forecasted cash flows. The Group prepared the forecasted cash flows based on the annual distribution expected to be received from the unquoted equity investment.

Discount rate. The discount rate is the current rate of return of a similar instrument traded in an active market. The discount rate used is 1.09% in 2021.

7. Trade and Other Receivables

This account consists of:

	Note	2021	2020
Trade:			
Third parties		**₱259,029,006**	₱378,598,865
Related parties	20	**153,354,112**	4,395,639
Advances to related parties	20	**491,372,977**	–
Dividends receivable	20	**51,702,013**	51,702,013
Advances to officers and employees		**9,222,384**	9,904,885
Interest receivable		**8,753,127**	5,580,044
Others		**54,930,599**	38,516,582
		₱1,028,364,218	₱488,698,028

Trade receivables are noninterest-bearing and are generally on a 60-day credit term.

Advances to officers and employees are subject to liquidation within a period of seven (7) days after the transaction occurred or through salary deduction.

Other receivables are normally settled throughout the year.

8. Inventories

This account consists of:

	2021	2020
Raw materials	**₱534,022,193**	₱326,940,512
Spare parts	**477,897,816**	440,416,296
Goods in process	**442,460,776**	416,690,974
Supplies	**203,066,025**	188,815,287
Finished goods	**32,979,923**	32,833,343
	₱1,690,426,733	₱1,405,696,412

Cost of inventories as at December 31, 2021 and 2020 is lower than its NRV. Cost of inventories sold amounted to ₱6,986.2 million, ₱4,332.9 million, and ₱6,371.8 million in 2021, 2020, and 2019, respectively (see Note 22).

9. Other Current Assets

This account consists of:

	Note	2021	2020
Advances to suppliers	20	**₱418,289,171**	₱124,895,339
DSRA	17	**333,128,296**	347,425,003
Prepayments for:			
Taxes		**217,478,303**	202,640,975
Insurance		**12,123,803**	8,688,583
Current portion of deferred input VAT		**136,992,613**	138,009,998
Others		**43,272,440**	28,749,649
		₱1,161,284,626	₱850,409,547

Advances to suppliers represent advance payments for purchases of inventories and services that are applied against subsequent deliveries. The amounts have been outstanding for less than one (1) year from initial recognition. These are reversed upon receipt of goods and services from suppliers.

As at December 31, 2021, advances to suppliers amounting to ₱9.9 million have been applied for acquisitions of inventories. This is considered as noncash information in the consolidated statements of cash flows.

DSRA represents an account maintained with a certain bank for annual principal and interest payments of the Group's loans payable in accordance with the provision of the Term Loan Facility and Security Agreement (TLFSA) (see Note 17). As a requirement, the Group ensures that the outstanding balance of DSRA is at least equal to the interest and the principal due, net of applicable withholding tax, on the immediately succeeding payment date. Withdrawals from DSRA should only be made if the amount outstanding exceeds the required balance, no default is continuing, and a written consent of the security agent is obtained.

10. Financial Assets at FVOCI

This account consists of quoted equity securities amounting to ₱105.7 million and ₱103.1 million as at December 31, 2021 and 2020, respectively.

Dividend income earned from financial assets at FVOCI amounted to ₱6.8 million in 2021 and 2020 and 2019 (see Note 6).

Rollforward analysis of cumulative unrealized gains on financial assets at FVOCI is shown below:

	2021	2020	2019
Balance at beginning of year	**₱3,067,050**	₱1,066,800	₱–
Unrealized gains for the year	**2,600,325**	2,000,250	1,066,800
Balance at end of year	**₱5,667,375**	₱3,067,050	₱1,066,800

The Group's financial assets at FVOCI as at December 31, 2021 and 2020 are carried at fair value based on quoted market prices or bidding dealer price quotations from active markets as at the reporting date. The fair valuation is classified under Level 1 category (see Note 31).

11. Property, Plant and Equipment

The balances and movements in this account as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021							
	At Revalued Amount	At Cost						
	Land	Machinery and Equipment	Building and Improvements	Furniture, Fixtures, and Other Office Equipment	Transportation Equipment	ROU Assets	Construction in Progress (CIP)	Total
Cost/Revalued Amount								
Balances at beginning of year	₱4,104,370,220	₱21,352,634,998	₱3,600,900,690	₱255,601,215	₱221,749,489	₱59,726,112	₱2,240,439,426	₱31,835,422,150
Additions	27,173,549	148,594,508	1,548,684	17,818,518	21,841,832	14,319,072	998,801,568	1,230,097,731
Acquisition of a new subsidiary	1,205,131,000	252,684,255	23,523,133	5,450,503	6,478,740	–	–	1,493,267,631
Revaluation	761,658,332	–	–	–	–	–	–	761,658,332
Disposals	–	–	(1,749,734)	(2,038,631)	(9,655,503)	(7,159,536)	(171,230,224)	(191,833,628)
Price adjustment	(7,038,487)	–	–	–	–	–	–	(7,038,487)
Settlement of construction in progress	–	204,307,171	38,962,177	–	–	–	(243,269,348)	–
Balances at end of year	6,091,294,614	21,958,220,932	3,663,184,950	276,831,605	240,414,558	66,885,648	2,824,741,422	35,121,573,729
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	4,484,752,231	1,403,516,362	174,173,835	149,303,228	19,713,072	–	6,231,458,728
Depreciation and amortization	–	885,674,893	129,438,980	33,610,797	47,933,267	10,604,347	–	1,107,262,284
Acquisition of subsidiary	–	58,022,777	5,264,851	4,106,601	4,026,116	–	–	71,420,345
Disposals	–	–	(532,245)	(2,012,675)	(9,655,503)	–	–	(12,200,423)
Balances at end of year	–	5,428,449,901	1,537,687,948	209,878,558	191,607,108	30,317,419	–	7,397,940,934
Carrying Amounts	₱6,091,294,614	₱16,529,771,031	₱2,125,497,002	₱66,953,047	₱48,807,450	₱36,568,229	₱2,824,741,422	₱27,723,632,795

	2020							
	At Revalued Amount	At Cost						
	Land	Machinery and Equipment	Building and Improvements	Furniture, Fixtures, and Other Office Equipment	Transportation Equipment	ROU Asset	CIP	Total
Cost/Revalued Amount								
Balances at beginning of year	₱2,683,828,281	₱20,712,637,200	₱3,856,434,116	₱223,026,748	₱211,211,409	₱59,726,112	₱1,151,172,452	₱28,898,036,318
Additions	–	254,555,821	52,132,201	35,617,013	26,480,573	–	1,230,483,421	1,599,269,029
Revaluations	1,420,541,939	–	–	–	–	–	–	1,420,541,939
Disposals	–	(63,408,847)	(31,250)	(3,042,546)	(15,942,493)	–	–	(82,425,136)
Reclassifications	–	338,616,408	(338,616,408)	–	–	–	–	–
Settlement of CIP	–	110,234,416	30,982,031	–	–	–	(141,216,447)	–
Balances at end of year	4,104,370,220	21,352,634,998	3,600,900,690	255,601,215	221,749,489	59,726,112	2,240,439,426	31,835,422,150
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	3,518,177,845	1,387,970,587	140,421,449	137,123,417	10,016,520	–	5,193,709,818
Depreciation and amortization	–	892,372,613	153,160,041	36,794,932	28,003,556	9,696,552	–	1,120,027,694
Disposals	–	(63,408,847)	(3,646)	(3,042,546)	(15,823,745)	–	–	(82,278,784)
Reclassifications	–	137,610,620	(137,610,620)	–	–	–	–	–
Balances at end of year	–	4,484,752,231	1,403,516,362	174,173,835	149,303,228	19,713,072	–	6,231,458,728
Carrying Amounts	₱4,104,370,220	₱16,867,882,767	₱2,197,384,328	₱81,427,380	₱72,446,261	₱40,013,040	₱2,240,439,426	₱25,603,963,422

Capitalized Mine Rehabilitation and Decommissioning Costs
The Group recognized the present value of the estimated costs of mine rehabilitation and decommissioning under "Building and improvements" account. Movements in the balances of capitalized costs are as follows:

	2021	2020
Cost		
Balance at beginning year	**₱24,984,511**	₱24,984,511
Acquisition of new subsidiary	**14,863,980**	–
Balance at end of year	**39,848,491**	24,984,511
Accumulated Amortization		
Balance at beginning of year	**17,846,080**	14,276,864
Amortization	**3,693,082**	3,569,216
Acquisition of new subsidiary	**1,919,931**	–
Balance at end of year	**23,459,093**	17,846,080
Carrying Amount	**₱16,389,398**	₱7,138,431

Application of Deposit on Asset Purchase
As at December 31, 2021 and 2020, deposit on asset purchase amounting to ₱497.5 million and ₱150.6 million, respectively, were reclassified and included as additions to property, plant and equipment (see Note 15). This transaction is considered as a noncash financial information in the consolidated statements of cash flows.

Disposals
In 2021, the Group sold various items of property, plant and equipment with carrying amount of ₱179.6 million for ₱180.3 million resulting to gain on sale of property, plant and equipment of ₱0.7 million (see Note 24). The Group has an outstanding receivable from the disposal amounting to ₱76.1 million. This transaction is considered as noncash financial information in the separate statements of cash flows.

Depreciation and Amortization
Details of depreciation and amortization are as follows:

	Note	2021	2020	2019
Included in profit or loss:				
Property, plant and equipment		**₱1,135,189,060**	₱1,036,668,299	₱941,962,786
ROU assets	26	**10,604,347**	9,696,552	10,016,520
Mining rights and computer software	14	**20,262,725**	719,116	719,116
		1,166,056,132	1,047,083,967	952,698,422
Recognized as component of inventories		**35,131,720**	73,662,843	64,263,788
		₱1,201,187,852	₱1,120,746,810	₱1,016,962,210

Depreciation and amortization are distributed in the consolidated statements of comprehensive income as follows:

	Note	2021	2020	2019
Cost of goods sold	22	**₱1,026,743,641**	₱914,067,157	₱843,584,896
Operating expenses	23	**139,312,491**	133,016,810	109,113,526
		₱1,166,056,132	₱1,047,083,967	₱952,698,422

Revaluation of Land

The Group engaged an independent appraiser to determine the fair value of its land. The latest appraisal valuation report was dated June 2, 2021 and was estimated using the Sales Comparison Approach. This is a comparative approach to value property that considers the sales of similar or substitute properties and related market data, and that establishes a value estimate by processes involving comparison. This fair valuation is classified under Level 3 category (significant unobservable inputs) (see Note 31).

Considering the foregoing and such factors as property location, desirability, neighborhood, utility, size, terrain, and time element involved, the marker value of the appraised land is estimated to range at ₱400 to ₱6,000 per square meter.

If these parcels of land were measured using the cost model, the carrying amount should have been ₱2,016.1 million and ₱790.8 million as at December 31, 2021 and 2020, respectively.

Rollforward analysis of revaluation surplus is shown below:

		2021	
	Gross of Tax	Deferred Tax Expense	Net of Tax
Balances at beginning of year	**₱3,313,524,797**	**(₱994,057,439)**	**₱2,319,467,358**
Revaluation during the year	**761,658,332**	**(190,414,583)**	**571,243,749**
Change in tax rate*	**–**	**165,676,240**	**165,676,240**
Balances at end of year	**₱4,075,183,129**	**(₱1,018,795,782)**	**₱3,056,387,347**

**Change in tax rate due to the approval of Corporate Recovery and Tax Incentive for Enterprises Act (CREATE) law.*

		2020	
	Gross of Tax	Deferred Tax Expense	Net of Tax
Balances at beginning of year	₱1,892,982,858	(₱567,894,858)	₱1,325,088,000
Revaluation during the year	1,420,541,939	(426,162,581)	994,379,358
Balances at end of year	₱3,313,524,797	(₱994,057,439)	₱2,319,467,358

		2019	
	Gross of Tax	Deferred Tax Expense	Net of Tax
Balances at beginning and end of year	₱1,892,982,858	(₱567,894,858)	₱1,325,088,000

Revaluation surplus on land amounting to ₱761.7 million and ₱1,420.5 million for the years ended December 31, 2021 and 2020, respectively, is a noncash financial information excluded in the consolidated statements of cash flows.

Construction in Progress

Construction in progress consists of the cost incurred in the construction of additional facilities and projects of the Company amounting to ₱2,780.9 million.

The remaining contracted capital expenditures for the Group's outstanding construction projects as at December 31, 2021 amounted to ₱180.9 million.

12. Investment Properties

The balances and movements in this account are as follows:

		2021		
	Note	**Land**	**Building under Construction**	**Total**
Balances at beginning of year		**₱1,565,404,431**	**₱65,246,173**	**₱1,630,650,604**
Fair value changes	24	**107,556,400**	**–**	**107,556,400**
Acquisition of a new subsidiary	4	**4,368,000**	**–**	**4,368,000**
Additions		**–**	**10,597,241**	**10,597,241**
Balances at end of year		**₱1,677,328,831**	**₱75,843,414**	**₱1,753,172,245**

		2020		
	Note	Land	Building under Construction	Total
Balances at beginning of year		₱1,299,237,000	₱–	₱1,299,237,000
Fair value changes	24	262,000,000	–	262,000,000
Additions		4,167,431	65,246,173	69,413,604
Balances at end of year		₱1,565,404,431	₱65,246,173	₱1,630,650,604

The Group earned rental income from its investment properties amounting to ₱4.5 million in 2021 and nil in 2020 and 2019.

Direct operating expenses arising from these investment properties amounted to ₱0.5 million, ₱0.7 million and ₱0.6 million in 2021, 2020, and 2019, respectively.

The Group engaged an independent appraiser to determine the fair value of the investment properties as at December 31, 2021. The latest appraisal valuation report was dated February 7, 2022 and was estimated using the Sales Comparison Approach. This approach compares sales of similar or substitute properties and related market data to establish an estimated value. The fair value of investment properties is categorized under Level 3 (significant unobservable inputs) (see Note 31).

Considering the foregoing and such factors as property location, desirability, neighborhood, utility, size, terrain and time element involved, the market value of the appraised land is estimated to range at ₱222,635 to ₱390,000 per square meter and at ₱220,000 to ₱400,000 per square meter as at December 31, 2021 and 2020, respectively.

In 2020, construction in progress amounting to ₱65.2 million is considered as a noncash financial information in the consolidated statements of cash flows since payments made was through an advances from a related party (see Note 20).

13. Investment in an Associate

The Group's investment in AFALCI, an associate, amounting to ₱ 75.0 million as at December 31, 2021 and 2020 represents 100% interest in convertible preferred shares issued in 2015. AFALCI is an entity incorporated and domiciled in the Philippines and is engaged in the manufacturing, processing, sale and distribution of fly-ash, bottom ash, hi carbon and other by-products.

The conversion feature of the preferred shares is exercisable at the option of AFALCI at the end of the fifth year from the issue date. As of March 17, 2022, AFALCI is yet to make a decision on the exercise of the conversion feature of the investment.

The Group has significant influence over AFALCI because of its representation in the BOD of AFALCI and the existence of interlocking key management personnel. Accordingly, AFALCI is determined to be an associate of the Group.

The key financial information of the associate as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current assets	**₱131,925,581**	₱261,257,940
Noncurrent assets	**388,343,991**	404,102,632
Current liabilities	**108,940,537**	491,249,793
Noncurrent liabilities	**164,450,602**	44,692,679
Net assets	**₱246,878,433**	₱129,418,100
Revenue	**₱500,443,587**	₱430,072,338
Net income	**112,325,988**	91,426,588

14. Intangible Assets

The balances and movements in this account as at and for the years ended December 31, 2021 and 2020 are as follows:

		2021			
	Note	**Mining Rights**	**Computer Software**	**Goodwill**	**Total**
Cost					
Balance at beginning of year		**₱194,470,687**	**₱132,059,137**	**₱3,806,518**	**₱330,336,342**
Acquisition of a new subsidiary	4	**1,015,498,456**	**–**	**327,777,389**	**1,343,275,845**
Additions		**–**	**60,845,680**	**–**	**60,845,680**
Balance at end of year		**1,209,969,143**	**192,904,817**	**331,583,907**	**1,734,457,867**
Accumulated Amortization					
Balance at beginning of year		**6,947,789**	**–**	**–**	**6,947,789**
Amortization	11	**6,555,315**	**13,707,410**	**–**	**20,262,725**
Balance at end of year		**13,503,104**	**13,707,410**	**–**	**27,210,514**
Carrying Amounts		**₱1,196,466,039**	**₱179,197,407**	**₱331,583,907**	**₱1,707,247,353**

	Note	2020 Mining Rights	Computer Software	Goodwill	Total
Cost					
Balance at beginning of year		₱194,470,687	₱–	₱3,806,518	₱198,277,205
Additions		–	132,059,137	–	132,059,137
Balance at end of year		194,470,687	132,059,137	3,806,518	330,336,342
Accumulated Amortization					
Balance at beginning of year		6,228,673	–	–	6,228,673
Amortization	11	719,116	–	–	719,116
Balance at end of year		6,947,789	–	–	6,947,789
Carrying Amounts		₱187,522,898	₱132,059,137	₱3,806,518	₱323,388,553

Mining Rights

Mining rights represent the Group's legal rights to undertake quarrying activities in the municipalities of San Ildefonso and Dona Remedios Trinidad in Bulacan, and municipalities of Ginatilan and Malabuyoc in Cebu. The mining rights has a remaining useful life ranging from one (1) to 11 years.

The Group assigns to the lenders under TLFSA its rights and interest under MPSA No. 181-2002-III (see Note 17).

Computer Software

This account pertains to enterprise resource planning (ERP) system acquired by the Group in 2020. The ERP system went live on November 1, 2020.

Goodwill

Goodwill amounting to ₱327.7 million was recognized as a result of the acquisition by the Parent Company of 100% ownership in SNMC on November 4, 2021. Total net cash outflow of the Parent Company from acquiring SNMC amounted to ₱3,308.5 million (net of cash acquired from SNMC amounting to ₱263.5 million).

Goodwill amounting to ₱3.8 million was recognized as a result of the acquisition by the Parent Company of 100% ownership in SWCC on December 23, 2016. Total net cash outflow of the Parent Company from acquiring SWCC amounted to ₱385.1 million (net of cash acquired from SWCC amounting to ₱64.9 million).

Goodwill is tested for impairment annually. The recoverable amount of goodwill has been determined based on a valuation method using cash flow projections. The values assigned to the key assumptions represent management's assessment of future trends in the cement manufacturing industry and considered historical data from both internal and external sources.

In 2021, the key assumptions used in the estimation of value in use were as follows:

Discount rate	**10.99%**
Growth rate	**5.00%**

No impairment loss on goodwill was recognized in 2021, 2020, and 2019.

Amortization of mining rights and computed software is distributed in the consolidated statements of comprehensive income as follows:

	2021	2020	2019
Cost of goods sold	**₱8,837,265**	₱719,116	₱719,116
Operating expenses	**11,425,460**	–	–
	₱20,262,725	₱719,116	₱719,116

15. Other Noncurrent Assets

This account consists of:

	Note	**2021**	2020
Financial assets:			
Long-term placements		**₱650,000,000**	₱650,000,000
Restricted cash		**67,977,321**	28,232,093
Refundable deposits		**64,017,934**	55,912,004
Deposit in escrow		**44,581,295**	42,083,752
Nonfinancial assets:			
Deposit on asset purchase	20	**583,855,838**	1,453,042,846
Deferred exploration and evaluation costs		**44,678,353**	36,790,105
Deposit for future investment		**4,306,438**	717,000,000
Deferred input VAT - net of current portion		**1,165,413**	13,734,807
Others		**15,174,112**	12,196,048
		₱1,475,756,704	₱3,008,991,655

Long-term Placements
Long-term placements amounting to ₱650.0 million represent a 5-year investment in time deposits bearing an annual average interest of 5.68%. Interest income on long-term placements amounted to ₱30.7 million, ₱31.8 million and ₱37.6 million in 2021, 2020 and 2019, respectively (see Note 5).

Deposit on Asset Purchase
Deposit on asset purchase represents advance payments for the acquisition of machinery and equipment and long-term deposit for inventory acquisition.

As at December 31, 2021 and 2020, deposit on asset purchase amounting to ₱497.5 million and ₱150.6 million were applied against property, plant and equipment, respectively (see Note 11). Further, deposit on asset purchase amounting to ₱232.2 million and ₱314.2 million in 2021 and 2020, respectively, was applied against deliveries of inventories. These transactions are considered as noncash financial information in the consolidated statements of cash flows.

Restricted Cash
Restricted cash pertains to rehabilitation funds established by the Group and deposited with a local bank for compliance with the Department of Environment and Natural Resources Administrative Order No. 2005-07 for environmental protection and enhancement.

Refundable Deposits
Refundable deposits include bill deposits for electric charges of the Group's manufacturing plant which are refundable upon termination of service, and rental deposits related to long-term rentals of office space.

Deferred Exploration and Evaluation Costs
Deferred exploration and evaluation costs pertain to costs incurred for the exploration and development in the mining properties of the Group.

The balance and movements in the account are as follows:

	2021	2020
Balance at beginning of year	**₱36,790,105**	₱29,628,420
Additions	**7,888,248**	7,161,685
Balance at end of year	**₱44,678,353**	₱36,790,105

Additions to deferred exploration and evaluation costs pertain to costs incurred in drilling, hauling and other ongoing exploration activities. No impairment loss was recognized in 2021, 2020, and 2019.

The assets, expenses, and operating and investing cash flows from the deferred exploration and evaluation costs are as follows:

	2021	2020
Total assets	**₱44,678,353**	₱36,790,105
Total liabilities	**388,623,029**	382,447,437
Expenses	**12,799,008**	7,184,304
Net cash used in operating activities	**10,930,929**	4,770,541
Net cash used in investing activities	**7,888,248**	2,478,315

Deposit in Escrow
Deposit in escrow pertains to cash in escrow account related to a pending legal case.

Deposit for Future Investment
Deposit for future investment pertains to deposit made for future subscription to the common shares of stock of a business entity the Group is planning to venture.

In 2021, the Group terminated its investment agreement amounting to ₱717.0 million. Accordingly, deposits for future investment was converted to a receivable bearing an interest of 2.00% per annum. Interest income recognized amounted to ₱28.9 million in 2021 (see Note 5).

16. Trade and Other Payables

This account consists of:

	Note	2021	2020
Trade:			
Third parties		**₱1,806,013,137**	₱1,269,959,145
Related parties	20	**461,553,011**	765,818,446
Accruals for:			
Utilities	20	**570,002,290**	201,229,504
Sales rebates		**496,350,509**	239,462,478
Outside services		**142,777,067**	3,070,515
Personnel costs		**107,309,578**	96,389,432
Interests		**22,921,560**	27,869,348
Advances from customers		**425,414,546**	292,164,095
Retention payable		**120,224,565**	186,325,792
Advances from a related party	20	**73,285,999**	65,246,173
Output VAT payable		**58,818,467**	61,280,938
Withholding taxes payable		**35,873,052**	25,716,254
Others		**42,475,688**	49,283,817
		₱4,363,019,469	₱3,283,815,937

Trade payables are noninterest-bearing, and are generally settled in varying periods, within one (1) year, depending on the arrangements with suppliers.

Accrual for sales rebates pertains to accrued monthly sales volume incentives granted to customers.

Advances from customers are collections received for inventory purchases to be delivered by the Group within 30 days after collection date.

Retention payable represents retention fees of contractors and is normally settled within one (1) year.

Other payables are noninterest-bearing, and are normally settled within one (1) year.

17. Loans Payable

This account consists of:

	2021	2020
Principal	**₱5,251,000,000**	₱6,319,000,000
Less unamortized debt issuance costs	**15,491,234**	23,363,718
	5,235,508,766	6,295,636,282
Less current portion	**1,195,127,948**	1,060,127,446
Noncurrent portion	**₱4,040,380,818**	₱5,235,508,836

Debt issuance costs on loan availments are recognized as discount on loans. Amortization of debt issuance costs charged to "Finance costs" account in the consolidated statements of comprehensive income amounted to ₱7.9 million, ₱9.3 million, and ₱10.7 million in 2021, 2020, and 2019, respectively.

The loans are payable in 32 quarterly installments commencing on the 9th quarter from availment and will be fully paid on March 2, 2026.

Details of the drawdowns under the TLFSA are as follows:

Date	Drawdown	Effective Interest Rates	Nominal Interest Rates
February 3, 2016	₱6,000.0 million	5.92%	5.79%
January 11, 2017	2,150.0 million	5.94%	5.79%
April 5, 2017	750.0 million	5.94%	5.79%

The terms and conditions of the TLFSA are as follows:

Mortgage Trust Indenture (MTI). Under the MTI, land with an appraised value of ₱2,987.3 million and building and machinery and equipment with carrying amount of ₱16,123.0 million as at December 31, 2021 are held as collateral to secure the loans payable.

DSRA. The Group is required to maintain a DSRA equal to the interest and principal due on the immediately succeeding payment date. As at December 31, 2021 and 2020, the DSRA maintained for TLFSA amounted to ₱333.1 million and ₱347.4 million, respectively. The DSRA is presented under "Other current assets" account in the consolidated statements of financial position (see Note 9).

Assignment of the MPSA. The Group assigns to the lenders its rights and interest under MPSA No. 181-2002-III (see Note 14).

The schedule of maturities of the loans of the Group as at December 31, 2021 is summarized as follows:

Year	Amount
2022	₱1,201,500,000
2023	1,246,000,000
2024	1,246,000,000
2025	1,246,000,000
2026	311,500,000
	₱5,251,000,000

Debt Covenants

The Group's debt instruments contain restrictive covenants which include, among others, use of proceeds, changes in the Group's nature of business and ownership structure, disposition of assets, material advances to stockholders and officers, entering into mergers and consolidations, incurrence of additional debt, and maintenance of certain financial ratios.

Further, the Group is required to maintain a debt-to-equity ratio of not greater than 2.50 and a debt service coverage ratio greater than 1.50 with respect to the next reporting period. As at December 31, 2021, the Group is in compliance with all the requirements of its debt covenants.

Finance Costs

Details of finance costs charged to consolidated statements of comprehensive income are as follows:

	Note	2021	2020	2019
Interest expense on loans payable		**₱335,869,636**	₱416,942,783	₱479,276,268
Bank charges		**18,588,472**	8,556,904	10,994,754
Interest expense on lease liabilities	26	**3,495,814**	3,832,489	4,110,138
Accretion of provision for mine rehabilitation and decommissioning	18	**2,379,916**	1,363,871	1,304,314
		₱360,333,838	₱430,696,047	₱495,685,474

Interest expense on loans payable includes amortization of debt issuance costs.

Reconciliation of Loans Payable

The table below details changes in the Group's loans payable, including both cash and noncash changes.

	2021	2020
Balance at beginning of year	**₱6,295,636,282**	₱7,354,299,391
Payments of principal	**(1,068,000,000)**	(1,068,000,000)
Amortization of debt issuance cost	**7,872,484**	9,336,891
Balance at end of year	**₱5,235,508,766**	₱6,295,636,282

18. Provision for Mine Rehabilitation and Decommissioning

The Group is required under its Environmental Compliance Certificate to perform rehabilitation and decommissioning of its cement manufacturing plant and quarry operation sites. Accordingly, the Group recognized its estimated liability for site rehabilitation and decommissioning. The provision is calculated based on the Group's estimate of expected costs to be incurred to rehabilitate and decommission the sites and is measured at its present value using 4.60% discount rate.

The balance and movements in this account is as follows:

	Note	2021	2020
Balance at beginning of year		**₱31,233,753**	₱29,869,882
Acquisition of a new subsidiary	4	**16,413,179**	–
Accretion	17	**2,379,916**	1,363,871
Balance at end of year		**₱50,026,848**	₱31,233,753

19. Equity

Capital Stock

The capital stock of the Parent Company as at December 31, 2021 and 2020 is as follows:

Common stock - ₱1 par value	₱5,000,000,005
Preferred stock - ₱1 par value	3,000,000,000
Treasury stock	(3,000,000,000)
	₱5,000,000,005

Common Stock

Details of the Parent Company's common stock at ₱1.00 par value are as follows:

	2021		2020		2019	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Authorized						
Balance at beginning and end of year	₱5,500,000,000	₱5,500,000,000	₱5,500,000,000	₱5,500,000,000	5,500,000,000	₱5,500,000,000
Issued						
Balance at end of year	5,000,000,005	₱5,000,000,005	5,000,000,005	₱5,000,000,005	5,000,000,005	₱5,000,000,005

On April 20, 2017, the SEC resolved to render effective the Registration Statement of the Parent Company for the registration of up to five billion capital stock. On May 10, 2017, the PSE approved the Parent Company's application for the initial listing of such shares under the Main Board of the PSE. On May 15, 2017, the SEC issued in favor of the Parent Company a Certificate of Permit to Offer Securities for Sale of the Five Hundred Million (500,000,000) common stock with an Oversubscription Option of up to Seventy-Five Million (75,000,000) common stock at an offer price of fifteen pesos (₱15.00) per share. The Offer Period was from May 16, 2017 to May 22, 2017. On May 29, 2017, the shares of the Parent Company commenced trading in the PSE.

Preferred Stock

Details of the Parent Company's preferred stock at ₱1.00 par value are as follows:

	2021		2020		2019	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Authorized						
Balance at beginning and end of year	3,000,000,000	₱3,000,000,000	3,000,000,000	₱3,000,000,000	3,000,000,000	₱3,000,000,000
Issued						
Balance at beginning of year	–	₱–	3,000,000,000	₱3,000,000,000	3,000,000,000	₱3,000,000,000
Redemption	–	–	(3,000,000,000)	(3,000,000,000)	–	–
Balance at end of year	–	₱–	–	₱–	3,000,000,000	₱3,000,000,000

Preferred stock is cumulative, non-participating, non-voting, not convertible to common stock and redeemable at the option of the Parent Company at the end of fifth year from the issue date, at the price of issue value plus all accumulated and unpaid dividends. Subject to the availability of unrestricted retained earnings of the Parent Company, the preferred stockholders shall be paid a cash dividend of 6.00% per annum or such rate as may be fixed by its BOD.

As at December 31, 2019, there is no dividend in arrears related to the preferred stock.

On March 13, 2020, the Parent Company's BOD approved the redemption of its preferred stocks amounting to ₱3,000.0 million effective June 2, 2020, with a redemption price of ₱3,000.0 million, to be paid upon submission and surrender of the original stock certificates by the preferred shareholders. The redemption resulted to a recognition of treasury stock amounting to ₱3,000.0 million.

Section 8 of the SEC Rules Governing Redeemable and Treasury Shares states that redeemable shares may be issued by a corporation when expressly provided by the articles of incorporation. These shares may be redeemed from the holders upon expiration of a fixed period, and upon such other terms and conditions provided by the articles of incorporation and by the certificate of stock, subject to the rules of of the SEC, regardless of the existence of unrestricted retained earnings. Accordingly, no appropriation of retained earnings was made upon redemption of the preferred shares.

Dividend Declaration

The Parent Company's BOD authorized the declaration of the following cash dividends in 2021, 2020 and 2019:

2021

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Common	May 11, 2021	May 26, 2021	June 3, 2021	₱0.33	₱1,650,000,002
Common	September 23, 2021	October 7, 2021	October 22, 2021	0.33	1,650,000,001
					₱3,300,000,003

2020

In June 2020, the Parent Company paid ₱46.5 million dividends to its preferred shareholders upon redemption of the preferred stocks. Dividend per share amounted to ₱0.0155.

2019

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Preferred	February 28, 2019	February 28, 2019	April 22, 2019	₱0.015	₱45,000,000
Preferred	February 28, 2019	February 28, 2019	July 22, 2019	0.015	45,000,000
Preferred	February 28, 2019	February 28, 2019	October 21, 2019	0.015	45,000,000
Preferred	February 28, 2019	February 28, 2019	January 20, 2020	0.015	45,000,000
Common	June 18, 2019	July 12, 2019	July 31, 2019	0.26	1,300,000,001
					₱1,480,000,001

Appropriation of Retained Earnings

Details of appropriated retained earnings as at December 31, 2021 are as follows:

Year of Appropriation	Amount	Project Completion
2020	₱8,500,000,000	To be completed in 2023
2018	5,000,000,000	To be completed in 2023
2016	2,500,000,000	To be completed in 2023
	₱16,000,000,000	

On November 6, 2020, the Parent Company's BOD approved the appropriation of ₱8,500.0 million unrestricted retained earnings to supplement the funding of the fourth manufacturing line in Cebu and other future expansion which is expected to be completed in 2023.

The Parent Company's BOD also approved the appropriation of unrestricted retained earnings amounting to ₱5,000.0 million and ₱2,500.0 million on March 15, 2018 and December 22, 2016, respectively, to supplement the funding of the construction of its production facility in Cebu that is expected to be completed in 2023.

Other Equity Reserves

Details of the Group's other equity reserves are as follows:

	Note	2021	2020
Revaluation surplus (net of deferred tax)	11	**₱3,056,387,347**	₱2,319,467,358
Cumulative remeasurement gains (losses) on net retirement benefit liability (net of deferred tax)	27	**47,442,170**	23,330,422
Cumulative unrealized gains on financial assets at FVOCI	10	**5,667,375**	3,067,050
		₱3,109,496,892	₱2,345,864,830

20. Related Party Transactions

The Group has transactions with its related parties in the ordinary course of business. The outstanding balances and amount of transactions with related parties as at and for the years ended December 31, 2021 and 2020 are as follows:

		2021		2020	
Nature of Relationship	Nature of Transactions	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
Cash and Cash Equivalents					
Entities under common key management with ECC	Cash deposits and investment in short-term placements	₱518,587	₱269,679,622	₱3,384,186	₱509,891,847
Unquoted Equity Securities at FVPL (see Note 6)					
Entity under common key management with ECC	Investment in unquoted redeemable perpetual security	₱–	₱4,000,000,000	₱4,000,000,000	₱4,000,000,000
Trade Receivables (see Note 7)					
Subsidiary of Ultimate Parent Company	Sale of inventories	₱892,583,119	₱76,110,187	₱–	₱–
Entities under common key management with ECC	Sale of inventories	129,933,506	75,409,517	27,605,222	4,395,639
Associate	Service income	1,655,208	1,834,408	–	–
			₱153,354,112		₱4,395,639
Advances to Related Parties (see Note 7)					
Entities under common key management	Working capital advances	₱22,695,120	₱128,833,144	₱–	₱–
Stockholder	Working capital advances	–	362,539,833	–	–
			₱491,372,977		₱–
Dividends Receivable (see Note 7)					
Entities under common key management with ECC	Dividends earned	₱235,687,051	₱51,702,013	₱106,808,051	₱51,702,013
Advances to Officers					
Key management personnel	Cash advances	₱12,173	₱146,116	₱396,399	₱189,135
Advances to Suppliers (see Note 9)					
Entities under common key management with ECC	Purchase of services	₱–	₱22,015,648	₱448,869	₱29,472,517
Subsidiaries of Ultimate Parent Company	Purchase of services and equipment	–	–	808,430	5,464,053
			₱22,015,648		₱34,936,570
Deposit on Asset Purchase (see Note 15)					
Subsidiaries of Ultimate Parent Company	Deposit for inventory acquisition and purchase of services	₱–	₱11,317,375	₱–	₱937,369,570
Associate	Deposit for inventory acquisition	–	124,716,705	–	184,496,290
			₱136,034,080		₱1,121,865,860

Nature of Relationship	Nature of Transactions	2021 Amount of Transactions	2021 Outstanding Balance	2020 Amount of Transactions	2020 Outstanding Balance
Financial Assets at FVOCI (see Note 10)					
Entities under common key management with ECC	Investments in quoted equity instruments	**₱–**	**₱105,679,875**	₱–	₱103,079,550
Refundable Deposits					
Entities under common key management with ECC	Supply of services	**₱–**	**₱54,190,018**	₱–	₱54,190,018
Trade Payables (see Note 16)					
Entities under common key management with ECC	Purchase of raw materials and outside services	**₱740,963,385**	**₱274,275,173**	₱437,669,566	₱344,368,477
Subsidiaries of Ultimate Parent Company	Hauling, rental and other services	**619,807,096**	**157,093,474**	966,526,064	332,315,115
Associate Company	Purchase of goods	**558,143,257**	**30,184,364**	427,881,423	89,134,854
			₱461,553,011		₱765,818,446
Accrued Expenses (see Note 16)					
Entity under common key management	Purchase of services	**₱2,922,741,442**	**₱570,002,290**	₱1,937,101,529	₱201,229,504
Advances from a Related Party (see Note 16)					
Ultimate Parent Company	Capital expenditure	**₱–**	**₱73,285,999**	₱65,246,173	₱65,246,173
Loans Payable (see Note 17)					
Entity under common key management	Borrowings	**₱68,989,340**	**₱1,055,323,356**	₱66,463,774	₱1,274,247,309
Retirement Benefit Plan	Contribution	**₱–**	**₱16,630,064**	₱–	₱23,525,414
Personnel Costs					
Key management personnel	Salaries and other employee benefits	**₱76,334,455**	**₱7,509,796**	₱70,301,991	₱6,832,682
	Net retirement benefit liability	**28,513,645**	**74,393,113**	18,231,928	45,879,468
			₱81,902,909		₱52,712,150

Terms and Conditions of Transactions and Balances with Related Parties

Trade receivables, trade payables, and advances to and from related parties are unsecured, noninterest-bearing, generally settled in cash, and are collectible or payable on demand. No allowance for impairment losses was provided for trade and other receivables from related parties.

All related party transactions are in compliance with the related party transactions policy of the Group including the required approval process. This includes review of the related party committee and approval of the BOD for transactions exceeding certain thresholds and approval criteria.

Advances to suppliers, including deposits for inventories, are settled upon delivery of the asset purchased.

21. Net Sales

This account consists of:

	2021	2020	2019
Sales	**₱22,167,391,182**	₱14,345,714,589	₱20,478,373,304
Rebates	**(770,500,051)**	(439,575,207)	(653,921,223)
	₱21,396,891,131	₱13,906,139,382	₱19,824,452,081

For the years ended December 31, 2021, 2020, and 2019, all sales of the Group pertain to cement products within the Luzon area. All sales are recognized upon delivery to customers or at a point at which the Group has no more obligation that could affect the acceptance of goods by the customers.

Rebates are incentives granted to customers depending on their level of purchases at each reporting period. This is not considered as a variable consideration as defined in PFRS 15.

22. Cost of Goods Sold

This account consists of:

	Note	**2021**	2020	2019
Cost of inventories	8	**₱6,986,147,946**	₱4,332,874,496	₱6,371,790,319
Utilities		**2,652,457,404**	1,586,689,375	2,439,322,673
Depreciation and amortization	11	**1,026,743,641**	914,067,157	843,584,896
Repairs and maintenance		**703,410,154**	464,463,621	610,853,098
Personnel costs	25	**527,169,277**	432,396,334	365,736,282
Taxes and licenses		**248,177,578**	290,833,695	197,199,536
Fuel and oil		**171,588,977**	83,110,343	171,693,465
Rental	26	**60,992,721**	62,095,485	104,144,154
Insurance		**41,135,238**	39,782,426	40,395,966
Others		**4,721,410**	2,617,202	8,304,154
		₱12,422,544,346	₱8,208,930,134	₱11,153,024,543

23. Operating Expenses

This account consists of:

	Note	**2021**	2020	2019
Freight, trucking, and handling		**₱1,249,642,891**	₱744,213,444	₱1,104,463,869
Personnel costs	25	**251,876,826**	225,361,571	255,341,914
Advertising		**223,754,033**	57,583,819	66,351,860
Depreciation and amortization	11	**139,312,491**	133,016,810	109,113,526
Warehousing fees		**100,732,280**	63,054,998	81,234,244
Corporate social responsibility		**55,067,470**	41,284,740	354,546
Professional fees		**52,132,751**	40,365,686	43,622,715
Outside services		**50,549,080**	38,286,867	49,545,796
Taxes and licenses		**38,513,611**	101,491,270	18,000,441
Repairs and maintenance		**19,487,663**	20,536,341	29,330,474
Communication		**17,101,588**	14,642,205	6,010,684
Transportation and travel		**14,737,335**	8,632,194	12,635,103
Rental	26	**10,659,277**	18,030,821	13,413,060
Utilities		**7,008,872**	6,026,698	9,252,853
Supplies		**3,380,566**	8,609,768	10,482,683
Representation		**577,489**	1,057,289	3,445,204
Others		**83,502,238**	63,747,238	59,382,728
		₱2,318,036,461	₱1,585,941,759	₱1,871,981,700

24. Other Income - Net

This account consists of:

	Note	2021	2020	2019
Fair value changes in investment properties	12	**₱107,556,400**	₱262,000,000	₱111,216,000
Dividend income	6	**214,505,092**	134,753,962	13,065,644
Foreign exchange losses - net		**(4,433,406)**	(20,589,531)	(8,079,105)
Trading gains (losses) on financial assets at FVPL	6	**(23,205,545)**	20,077,980	63,663,740
Gain (loss) on sale of property, plant and equipment	11	**659,328**	5,976,932	(4,586,716)
Others		**25,722,941**	10,566,999	4,493,235
		₱320,804,810	₱412,786,342	₱179,772,798

Other income pertains to rental income and utilities and security services charged to a related party.

25. Personnel Costs

This account consists of:

	Note	2021	2020	2019
Salaries and wages		**₱532,325,225**	₱492,168,921	₱450,525,945
Retirement benefit costs	27	**63,747,222**	34,239,322	21,510,627
Other short-term employee benefits		**201,214,917**	165,635,398	176,689,472
		₱797,287,364	₱692,043,641	₱648,726,044

	Note	2021	2020	2019
Included in profit or loss:				
Cost of goods sold	22	**₱527,169,277**	₱432,396,334	₱365,736,282
Operating expenses	23	**251,876,826**	225,361,571	255,341,914
		779,046,103	657,757,905	621,078,196
Recognized as component of inventories		**18,241,261**	34,285,736	27,647,848
		₱797,287,364	₱692,043,641	₱648,726,044

26. Leases

Group as a Lessee

The Group has various lease contracts for its office space, warehouses and heavy equipment with lease terms ranging from two (2) to eight (8) years. The terms of some lease contracts include extension options and variable lease payments.

The carrying amount of the ROU assets (included as component of property, plant and equipment) is as follows (see Note 11):

	2021	2020
Balance at beginning of year	**₱40,013,040**	₱49,709,592
Additions	**14,319,072**	–
Disposals	**(7,159,536)**	–
Amortization	**(10,604,347)**	(9,696,552)
Balance at end of year	**₱36,568,229**	₱40,013,040

The carrying amount of lease liabilities and movements during the year are as follows:

	2021	2020
Balance at beginning of year	**₱44,205,732**	₱51,942,519
Additions	**14,319,078**	–
Disposals	**(7,159,536)**	–
Payments	**(7,138,880)**	(11,569,276)
Accretion	**3,495,814**	3,832,489
Balance at end of year	**₱47,722,208**	₱44,205,732
Current	**₱12,221,931**	₱7,648,720
Non-current	**35,500,277**	36,557,012
	₱47,722,208	₱44,205,732

The Group recognized the following lease-related expenses:

	Note	2021	2020	2019
Variable lease payments		**₱69,187,468**	₱77,830,855	₱118,871,259
Amortization of ROU assets	11	**10,604,347**	9,696,552	10,016,520
Expense related to short-term leases		**7,033,529**	7,033,529	6,121,117
Interest expense on lease liabilities	17	**3,495,814**	3,832,489	4,110,138
		₱90,321,158	₱98,393,425	₱139,119,034

Consequently, the Group's lease-related expenses are distributed as follows:

	Note	2021	2020	2019
Included in profit or loss:				
Cost of goods sold	22	**₱60,992,721**	₱62,095,485	₱104,144,154
Operating expenses - rental	23	**10,659,277**	18,030,821	13,413,060
Operating expenses - depreciation	11	**10,604,347**	9,696,552	10,016,520
Finance costs	17	**3,495,814**	3,832,489	4,110,138
		85,752,159	93,655,347	131,683,872
Recognized as component of inventories		**4,568,999**	4,738,078	7,435,162
		₱90,321,158	₱98,393,425	₱139,119,034

The total cash outflows for leases in 2021, 2020 and 2019 amounted to ₱85.8 million, ₱96.4 million and ₱136.8 million, respectively.

27. Net Retirement Benefit Liability

The Group has a funded, noncontributory defined benefit retirement plan covering substantially all of its qualified regular employees. The retirement benefit is based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The benefit obligation under the defined benefit retirement plan is determined using the projected unit credit method. The benefits to be received by the employees under the Group's defined benefit retirement plan meet the minimum mandated benefit under R.A. No. 7641. Net retirement benefit liability is based on the actuarial valuation report as at December 31, 2021 and 2020.

The components of retirement benefit costs included under "Personnel costs" account (see Note 25) in the consolidated statements of comprehensive income are as follows:

	2021	2020	2019
Current service cost	**₱26,463,461**	₱28,266,771	₱17,281,596
Past service cost	**32,649,528**	–	–
Net interest cost	**4,634,233**	5,972,551	4,229,031
	₱63,747,222	₱34,239,322	₱21,510,627

Retirement benefit costs were distributed as follows:

	2021	2020	2019
Included in profit or loss	**₱63,007,502**	₱33,230,449	₱20,778,962
Recognized as component of inventories	**739,720**	1,008,873	731,665
	₱63,747,222	₱34,239,322	₱21,510,627

Movements in net retirement benefit liability recognized in the consolidated statements of financial position are as follows:

	2021	2020
Balance at beginning of year	**₱87,944,993**	₱114,190,524
Retirement benefit costs	**63,747,222**	34,239,322
Acquisition of a new subsidiary	**1,036,701**	–
Remeasurement gains	**(29,927,052)**	(60,484,853)
Balance at end of year	**₱122,801,864**	₱87,944,993

The funded status of the retirement plan as at December 31, 2021 and 2020 are as follows:

	2021	2020
Present Value of Defined Benefits Obligation (PVBO)	**₱139,431,928**	₱111,470,407
Fair Value of Plan Assets (FVPA)	**(16,630,064)**	(23,525,414)
Net retirement benefit liability	**₱122,801,864**	₱87,944,993

The following tables present the changes in the PVBO and FVPA:

PVBO

	2021	2020
Balance at beginning of year	**₱111,470,407**	₱138,801,699
Past service cost	**32,649,528**	–
Current service cost	**26,463,461**	28,266,771
Interest cost	**5,369,434**	7,203,808
Benefit paid	**(7,629,866)**	(1,775,076)
Acquisition of a new subsidiary	**1,036,701**	–
Remeasurement losses (gains) recognized in OCI:		
Change in financial assumptions	**(32,798,019)**	(55,204,407)
Experience adjustments	**2,870,282**	(5,822,388)
Balance at end of year	**₱139,431,928**	₱111,470,407

FVPA

	2021	2020
Balance at beginning of year	**₱23,525,414**	₱24,611,175
Benefits paid	**(7,629,866)**	(1,775,076)
Interest income	**735,201**	1,231,257
Remeasurement losses	**(685)**	(541,942)
Balance at end of year	**₱16,630,064**	₱23,525,414
Actual return on plan assets	**₱734,516**	₱689,315

Plan assets consist of the following:

	2021	2020
Investments in:		
Debt instruments	**60.86%**	66.52%
Unit investment trust fund	**36.65%**	29.61%
Cash and cash equivalents	**0.53%**	0.21%
Others	**1.96%**	3.66%
	100.00%	100.00%

The principal assumptions used in determining net retirement benefit liability are as follows:

	2021	2020
Discount rate	**5.09%**	3.73%
Future salary increase	**6.00%**	6.00%

Sensitivity analyses on net retirement benefit liability as at December 31, 2021 and 2020 are as follows:

	Change in Assumption	Effect on Net Retirement Benefit Liability 2021	2020
Discount rate	+1.00%	**(₱17,822,488)**	(₱15,546,406)
	-1.00%	**22,173,368**	19,588,371
Salary increase rate	+1.00%	**₱21,732,498**	₱18,918,562
	-1.00%	**(17,836,181)**	(15,378,523)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring as at the end of the reporting period.

The cumulative remeasurement gains (losses) on net retirement benefit liability recognized in the consolidated statements of comprehensive income are as follows:

	2021		
	Cumulative Remeasurement Gains (Losses) on Retirement Benefit Liability	**Deferred Tax Benefit (Expense)**	**Net**
Balances at beginning of year	**₱33,329,174**	**(₱9,998,752)**	**₱23,330,422**
Remeasurement gains	**29,927,052**	**(7,481,763)**	**22,445,289**
Change in tax rate	**–**	**1,666,459**	**1,666,459**
Balances at end of year	**₱63,256,226**	**(₱15,814,056)**	**₱47,442,170**

	2020		
	Cumulative Remeasurement Gains (Losses) on Retirement Benefit Liability	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	(₱27,155,679)	₱8,146,704	(₱19,008,975)
Remeasurement losses	60,484,853	(18,145,456)	42,339,397
Balances at end of year	33,329,174	(₱9,998,752)	₱23,330,422

	2019		
	Cumulative Remeasurement Gains (Losses) on Retirement Benefit Liability	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	₱9,212,221	(₱2,763,666)	₱6,448,555
Remeasurement losses	(36,367,900)	10,910,370	(25,457,530)
Balances at end of year	(₱27,155,679)	₱8,146,704	(₱19,008,975)

As at December 31, 2021, the maturity analysis of the undiscounted net retirement benefit liability is as follows:

Year	Amount
More than one year to five years	₱44,166,514
More than five years	58,575,926
	₱102,742,440

As at December 31, 2021, the average duration of the net retirement benefit liability is 14.4 years.

28. Registration with the Board of Investments (BOI)

Parent Company

On July 31, 2017, the BOI approved the application of the Parent Company as an expanding producer of cement (Line 3) in Bulacan on a nonpioneer status. The Parent Company's registration with the BOI entitles it to the following fiscal and nonfiscal incentives available to its registered project, among others:

- Income Tax Holiday (ITH) for income directly attributable to Line 3 for three (3) years from May 2018 or actual start of commercial operations, whichever is earlier;
- Importation of capital equipment, spare parts and accessories at zero duty;
- Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate;
- Importation of consigned equipment for a period of 10 years from date of registration, subject to posting of re-export bond;
- Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing export product and forming part thereof for a period of 10 years from start of commercial operation;
- Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of 10 years from date of registration;
- Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from the date of registration; and
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In 2021, the Company availed benefits from ITH amounting to ₱706.0 million.

On November 4, 2020, the BOI granted the deferment of the Parent Company's ITH availment for 2020 due to the adverse effect of COVID-19 pandemic. Accordingly, the Company's income tax for the 2020 taxable year is computed based on 30% regular corporate income tax. No ITH incentive was availed in 2020.

SNMC
On March 23, 2018, the BOI approved the application of SNMC as a new producer of good, fine and coarse limestone on a non-pioneer status. SNMC's registration with the BOI entitles it to the following fiscal and nonfiscal incentives available to its registered project, among others:

- Four-year ITH incentive, starting April 1, 2019, for activities directly attributable in producing good, fine and coarse limestone;
- Importation of capital equipment, spare parts and accessories at zero duty;
- Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate;
- Importation of consigned equipment for a period of 10 years from date of registration, subject to posting of re-export bond;
- Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of 10 years from date of registration; and
- Additional deduction from taxable income of expenses incurred in the development of necessary and major infrastructure facilities.

In 2021, SNMC availed benefits from ITH amounting to ₱61.1 million.

SWCC
On August 23, 2017, SWCC was registered with the BOI as a new producer of cement on a non-pioneer status but with pioneer incentives (the project being located in a less-developed area) under the heading "All Qualified Manufacturing Activities including Agro-Processing" of the 2017 Investment Priorities Plan under Executive Order No. 226. SWCC's registration with BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

- Income tax holiday (ITH) for six (6) years from May 2020 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration;
- Importation of capital equipment, spare parts and accessories at zero duty under EO No. 22 and its implementing rules and regulations. Only equipment directly needed and exclusively used in its operation shall be entitled to capital equipment incentives.
- Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five years from date of registration but not simultaneously with ITH;
- Importation of consigned equipment for a period of 10 years from the date of registration, subject to posting of re-export bond;
- Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and suppliers and semi-manufactured products used in producing its export product and forming part thereof for a period of 10 years from start of commercial operations;
- Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of 10 years from date of registration;
- Employment of foreign nationals may be allowed in supervisory, technical or advisory positions for five years from date of registration. The president, general manager and treasurer of foreign-owned registered enterprises or their equivalent shall not subject to the foregoing limitations;

- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; and
- Additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure and facilities.

On August 26, 2020, the BOI approved the request of SWCC for the movement of start of commercial operation and ITH reckoning date of its registered activity from May 2020 to December 2023, due to the delay in the processing of permits in the Cebu site. Accordingly, no tax benefits from ITH incentives have been availed of in 2021 and 2020.

29. Income Taxes

On March 26, 2021, R.A. No. 11534 or the Corporate Recovery and Tax Incentive for Enterprises (CREATE) Act was signed into law by the President of the Philippines. Under the CREATE Act, the Group's RCIT is subjected to 25% instead of 30% income tax rate. In addition, the minimum corporate income tax (MCIT) is subjected to 1% instead of 2% of gross income for a period of three (3) years. The changes in the income tax rates were effective and applied for tax purposes beginning July 1, 2020. However, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively.

The provision for current income tax expense pertains to regular corporate income tax in 2021 and 2020.

The effect of the reduction in tax rates in 2020 was recognized as part of the 2021 income tax expense, as required by PAS 12, *Income Taxes.* Details of the adjustments are as follows:

	Current Tax Expense	Deferred Tax Expense (Benefit)	Total
Reported in Profit or Loss			
Income tax expense	₱891,322,523	(₱21,184,701)	₱870,137,822
Effect of change in income tax rate	(86,039,914)	20,216,768	(65,823,146)
Adjusted income tax expense	₱805,282,609	(₱967,933)	₱804,314,676
Reported in OCI			
Income tax expense (benefit)	₱–	(₱197,896,346)	(₱197,896,346)
Effect of change in income tax rate	–	167,342,699	167,342,699
Adjusted income tax expense	₱–	(₱30,553,647)	(₱30,553,647)

The components of the income tax for taxable year 2020 are as follows:

	2020	2019
Reported in Profit or Loss		
Current	₱1,032,478,972	₱1,224,911,672
Deferred	3,232,266	7,702,810
	₱1,035,711,238	₱1,232,614,482
Reported in OCI		
Deferred tax expense (benefit) on:		
Revaluation surplus	₱426,162,581	₱–
Remeasurement gains (losses) on net retirement benefit liability	18,145,456	(10,910,370)
	₱444,308,037	(₱10,910,370)

The components of the Group's net deferred tax liabilities are as follows:

	2021	2020
Deferred tax assets:		
Cumulative balance of proceeds from testing of property, plant and equipment	₱68,958,666	₱–
Net retirement benefit liability	30,700,466	26,383,498
Provision for mine rehabilitation and decommissioning	12,506,712	9,370,126
Lease liabilities	2,791,299	–
Others	924,544	2,933,118
	115,881,687	38,686,742
Deferred tax liabilities:		
Excess of revalued amount or fair value over cost of property, plant and equipment	1,018,795,782	994,057,439
Deferred tax liability arising from business combination	194,643,364	–
Excess of fair value over cost of financial assets at FVPL	9,328,948	20,345,083
Carrying amount of ROU assets	9,142,058	12,003,912
Others	10,586,328	2,141,529
	1,242,496,480	1,028,547,963
Net deferred tax liabilities	₱1,126,614,793	₱989,861,221

The components of the Group's unrecognized deferred tax assets are as follows:

	2021	2020
Lease liabilities	₱9,139,253	₱13,261,720
NOLCO	5,970,524	8,597,998
	₱15,109,777	₱21,859,718

The rollforward analysis of NOLCO as at December 31, 2021 is as follows:

Year Incurred	Amount	Applied/Expired	Balance	Expiry Date
2021	₱8,840,388	₱–	₱8,840,388	2026
2020	7,862,877	–	7,862,877	2025
2019	7,178,833	–	7,178,833	2022
2018	13,618,285	13,618,285	–	2021
	₱37,500,383	₱13,618,285	₱23,882,098	

In accordance with Revenue Regulations (RR) No. 25-2020 which implements R.A. No. 11494, "Bayanihan to Recover as One Act", net operating losses for taxable years 2020 and 2021 are allowed to be carried over for the next five (5) consecutive taxable years immediately following the year of such loss.

The reconciliation between the income tax expense based on statutory income tax rate and effective income tax rate is as follows:

	2021	2020	2019
Income tax at statutory tax rate	**₱1,711,591,714**	₱1,328,131,138	₱2,174,254,612
Increase (decrease) in income tax resulting from:			
Taxable income subject to income tax holiday	**(718,710,535)**	–	(511,083,968)
Dividend income exempt from income tax	**(53,626,273)**	(40,426,189)	(3,919,693)
Interest income subjected to final tax	**(46,024,806)**	(99,883,850)	(228,552,711)
Nontaxable income	**(26,889,100)**	(78,600,000)	(33,364,800)
Nondeductible expenses	**20,428,661**	55,320,595	97,508,304
Difference arising from the use of optional standard deduction	**(11,462,568)**	(144,593,834)	(261,892,230)
Adjustment due to change in tax rate	**(65,823,146)**	–	–
Others	**(5,169,271)**	15,768,175	(335,032)
Income tax at effective tax rate	**₱804,314,676**	₱1,035,716,035	₱1,232,614,482

30. Financial Risk Management Objectives and Policies

The Group's financial instruments consist mainly of cash and cash equivalents, financial assets at FVPL, trade and other receivables (excluding advances to officers and employees), finance lease receivables, DSRA, financial assets at FVOCI, long-term placements, deposit in escrow, restricted cash, refundable deposits, trade and other payables (excluding advances from customers and statutory payables), lease liabilities, and loans payable.

The main financial risks arising from the Group's use of financial instruments include market risks, credit risk and liquidity risk. The Group's BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

<u>Market Risks</u>

The Group is exposed to market risks, primarily those related to foreign currency risk, equity price risk and interest rate risk. Management actively monitors these exposures, as follows:

Foreign Currency Risk. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's foreign exchange risk results primarily from movements of the Philippine Peso against the US Dollar and Euro with respect to foreign currency-denominated monetary financial assets and liability.

The following table shows the Group's US dollar-denominated financial assets and liability and their Philippine Peso equivalent:

	2021		2020	
	US Dollar	**Philippine Peso**	US Dollar	Philippine Peso
Financial assets:				
Cash and cash equivalents	**\$58,604**	**₱2,975,325**	\$7,588,499	₱368,042,196
Deposit in escrow	**874,160**	**44,581,295**	867,706	42,083,752
	932,764	**47,556,620**	8,456,205	410,125,948
Financial liability -				
Trade and other payables	**878,442**	**44,598,500**	120,018	5,820,858
Net US Dollar-denominated financial assets	**\$54,322**	**₱2,958,120**	\$8,336,187	₱404,305,090

The following table shows the Group's Euro-denominated monetary financial asset and liability and their Philippine Peso equivalent:

	2021		2020	
	Euro	**Philippine Peso**	Euro	Philippine Peso
Financial asset -				
Cash in banks	**€7,541**	**₱433,683**	€7,674	₱436,727
Financial liability -				
Trade and other payables	**593,548**	**34,134,945**	606	34,487
Net Euro-denominated financial asset (liability)	**(€586,007)**	**(₱33,701,262)**	€7,068	₱402,240

For purposes of translating the outstanding balances of the Group's financial assets and liability denominated in a foreign currency, the exchange rates applied were ₱50.77 per US \$1 and ₱57.51 per €1 as at December 31, 2021 and ₱48.50 per US \$1 and ₱56.91 per €1 as at December 31, 2020.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's income before tax. There is no other impact on the Group's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2021	**+1.08**	**₱58,668**
	-1.08	**(58,668)**
December 31, 2020	+0.89	₱7,419,207
	-0.89	(7,419,207)

The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate, with all other variables held constant, of the Group's income before tax. There is no other impact on the Group's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2020	**+0.79**	**(₱462,946)**
	-0.79	**462,946**
December 31, 2019	+0.99	₱6,997
	-0.99	(6,997)

Equity Price Risk. Equity price risk is the risk that the Group will incur economic losses due to adverse changes in a particular stock or stock index. The Group's equity price risk arises from its financial assets at FVPL and financial assets at FVOCI.

The Group's policy is to maintain the risk to an acceptable level. Movement in share price is monitored regularly to determine the impact on its financial position.

The table below sets forth the impact of changes in PSE index (PSEi) in the Group's unrealized gain or loss on its financial assets at FVPL and financial assets at FVOCI in 2021 and 2020:

	2021		2020	
Changes in PSEi	**18.63%**	**(18.63%)**	33.21%	(33.21%)
Financial assets at FVPL in				
Property industry	**₱11,918,700**	**(₱11,918,700)**	₱1,802,814	(₱1,802,814)
Food and beverage industry	**–**	**–**	5,483,753	(5,483,753)
Financial assets at FVOCI in				
Holding firms industry	**₱148,846**	**(₱148,846)**	₱23,791,055	(₱23,791,055)

Interest Rate Risk. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's interest-bearing loans payable to local financial institutions with fixed interest rates; however, exposure of the Group to changes in the interest rates is not significant.

Credit Risk

The Group's exposure to credit risk arises when a counterparty fails to fulfill its financial commitments to the Group under the prevailing contractual terms. Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables and other financial assets at amortized cost.

The carrying amounts of financial assets at amortized costs represent its maximum credit exposure.

Trade Receivables

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms, and conditions are offered. The Group's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management.

The Group limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. The Group provides credit limits to all its accredited customers to manage credit risk concentrations. Further, as a policy, the Group revenue transactions are significantly entered into on a cash basis to manage its credit risk exposure. The Group's cash sales account for an average of 81% of the total revenues for the past three (3) years. Historically, trade receivables are substantially collected within one (1) year and the Group has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. In monitoring customer credit risk, the Group classifies its receivables as major term customers, related parties, and other regular term customers.

At December 31, 2021 and 2020, the exposure to credit risk for trade receivables by type of counterparty are as follows:

	2021		
	Neither Past due nor Impaired	**Past Due but not Impaired**	**Total**
Major term customers	**₱178,623,928**	**₱53,988,234**	**₱232,612,162**
Related parties	**–**	**153,354,112**	**153,354,112**
Others	**20,105,840**	**6,311,004**	**26,416,844**
	₱198,729,768	**₱213,653,350**	**₱412,383,118**

	2020		
	Neither Past due nor Impaired	Past Due but not Impaired	Total
Major term customers	₱174,239,058	₱131,032,400	₱305,271,458
Related parties	–	4,395,639	4,395,639
Others	64,653,935	8,673,472	73,327,407
	₱238,892,993	₱144,101,511	₱382,994,504

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, credit terms, and offsetting arrangements. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment (i.e., gross national income from real estate and construction industry). At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Aging Analysis of Trade Receivables that are Past Due but not Impaired

Days Past Due	**2021**	2020
1 to 30 Days	**₱158,266,486**	₱82,074,104
31 to 90 Days	**43,417,598**	52,117,016
91 to 365 Days	**5,985,524**	9,799,828
366 days or more	**5,983,742**	110,563
Total	**₱213,653,350**	₱144,101,511

Trade receivables that are past due for over 30 days were not considered in default since it was demonstrated that the non-payment was due to administrative oversight rather than resulting from financial difficulty of the borrower.

Other Financial Assets at Amortized Cost
The Group's other financial assets at amortized cost are mostly composed of cash and placements in various banks such as DSRA, deposit in escrow, restricted cash, and long-term placements. The Group limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For finance lease receivables, credit risk is reduced by the net settling arrangements embodied in the contract. For refundable deposits, credit risk is low since the Group only transacts with reputable companies.

It is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arises from administrative oversight rather than resulting from financial difficulty of the borrower.

Financial Assets at FVPL
The entity is also exposed to credit risk in relation to debt securities that are measured at FVPL. Debt securities measured at FVPL are entered into with counterparties that have high credit ratings. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The table below presents the summary of the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	2021				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	₱11,644,038,785	₱–	₱–	₱–	₱11,644,038,785
Long-term placements	650,000,000	–	–	–	650,000,000
DSRA	333,128,296	–	–	–	333,128,296
Restricted cash	67,977,321	–	–	–	67,977,321
Refundable deposits	64,017,934	–	–	–	64,017,934
Deposit in escrow	44,581,295	–	–	–	44,581,295
Other receivables*	606,758,716	–	–	–	606,758,716
Debt securities at FVPL	–	–	–	813,578,557	813,578,557
	₱13,410,502,347	₱–	₱–	₱813,578,557	₱14,224,080,904

**Includes advances to related parties, dividends receivable, interest receivable, and other receivables*

	2020				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	₱11,465,131,641	₱–	₱–	₱–	₱11,465,131,641
Long-term placements	650,000,000	–	–	–	650,000,000
DSRA	347,425,003	–	–	–	347,425,003
Other receivables*	95,798,639	–	–	–	95,798,639
Refundable deposits	55,912,004	–	–	–	55,912,004
Deposit in escrow	42,083,752	–	–	–	42,083,752
Restricted cash	28,232,093	–	–	–	28,232,093
Debt securities at FVPL	–	–	–	644,079,707	644,079,707
	₱12,684,583,132	₱–	₱–	₱644,079,707	₱13,328,662,839

**Includes dividends recevable, interest receivables, and other receivables*

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Group's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The tables below present the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted obligations or on the estimated timing of net cash flows as at December 31, 2021 and 2020:

	2021					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱3,040,331,525	₱597,222,725	₱205,359,154	₱–	₱–	₱3,842,913,404
Lease liabilities	–	3,684,247	11,127,467	39,952,915	–	54,764,629
Loans payable	–	343,681,791	1,139,923,663	4,465,223,779	–	5,948,829,233
	₱3,040,331,525	₱944,588,763	₱1,356,410,284	₱4,505,176,694	₱–	₱9,846,507,266

**Excluding nonfinancial and statutory liabilities amounting to ₱520.1 million as at December 31, 2021.*

	2020					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱1,132,569,760	₱696,517,730	₱1,075,567,160	₱–	₱–	₱2,904,654,650
Lease liabilities	–	2,719,603	8,158,808	36,652,074	6,947,358	54,477,843
Loans payable	–	359,558,214	1,056,147,604	5,635,396,243	316,078,693	7,367,180,754
	₱1,132,569,760	₱1,058,795,547	₱2,139,873,572	₱5,672,048,317	₱323,026,051	₱10,326,313,247

**Excluding nonfinancial and statutory liabilities amounting to ₱379.2 million as at December 31, 2020.*

Capital Management

The primary objective of the Group's capital management is to secure ongoing financial needs of the Group to continue as a going concern as well as to maintain a strong credit standing and healthy capital ratio in order to support the business and maximize stockholder value.

The Group considers equity contributions from stockholders and retained earnings as its capital totaling ₱39,094.5 million and ₱36,368.7 million as at December 31, 2021 and 2020, respectively. The Group manages the capital structure and makes adjustments when there are changes in economic conditions, business activities, expansion programs, and the risk characteristics of the underlying assets. In order to manage the capital structure, the Group may adjust its borrowings, adjust dividend payment to shareholders, or raise equity.

The Group is required to maintain a debt-to-equity ratio of not greated than 2.50 with respect to the next reporting period. As at December 31, 2021, the Company is in compliance with the requirement.

No changes were made in the capital management objectives, policies, or processes in 2021 and 2020.

31. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Group's assets measured at fair value and assets and liability for which fair value is disclosed and the corresponding fair value hierarchy:

		2021			
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Unquoted financial asset at FVPL	6	₱4,007,376,541	₱–	₱4,007,376,541	₱–
Quoted financial assets at FVPL	6	861,306,117	861,306,117	–	–
Financial assets at FVOCI	10	105,679,875	105,679,875	–	–
Nonfinancial Assets:					
Land	11	6,091,294,614	–	–	6,091,294,614
Investment properties (excluding construction in progress)	12	1,677,328,831	–	–	1,677,352,270
		₱12,742,985,978	₱966,985,992	₱4,007,376,541	₱7,768,646,884
Financial Liability					
Loans payable	17	₱5,235,508,766	₱–	₱5,487,961,508	₱–

		2020			
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Quoted financial assets at FVPL	6	₱703,019,162	₱703,019,162	₱–	₱–
Financial assets at FVOCI	10	103,079,550	103,079,550	–	–
Nonfinancial Assets:					
Land	11	4,104,370,220	–	–	4,104,370,220
Investment properties (excluding construction in progress)	12	1,565,404,431	–	–	1,565,404,431
		₱6,475,873,363	₱806,098,712	₱–	₱5,669,774,651
Financial Liability					
Loans payable	17	₱6,295,636,282	₱–	₱6,895,854,154	₱–

The Group used the following techniques to determine fair value measurements:

- *Unquoted Financial Asset at FVPL.* The Group's unquoted financial asset at FVPL as at December 31, 2021 is carried at fair value computed using the discounted cash flow method, which uses a rate of similar instruments quoted in active markets. The discount rate used is 1.09% in 2021. This is classified under the Level 2 category.

- *Quoted Financial Assets at FVPL and Financial Assets at FVOCI.* The Group's quoted financial assets at FVPL and financial assets at FVOCI as at December 31, 2021 and 2020 are carried at fair values based on quoted market prices from active markets classified under the Level 1 category.

- *Land.* The fair value of land was estimated based on appraisals performed by an independent, professionally-qualified property appraiser and was determined with reference to the latest transacted prices for identical or similar properties. The fair valuation is classified under Level 3 category.

  The significant unobservable inputs used in the fair value measurement of the Group's land (included under "Property, plant and equipment" account) are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing comparables with different inputs would result in a significantly different fair value measurement.

  The Group has determined that the current use of the land classified as property, plant and equipment as at December 31, 2021 is its highest and best use.

- *Investment Properties (excluding Construction in Progress).* The fair value of investment properties was estimated based on appraisals performed by an independent, professionally-qualified property appraiser and was determined with reference to the latest transacted prices for identical or similar properties. The fair valuation is classified under Level 3 category.

  The significant unobservable inputs used in the fair value measurement of the Group's land (included under "Investment properties" account) are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing comparables with different inputs would result in a significantly different fair value measurement.

  The highest and best use of the land classified as investment properties as at December 31, 2021 would be to use it for construction of building to be held for rental. As at December 31, 2021, the Group has not yet started any development in the property.

- *Loans Payable.* The fair value of loans payable is estimated as the sum of all the future cash flows, discounted using the prevailing market rates of interest for instruments with similar maturities. The discount rate used is 3.86% and 4.20% as at December 31, 2021 and 2020, respectively. The fair valuation is classified under Level 2 category.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2021 and 2020.

The table below presents the financial assets and liability whose carrying amounts approximate their fair values as at December 31, 2021 and 2020:

	2021	2020
Financial assets at amortized cost:		
Cash and cash equivalents	**₱11,645,049,344**	₱11,466,255,207
Long-term placements	**650,000,000**	650,000,000
Trade and other receivables*	**1,019,141,834**	478,793,143
DSRA	**333,128,296**	347,425,003
Refundable deposits	**64,017,934**	55,912,004
Deposit in escrow	**44,581,295**	42,083,752
Restricted cash	**67,977,321**	28,232,093
Unquoted redeemable perpetual security	**–**	4,000,000,000
	₱13,823,896,024	₱17,068,701,202
Financial liability at amortized cost - Trade and other payables**	**₱3,842,913,404**	₱2,904,654,650

**Excluding nonfinancial assets amounting to ₱9.2 million and ₱9.9 million as at December 31, 2021 and 2020, respectively.*
***Excluding nonfinancial liabilities amounting to ₱520.1 million and ₱379.2 million as at December 31, 2021 and 2020, respectively.*

Current Financial Assets and Liability. The carrying amounts of cash and cash equivalents, trade and other receivables, DSRA and trade and other payables approximate their fair values due to the short-term nature of these financial instruments.

Other Noncurrent Assets. The carrying amount of long-term placements, deposit in escrow, restricted cash, and refundable deposits approximate fair value. Management believes that the effect of discounting the future receipts from these financial instruments using the prevailing market rates is insignificant.

32. Commitments and Contingencies

MPSA

The Group has the following key commitments under its MPSA:

- Payment to the Philippine Government of 4% excise tax of the market value of the minerals or mineral products extracted from the area and annual occupation fee based on the rate provided in the existing rules and regulations.

  Excise taxes paid to the Philippine Government amounted to ₱17.0 million, ₱13.1 million and ₱20.2 million in 2021, 2020 and 2019, respectively.

- Allotment of a minimum of 1% of the direct drilling and milling costs necessary to implement the activities for community development.

  Pursuant to Administrative Order No. 2010-21: "Revised Implementing Rules and Regulations of RA No. 7942, otherwise known as the Philippine Mining Act of 1995," the allotment for community development activities was revised to 1.5% of the operating costs.

As at December 31, 2021, 2020 and 2019, the Group is compliant with the foregoing commitments and obligations.

Operating Lease Commitments - Group as a Lessee

The Group has various operating lease agreements primarily for its office space, warehouse and heavy equipment with periods ranging from one (1) year to five (5) years. Future minimum lease commitments under noncancellable operating leases as at December 31, 2021 and 2020 are as follows:

	2021
Within one year	₱11,175,817
After one year but not more than five years	36,287,562
	₱47,463,379

Legal Claims

The Group is either a defendant or plaintiff in several civil cases primarily involving claims for damages. The outcomes of the legal proceedings for various cases are not presently determinable. Accordingly, no provision for any liability has been made in the consolidated financial statements.

In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's consolidated financial position and results of operations.

33. EPS

Basic and diluted EPS are calculated as follows:

	2021	2020	2019
Net income	₱6,025,794,105	₱3,391,392,558	₱6,014,901,093
Less dividends for cumulative preferred stock required for the year, net of tax	–	45,038,571	174,342,857
Net income attributable to common stockholders of the Parent Company	₱6,025,794,105	₱3,346,353,987	₱5,840,558,236
Weighted average number of common shares outstanding	5,000,000,005	5,000,000,005	5,000,000,005
Per share amounts: Basic and diluted EPS	₱1.21	₱0.67	₱1.17

Diluted earnings per share is equal to the basic earnings per share since the Group does not have potential dilutive shares.

34. Segment Reporting

The Group is organized into one reportable segment which is the quarrying, manufacturing and sale and distribution of cement products. KSHI, the Parent Company's wholly-owned subsidiary that will be engaged in property leasing has not yet started its commercial operations. The Group also has one geographical segment and derives all its revenues from domestic operations. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial information about the sole business segment is equivalent to the consolidated financial statements of the Group.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Eagle Cement Corporation and Subsidiaries
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

We have audited the accompanying consolidated financial statements of Eagle Cement Corporation (the Company) and Subsidiaries as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, on which we have rendered our report dated March 17, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 37 stockholders owning 100 or more shares each.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 1778-A
Valid until September 23, 2022
BIR Accreditation No. 08-005144-011-2020
Valid until January 1, 2023
PTR No. 8851709
Issued January 3, 2022, Makati City

March 17, 2022
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Eagle Cement Corporation and Subsidiaries
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

We have audited in accordance with the Philippine Standards on Auditing, the consolidated financial statements of Eagle Cement Corporation and Subsidiaries (the Group) as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 and have issued our report dated March 17, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Financial Assets
- Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders
- Amounts Receivable from Related Parties which are Eliminated during Consolidation of Financial Statements
- Long-term Debt
- Indebtedness to Related Parties
- Guarantees of Securities of Other Issuers
- Capital Stock
- Reconciliation of Retained Earnings Available for Dividend Declaration
- Use of IPO Proceeds
- Map of the Conglomerate

The supplementary schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 1778-A
Valid until September 23, 2022
BIR Accreditation No. 08-005144-011-2020
Valid until January 1, 2023
PTR No. 8851709
Issued January 3, 2022, Makati City

March 17, 2022
Makati City, Metro Manila

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2021

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Income Received and Accrued
Cash Equivalents			
United Coconut Planters Bank	–	₱3,553,282,728	₱40,134,970
Rizal Commercial Banking Corporation	–	1,966,799,806	8,273,602
China Banking Corporation	–	3,234,616,259	16,065,733
Sterling Bank of Asia	–	1,900,000	406
Bank of Commerce	–	668,988,101	160,547
East West Banking corporation	–	50,281,415	1,505,544
Union Bank of the Philippines	–	–	541
Philippine National Bank	–	544,249,531	33,398,616
Security Bank Corporation	–	320,011,202	1,013,721
Banco de Oro	–	200,148,917	2,492,032
Metro Bank Trust Corporation	–	415,510,851	778
		₱10,955,788,810	₱103,046,490
Cash in Banks			
Asia United Bank		167,222	1,434,865
Banco de Oro		87,636,310	419,353
Bank of Commerce		276,426,703	385,786
China Banking Corporation		3,817,328	58,787
Development Bank of the Philippines		121,411	–
East West Bank		5,141,716	66,660
Hongkong and Shanghai Banking Corporation, Ltd.		75,387	–
Metro Bank Trust Corporation		62,150,321	290,803
Philippine Bank of Communications		774,355	42,144
Philippine National Bank		9,896,929	129,018
Rizal Commercial Banking Corporation		641,421	12,781,938
Sterling Bank of Asia		1,779,902	14,843
Security Bank Corporation		77,911,275	198,871
Standard Chartered Bank		1,057,886	11
Union Bank of the Philippines		1,625,819	54,287
United Coconut Planters Bank		159,025,990	324,607
		₱688,249,975	₱16,201,973
Debt Service Reserve Account (DSRA)			
Asia United Bank		₱333,128,296	₱5,564,113
Deposit in Escrow			
Bank of Commerce		₱44,581,295	₱–
Restricted Cash			
Landbank of the Philippines		₱30,967,789	₱–
Development Bank of the Philippines		37,009,532	–
		₱67,977,321	₱–
Long-term Placements			
United Coconut Planters Bank		₱500,000,000	₱24,138,423
Rizal Commercial Banking Corporation		150,000,000	6,600,000
		₱650,000,000	₱30,738,423

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Income Received and Accrued
Financial Assets at Fair Value through Profit or Loss (FVPL)			
Redeemable Perpetual Securities	4,000,000	₱4,007,376,541	₱200,000,000
RTB 5-12	700,000,000	737,018,895	25,580,306
SM Prime Holdings, Inc.	75,000,000	76,559,662	3,100,980
Preferred Shares-Del Monte Pacific Ltd.	100,000	47,727,560	7,660,775
		₱4,868,682,658	₱236,342,061
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)			
Preferred Shares-San Miguel Corporation	1,333,500	₱105,679,875	₱6,844,317

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS
DECEMBER 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

*Total aggregate receivables from directors, officers, employees, related parties and principal stockholders does not exceed 1% of Total Assets or ₱1.0 million as shown in the Consolidated Statements of Financial Position as at December 31, 2021.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE C
AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
KB Space Holdings, Inc.	₱3,860,075	₱–	₱753,000	₱–	₱3,107,075	₱–	₱3,107,075

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE D
LONG-TERM DEBT
DECEMBER 31, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Loans Payable" in Related Statements of Financial Position	Amount Shown Under Caption "Loans Payable - Net of Current Portion" in Related Statements of Financial Position	Interest Rate	Maturity Date
Term Loan Facility and Security Agreement (TLFSA), Face amount	₱3,540,000,000	₱810,000,000	₱2,730,000,000		Payable in 32 quarterly installments commencing on the 9th quarter of availment
Less: Unamortized debt issuance costs	(9,897,359)	(4,071,261)	(5,826,098)	5.68% Nominal interest	
TLFSA, Face amount	1,268,500,000	290,250,000	978,250,000		Payable in 32 quarterly installments commencing on the 9th quarter of availment
Less: Unamortized debt issuance costs	(4,101,408)	(1,686,945)	(2,414,463)	6.21% Nominal interest	
TLFSA, Face amount	442,500,000	101,250,000	341,250,000		Payable in 32 quarterly installments commencing on the 9th quarter of availment
Less: Unamortized debt issuance costs	(1,492,467)	(613,846)	(878,621)	5.74% Nominal interest	
	₱5,235,508,766	₱1,195,127,948	₱4,040,380,818		

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2021

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Not Applicable	Not Applicable	Not Applicable

*Total indebtedness to related parties does not exceed 5% of Total Assets as shown in the Consolidated Statements of Financial Position as at December 31, 2021.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE F
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2021

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE G
CAPITAL STOCK
DECEMBER 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under Related Statements of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common stock	5,500,000,005	5,000,000,005	–	3,010,714,288	1,414,285,717	575,000,000

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY

DECEMBER 31, 2021

Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning		₱7,913,384,893
Add: Net income actually earned/realized during the year		
Net income based on the face of audited separate financial statements	5,864,809,206	
Adjusted by: Movement of deferred tax asset	(18,889,405)	
Unrealized foreign exchange gains except those attributable to cash cash and cash equivalents	(2,627,939)	
Realization of trading gains on FVPL	475,002	5,843,766,864
Unappropriated retained earnings available for dividend declaration, ending		13,757,151,757
Adjustments for cash dividends declared		(3,300,000,003)
Unappropriated retained earnings available for dividend declaration, ending		₱10,457,151,754

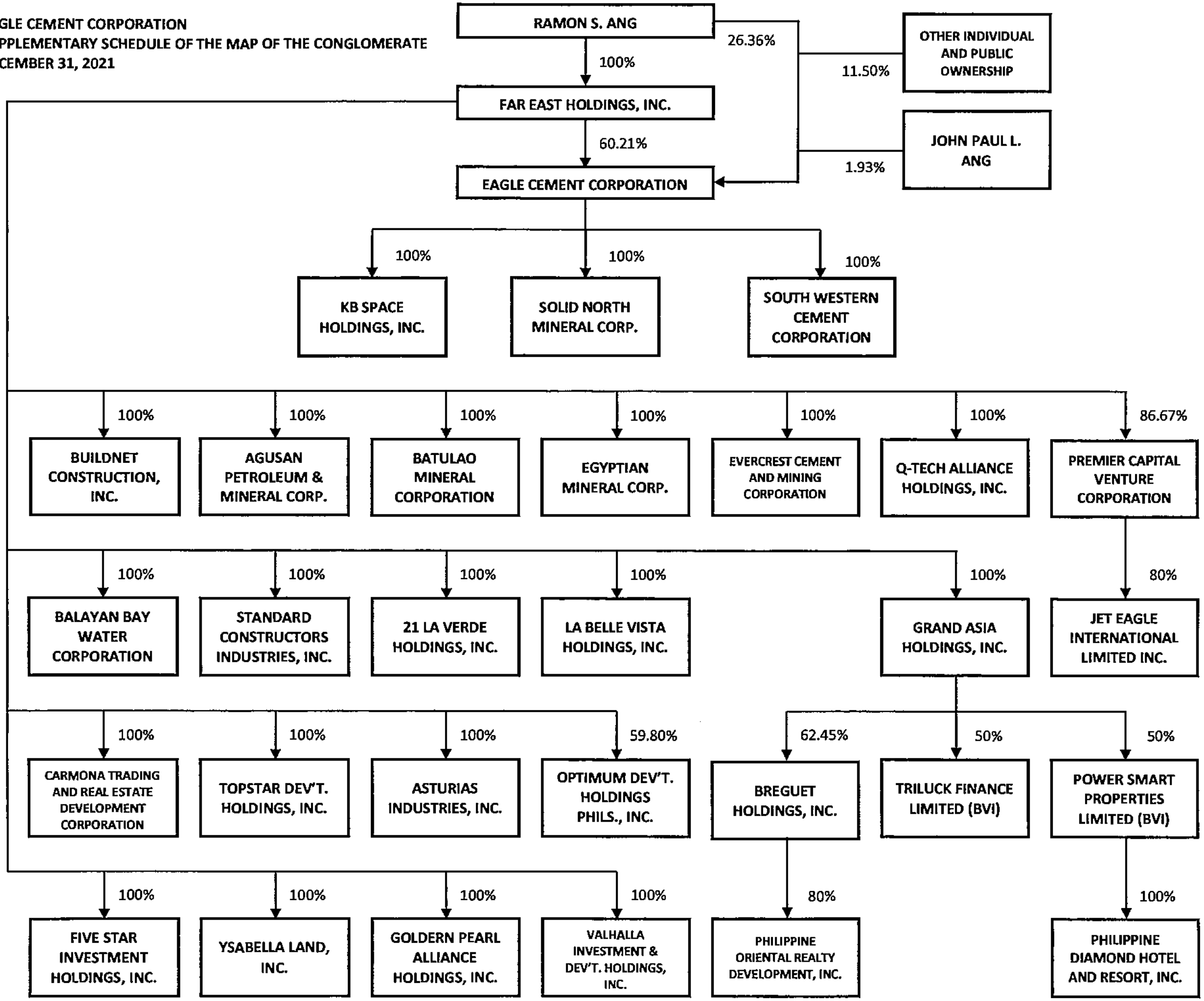
EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON USE OF IPO PROCEEDS UNDER THE REVISED SECURITIES REGULATION CODE RULE 68

DECEMBER 31, 2021

	Prospectus	Actual
Gross proceeds (₱15 per share)	₱7,500,000,000	₱7,500,000,000
IPO expenses:		
IPO tax	320,000,000	300,000,000
Gross underwriting fees	215,053,763	178,706,671
PSE listing fee	53,200,000	45,052,525
SEC registration	3,968,750	3,968,750
Documentary stamp taxes paid	2,500,000	2,500,000
Legal and other professional fee	8,000,000	1,295,294
Other expenses	12,278,088	122,417
	615,000,601	531,645,657
Construction of fourth manufacturing plant in Cebu	6,884,999,399	58,977,400
	7,500,000,000	590,623,057
Net unutilized proceeds	₱–	₱6,909,376,943

EAGLE CEMENT CORPORATION
SUPPLEMENTARY SCHEDULE OF THE MAP OF THE CONGLOMERATE
DECEMBER 31, 2021



REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Eagle Cement Corporation and Subsidiaries
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Eagle Cement Corporation and Subsidiaries (the Group) as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, and have issued our report thereon dated March 17, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole.

The supplementary schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of the financial soundness indicators contained in the supplementary schedule have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 1778-A
Valid until September 23, 2022
BIR Accreditation No. 08-005144-011-2020
Valid until January 1, 2023
PTR No. 8851709
Issued January 3, 2022, Makati City

March 17, 2022
Makati City, Metro Manila

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS UNDER THE REVISED SECURITIES REGULATION CODE RULE 68

DECEMBER 31, 2021 AND 2020

	2021	2020
Current/Liquidity Ratio	**3.61**	4.14
Current assets	**₱20,393,807,579**	₱18,914,078,356
Current liabilities	**5,654,971,198**	4,563,471,736
Solvency Ratio	**0.65**	0.41
Net income before depreciation and amortization	**₱7,191,850,237**	₱4,438,476,525
Total liabilities	**11,030,295,798**	10,944,577,551
Debt-to-Equity Ratio	**0.26**	0.28
Total liabilities	**₱11,030,295,798**	₱10,944,577,551
Total equity	**42,204,000,753**	38,714,574,589
Asset-to-Equity Ratio	**1.26**	1.28
Total assets	**₱53,234,296,551**	₱49,659,152,140
Total equity	**42,204,000,753**	38,714,574,589
Interest Rate Coverage Ratio	**19.95**	11.28
Net income before interest expense and taxes	**₱7,190,442,619**	₱4,857,799,843
Interest expense	**360,333,838**	430,696,047
Return on Asset Ratio	**0.12**	0.08
Net income before interest expense after-tax	**₱6,386,127,943**	₱3,822,088,605
Average total assets	**51,446,724,346**	49,357,295,685
Return on Equity Ratio	**0.15**	0.09
Net income	**₱6,025,794,105**	₱3,391,392,558
Average total equity	**40,459,287,671**	38,022,768,808

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
Wed 5/11/2022 12:01 PM
To: ECC Tax <tax@eagle-cement.com.ph>
Cc: ECC Tax <tax@eagle-cement.com.ph>

Hi EAGLE CEMENT CORPORATION,

Valid files

- EAFS004731637RPTTY122021.pdf
- EAFS004731637TCRTY122021-03.pdf
- EAFS004731637TCRTY122021-02.pdf
- EAFS004731637OTHTY122021.pdf
- EAFS004731637ITRTY122021.pdf
- EAFS004731637AFSTY122021.pdf
- EAFS004731637TCRTY122021-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-3PMMS3NP09BD9L66NNQNS2PX04MVSQPRM**
Submission Date/Time: **May 11, 2022 11:45 AM**
Company TIN: **004-731-637**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

For Encrypted Emails click here for instructions

========== DISCLAIMER ========== This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Stockholders and the Board of Directors
Eagle Cement Corporation
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

We have audited the accompanying separate financial statements of Eagle Cement Corporation (a subsidiary of Far East Holdings, Inc.) (the Company) as at and for the years ended December 31, 2021 and 2020, on which we have rendered our report dated March 17, 2022.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 1778-A
Valid until September 23, 2022
BIR Accreditation No. 08-005144-011-2020
Valid until January 1, 2023
PTR No. 8851709
Issued January 3, 2022, Makati City

March 17, 2022
Makati City, Metro Manila

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	5	0	0	5	8	8	5

COMPANY NAME

EAGLE CEMENT CORPORATION (A Subsidiary of Far East Holdings, Inc.)

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

2/F SMITS Corporate Center, 155 EDSA Barangay Wack-Wack, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
corporatesecretary@eagle-cement.com.ph	(02) 5301-3453	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
45	1st Monday of June	December 31

CONTACT PERSON'S INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Marlon P. Javarro	mpjavarro@eagle-cement.com.ph	(02) 5301-3453	0917-598-8771

CONTACT PERSON'S ADDRESS

2/F SMITS Corporate Center, 155 EDSA Barangay Wack-Wack, Mandaluyong City

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

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

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone +632 8 982 9100
Fax +632 8 982 9111
Website www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Eagle Cement Corporation
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

Opinion

We have audited the accompanying separate financial statements of Eagle Cement Corporation (a subsidiary of Far East Holdings, Inc.) (the Company), which comprise the separate statements of financial position as at December 31, 2021 and 2020, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2021 and 2020, and its separate financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

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

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

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

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

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

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

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 1778-A
Valid until September 23, 2022
BIR Accreditation No. 08-005144-011-2020
Valid until January 1, 2023
PTR No. 8851709
Issued January 3, 2022, Makati City

March 17, 2022
Makati City, Metro Manila

EAGLE CEMENT CORPORATION
(A Subsidiary of Far East Holdings, Inc.)

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱10,327,052,327**	₱11,460,460,392
Financial assets at fair value through profit or loss (FVPL)	5	**4,868,682,658**	4,703,019,162
Trade and other receivables	6	**397,963,009**	486,815,331
Inventories	7	**1,588,637,640**	1,405,696,412
Other current assets	8	**1,064,102,023**	841,759,959
Total Current Assets		**18,246,437,657**	18,897,751,256
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	9	**105,679,875**	103,079,550
Investments in subsidiaries and an associate	12	**5,259,162,989**	1,308,529,615
Property, plant and equipment	10	**25,893,957,742**	25,222,370,066
Intangible assets	11	**193,615,353**	147,196,200
Other noncurrent assets	13	**1,783,457,245**	2,889,070,972
Total Noncurrent Assets		**33,235,873,204**	29,670,246,403
		₱51,482,310,861	₱48,567,997,659

LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	**₱3,921,510,702**	₱3,189,175,673
Current portion of loans payable	15	**1,195,127,948**	1,060,127,446
Current portion of lease liabilities	24	**8,586,035**	7,648,720
Income tax payable		**84,601,860**	210,445,297
Total Current Liabilities		**5,209,826,545**	4,467,397,136
Noncurrent Liabilities			
Loans payable - net of current portion	15	**4,040,380,818**	5,235,508,836
Lease liabilities - net of current portion	24	**27,970,976**	36,557,012
Net retirement benefit liability	25	**122,438,893**	87,944,993
Provision for mine rehabilitation and decommissioning	16	**32,659,899**	31,233,753
Net deferred tax liabilities	27	**959,374,313**	939,408,152
Total Noncurrent Liabilities		**5,182,824,899**	6,330,652,746
Total Liabilities		**10,392,651,444**	10,798,049,882
Equity	17		
Capital stock		**8,000,000,005**	8,000,000,005
Additional paid-in capital		**6,525,506,098**	6,525,506,098
Retained earnings:			
Appropriated		**16,000,000,000**	16,000,000,000
Unappropriated		**10,581,109,874**	8,016,300,671
Treasury stock		**(3,000,000,000)**	(3,000,000,000)
Other equity reserves		**2,983,043,440**	2,228,141,003
Total Equity		**41,089,659,417**	37,769,947,777
		₱51,482,310,861	₱48,567,997,659

See accompanying Notes to Separate Financial Statements.

EAGLE CEMENT CORPORATION

(A Subsidiary of Far East Holdings, Inc.)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2021**	2020
NET SALES	19	**₱21,304,262,380**	₱13,906,139,382
COST OF GOODS SOLD	20	**12,436,481,629**	8,208,930,134
GROSS PROFIT		**8,867,780,751**	5,697,209,248
OPERATING EXPENSES	21	**2,291,943,393**	1,578,079,821
INCOME FROM OPERATIONS		**6,575,837,358**	4,119,129,427
FINANCE COSTS	15	**(359,110,898)**	(430,689,876)
INTEREST INCOME	4	**212,891,865**	333,737,895
OTHER INCOME - Net	22	**214,455,687**	150,790,990
INCOME BEFORE INCOME TAX		**6,644,074,012**	4,172,968,436
INCOME TAX EXPENSE (BENEFIT)	27		
Current		**798,154,211**	1,032,478,972
Deferred		**(18,889,405)**	3,232,266
		779,264,806	1,035,711,238
NET INCOME		**5,864,809,206**	3,137,257,198
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss in subsequent periods			
Revaluation of land (net of deferred tax)	10	**728,511,144**	876,655,531
Remeasurement gains on net retirement benefit liability (net of deferred tax)	25	**23,790,968**	42,339,397
Unrealized gains on financial assets at FVOCI	9	**2,600,325**	2,000,250
		754,902,437	920,995,178
TOTAL COMPREHENSIVE INCOME		**₱6,619,711,643**	₱4,058,252,376

See accompanying Notes to Separate Financial Statements.

EAGLE CEMENT CORPORATION
(A Subsidiary of Far East Holdings, Inc.)

SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	Note	Capital Stock - ₱1 par value		Additional	Retained Earnings		Other Equity Reserves			Treasury	
		Common Stock	Preferred Stock	Paid-in Capital	Appropriated	Unappropriated	Revaluation Surplus (Net of Deferred Tax)	Cumulative Unrealized Gain on Financial Assets at FVOCI	Cumulative Remeasurement Gains (Losses) on Net Retirement Benefit Liability (Net of Deferred Tax)	Stock	Total Equity
Balances as at December 31, 2020		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱8,016,300,671	₱2,201,743,531	₱3,067,050	₱23,330,422	(₱3,000,000,000)	₱37,769,947,777
Net income		–	–	–	–	5,864,809,206	–	–	–	–	5,864,809,206
Other comprehensive income		–	–	–	–	–	728,511,144	2,600,325	23,790,968	–	754,902,437
Cash dividends declared	17	–	–	–	–	(3,300,000,003)	–	–	–	–	(3,300,000,003)
Balances as at December 31, 2021		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱10,581,109,874	₱2,930,254,675	₱5,667,375	₱47,121,390	(₱3,000,000,000)	₱41,089,659,417
Balances as at December 31, 2019		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱7,500,000,000	₱13,425,543,473	₱1,325,088,000	₱1,066,800	(₱19,008,975)	₱–	₱36,758,195,401
Net income		–	–	–	–	3,137,257,198	–	–	–	–	3,137,257,198
Other comprehensive income		–	–	–	–	–	876,655,531	2,000,250	42,339,397	–	920,995,178
Appropriation	17	–	–	–	8,500,000,000	(8,500,000,000)	–	–	–	–	–
Redemption of preferred stock	17	–	–	–	–		–	–	–	(3,000,000,000)	(3,000,000,000)
Cash dividends declared	17	–	–	–	–	(46,500,000)	–	–	–	–	(46,500,000)
Balances as at December 31, 2020		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱8,016,300,671	₱2,201,743,531	₱3,067,050	₱23,330,422	(₱3,000,000,000)	₱37,769,947,777

See accompanying Notes to Separate Financial Statements.

EAGLE CEMENT CORPORATION
(A Subsidiary of Far East Holdings, Inc.)

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱6,644,074,012**	₱4,172,968,436
Adjustments for:			
Depreciation and amortization	10	**1,153,696,462**	1,045,517,934
Finance costs	15	**359,110,898**	430,689,876
Dividend income	5	**(214,505,092)**	(134,753,962)
Interest income	4	**(212,891,865)**	(333,737,895)
Retirement benefit costs	25	**63,253,526**	33,230,449
Trading losses (gains) on financial assets at FVPL	5	**23,205,545**	(20,077,980)
Unrealized foreign exchange losses (gains) - net		**(2,456,350)**	18,963,510
Gain on sale of property, plant and equipment	22	**(659,328)**	(5,976,932)
Operating income before working capital changes		**7,812,827,808**	5,206,823,436
Decrease (increase) in:			
Trade and other receivables		**168,135,592**	74,672,357
Inventories		**102,745,806**	288,454,859
Other current assets		**(232,262,496)**	138,719,697
Other noncurrent assets		**8,786,773**	41,363,828
Increase (decrease) in trade and other payables		**744,321,305**	(131,131,545)
Net cash generated from operations		**8,604,554,788**	5,618,902,632
Income taxes paid		**(923,997,648)**	(1,083,259,000)
Interest received		**209,718,782**	383,087,908
Net cash provided by operating activities		**7,890,275,922**	4,918,731,540
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investments in subsidiaries	12	**(3,950,633,374)**	(20,000,000)
Property, plant and equipment		**(692,023,204)**	(1,438,818,780)
Deposit on asset purchase		**(424,953,783)**	(94,386,948)
Financial assets at FVPL		**(200,000,000)**	(4,000,000,000)
Intangible assets		**(60,845,679)**	(132,059,137)
Deposit for future investment		**(4,306,438)**	(217,000,000)
Collections of deposit for future investment due to termination	13	**717,000,000**	–
Dividends received		**214,505,092**	84,753,962
Proceeds from sale of:			
Property, plant and equipment		**97,022,810**	3,479,335
Financial assets at FVPL		**11,130,959**	34,890,335
Net cash used in investing activities		**(4,293,103,617)**	(5,779,141,233)

(Forward)

	Note	2021	2020
		Years Ended December 31	
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Dividends	17	**(₱3,300,000,003)**	(₱91,500,000)
Loans payable	15	**(1,068,000,000)**	(1,068,000,000)
Interest		**(351,530,368)**	(420,908,384)
Lease liabilities	24	**(10,878,410)**	(11,569,276)
Redemption of preferred shares	17	**–**	(3,000,000,000)
Cash used in financing activities		**(4,730,408,781)**	(4,591,977,660)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,133,236,476)**	(5,452,387,353)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(171,589)**	(16,357,170)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**11,460,460,392**	16,929,204,915
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱10,327,052,327**	₱11,460,460,392

See accompanying Notes to Separate Financial Statements.

NOTES TO SEPARATE FINANCIAL STATEMENTS

1. General Information

Corporate Information
Eagle Cement Corporation (ECC or the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 21, 1995. The Company is primarily engaged in the business of manufacturing, marketing, sale and distribution of cement, cement products and by-products.

The Company is a 60.21%-owned subsidiary of Far East Holdings, Inc. (the Parent Company), an entity incorporated and domiciled in the Philippines.

On May 29, 2017, the common stocks of the Company were listed and traded in the Philippine Stock Exchange (PSE) through an Initial Public Offering (IPO) under the trading name "EAGLE".

The registered office address of the Company is 2/F SMITS Corporate Center, 155 EDSA, Barangay Wack-Wack, Mandaluyong City.

Status of Operations
The Company has the following Mineral Production Sharing Agreements (MPSA) granted by the Philippine Government through the Mines and Geosciences Bureau either through direct grant or through deed of assignment.

Grantee/ Assignee	MPSA No.	Location	Date of Issuance/Renewal	Commodity	Status of Operations
Luzon sites:					
ECC	245-2007-III	Dona Remedios Trinidad and San Ildefonso, Bulacan	July 25, 2007	Limestone	Exploration
ECC*	181-2002-III	Akle, San Ildefonso, Bulacan	December 9, 2002	Limestone	Commercial Operations
Cebu sites:					
ECC	100-97-VII	Ginatilan, Cebu	December 29, 1997	Limestone	Exploration
ECC	101-97-VII	Ginatilan and Malabuyoc, Cebu	December 29, 1997	Limestone	Exploration

*Started commercial operations for the production of limestone in 2010.

These MPSAs have terms of 25 years from the issuance date and may be renewed thereafter for another term not exceeding 25 years. As of March 17, 2022, the Company is in the process of applying for the extension of the term of MPSAs 100-97-VII and 101-97-VII from Cebu sites.

Approval of Separate Financial Statements
The separate financial statements of the Company as at and for the years ended December 31, 2021 and 2020 were approved and authorized for issuance by the Board of Directors (BOD) on March 17, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

The Company also prepares and issues consolidated financial statements for the same period as the separate financial statements presented in accordance with PFRS. Consolidated financial statements may be obtained at the SEC or at the Company's registered office address.

Measurement Bases

The separate financial statements are presented in Philippine Peso, the Company's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The separate financial statements of the Company have been prepared on the historical cost basis, except for the following:

	Measurement Bases
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Land	Revalued amount

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the following notes to the separate financial statements:

- Note 5 - Financial Assets at FVPL
- Note 9 - Financial Assets at FVOCI
- Note 10 - Property, Plant and Equipment
- Note 29 - Fair Value Measurement

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2021 and have not been applied in preparing the separate financial statements, are summarized below.

Effective January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

  - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendments remove from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

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

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

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

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

Financial Assets

Initial Recognition and Measurement. Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at FVPL, includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI, and (c) financial assets at FVPL. The classification of a financial asset at initial recognition largely depends on the Company's business model for managing the asset and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets are measured at amortized cost if both of the following conditions are met:

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

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

As at December 31, 2021 and 2020, the Company's cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), Debt Service Reserve Account (DSRA), long-term placements, refundable deposits, deposit in escrow and restricted cash are classified under this category (see Notes 4, 6, 8, and 13).

Cash and cash equivalents include cash on hand, cash in banks, and short-term placements. Short-term placements are highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, *Financial Instruments: Presentation.* This option is available and made on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in other comprehensive income (OCI) and presented in the equity section of the separate statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods; instead, these are transferred directly to retained earnings.

As at December 31, 2021 and 2020, the Company has quoted investments in equity securities which were irrevocably designated as financial assets at FVOCI (see Note 9).

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not "solely for payment of principal and interest", and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell. The Company may, at initial recognition, designate a debt instrument meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

This category also includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2021 and 2020, the Company's investments in various listed debt and equity securities and investment in unquoted redeemable perpetual securities are classified under this category (see Note 5).

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

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new carrying amount.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new carrying amount.

Impairment of Financial Assets at Amortized Cost and FVOCI. The Company assesses on a forward-looking basis the ECL associated with all debt instruments not held at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's 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, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort, which is indicative of significant increases in credit risk since initial recognition.

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof.

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

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

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

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized cost the initial measurement is net of any directly attributable transaction costs.

Classification. The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2021 and 2020, the Company does not have financial liabilities at FVPL.

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

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

As at December 31, 2021 and 2020, the Company's trade and other payables (excluding advances from customers and statutory payables), loans payable and lease liabilities are classified under this category (see Notes 14, 15 and 24).

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the separate statements of comprehensive income.

Classification of Financial Instrument between Liability and Equity. Redeemable preferred shares are classified as equity if it does not exhibit the following contractual obligations to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. Redeemable preferred shares that exhibit characteristics of a liability are recognized at fair value, net of transaction costs, at inception date and presented as a liability in the separate statements of financial position.

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

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). The cost of raw materials, spare parts and supplies comprises all purchase price and other costs incurred in bringing the inventories to its present location and condition. The cost of finished goods and goods in process comprises raw materials, direct labor and other direct costs and related production overheads.

The cost of raw materials is calculated based on moving average method while the cost of goods in process and finished goods is calculated based on standard costing method. Standard cost is adjusted to reflect actual cost which is principally determined using the moving average method. The NRV of raw materials, goods in process and finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and of marketing and distribution.

Cost is determined using the moving average method for spare parts and supplies. The NRV of spare parts and supplies are their current replacement costs. Spare parts are carried as inventory and recognized in profit or loss as consumed. However, major spare parts and stand-by equipment are recorded under "Property, plant and equipment" account in the separate statements of financial position when the Company expects to use these for more than one (1) year or if these can be used only in connection with an item of property, plant and equipment.

When the NRV of the inventories is lower than its cost, the Company provides for an allowance for the decline in value of inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of write-down of inventories, arising from an increase in NRV, is recognized in profit or loss in the period in which the reversal occurs.

Other Nonfinancial Current Assets
Other nonfinancial current assets include advances to suppliers and prepayments.

Advances to Suppliers. Advances to suppliers are amounts paid in advance for the purchase of goods and services. These are carried at face amount in the separate statements of financial position and are recognized to appropriate asset account or in profit or loss when the services or materials for which the advances were made are received or delivered. Advances to suppliers wherein the related assets to which the advances were made will be used primarily for the purpose of trading are classified as current assets. Otherwise, these are classified as noncurrent assets.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be utilized within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Property, Plant and Equipment
Land is accounted for using the revaluation model.

Under the revaluation model, land is initially recorded at cost and subsequently measured at fair value less impairment losses, if any. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded initially in OCI and accumulated to the "Other equity reserves" account in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus.

The following property, plant and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value:

- Machinery and equipment
- Building and improvements
- Furniture, fixtures and other office equipment
- Transportation equipment
- Right-of-use (ROU) assets

The initial cost of property, plant and equipment comprises its purchase price after deducting trade discounts and rebates, import duties, non-refundable purchase taxes, and any directly attributable costs of bringing the asset in its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable in bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. The cost of replacing a component of an item of property, plant and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property, plant and equipment:

	Number of Years
Machinery and equipment	5 to 30
Building and improvements	10 to 30
Furniture, fixtures and other office equipment	3 to 5
Transportation equipment	5
ROU assets	2 to 8

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

Fully depreciated assets are retained in the account until they are no longer in use and no further change for depreciation is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Construction in progress represents properties under construction and is stated at cost. Cost includes costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

<u>Intangible Assets</u>

Intangible assets include mining rights and computer software.

Intangible assets are stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. Intangible assets are amortized over their useful lives on a straight-line basis and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangibles with finite useful lives are recognized in profit or loss.

The useful life of intangible assets arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Company. The useful lives of the intangible assets are as follows:

	Number of Years
Mining rights	25
Computer software	10

When mining rights are retired or otherwise disposed of, the cost and the related accumulated amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Investments in Subsidiaries

The Company's investments in subsidiaries are carried in the separate statements of financial position at cost, less any impairment in value.

Subsidiary is an entity controlled by the Company. The Company controls a subsidiary if it is exposed, or has rights to variable returns from its involvement with the subsidiary and the ability to affect those returns through its power over the subsidiary. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

Under the cost method, dividend income from the investment is recognized in profit or loss when the Company's right to receive dividend is established. Distributions received in excess of investment's profits are regarded as a recovery of investment and recognized as a reduction of the cost of investment.

Investment in an Associate

An associate is an entity over which the Company has significant influence. 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 Company's investment in an associate is accounted for under equity method. The investment is initially recognized at cost and adjusted to recognize the Company's share in net assets of the associate since the acquisition date. Dividends received by the Company from the associate will reduce the carrying amount of the investment when the right to receive the dividend is established. The Company recognizes its share in net income or loss of the associate in profit or loss. Any change in OCI of the associate is presented as part of the Company's OCI. In addition, where there has been change recognized directly in equity of the associate, the Company recognizes its share in any changes, when applicable in the separate statements of changes in equity.

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

The financial statements of the associate are prepared in the same reporting period as the Company.

Other Nonfinancial Noncurrent Assets

Other nonfinancial noncurrent assets include deposit on asset purchase and deposit for future investment.

Deposit on Asset Purchase. Deposit on asset purchase, measured at face amount less any allowance for impairment, represents advance payments for long-term supply of raw materials and advance payments for the purchase of property, plant and equipment. Deposit on asset purchase is applied against acquisition of property, plant and equipment and long-term deposit for inventory acquisition.

Deposit for Future Investment. Deposit for future investment represents funds paid in advance for future acquisition of the investee's capital stocks which is measured at cost less any allowance for impairment. Deposit for future investment is applied against subscription to common shares of stock of a business entity.

Impairment of Nonfinancial Assets

The carrying amounts of property, plant and equipment, intangible assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

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

Advances from Customers

Advances from customers consist of amounts received by the Company from its customers as advance payments for the sale of goods. These are recorded at face amount in the separate statements of financial position and recognized as revenue in the separate statements of comprehensive income when the goods for which the advances were made are delivered to the customers.

Value-Added Tax (VAT)

VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

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

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

- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT payable to the taxation authority is included as part of "Trade and other payables" account in the separate statements of financial position.

Deferred Input VAT
In accordance with Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

Deferred input VAT that are expected to be claimed against output VAT within 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets. Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Rebates
The Company provides rebates to certain customers based on the level of their purchases which may be applied against the amount of their existing or future payables to the Company. The rebates granted by the Company are not considered as a variable consideration as defined in PFRS 15. Accordingly, the Company's sales rebates are accounted for separately from the total consideration of the revenue recognized and measured at the amount expected to be claimed by the customer against future sales transactions.

The Company's accrual for sales rebates is included as part of "Trade and other payables" account in the separate statements of financial position.

Equity

Common stock. Common stock is measured at par value for all shares issued and outstanding.

Preferred stock. Preferred stock is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. It is measured at par value for all shares issued. Dividends thereon are recognized as distributions within equity upon approval by the Company's BOD.

Additional Paid-in Capital (APIC). APIC represents the proceeds and/or fair value of consideration received in excess of the par value of the shares issued. Incremental costs directly attributable to the issuance of new common stock are recognized as a deduction from APIC, net of any tax effects.

Retained Earnings. Retained earnings represent the cumulative balance of net income, net of any dividend declaration.

Unappropriated retained earnings pertain to the unrestricted portion available for dividend declaration. Appropriated retained earnings pertain to the restricted portion which is intended for expansion projects and other significant business activities of the Company.

The Company recognizes a liability to pay dividends when the distribution is authorized and no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

Other Equity Reserves. Other equity reserves comprise items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Company pertain to revaluation surplus on land, cumulative remeasurement gains or losses on net retirement benefit liability, and cumulative unrealized gains on financial assets at FVOCI.

Treasury Stocks. Treasury stocks represent issued shares repurchased by the Company. The consideration paid, including any directly attributable incremental costs, net of related taxes, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related taxes, and are included in equity attributable to the equity holders of the Company.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Sales. Sales are recognized at a point in time when control of the goods has transferred, when the products are delivered to the buyer, and the seller has no obligation that could affect the buyer's acceptance of goods.

Other Income. Income from other sources is recognized when earned during the period.

The following are the specific recognition criteria for other revenues outside the scope of PFRS 15:

Interest Income. Interest income is recognized in profit or loss as it accrues taking into account the effective yield on the asset.

Dividend Income. Dividend income is recognized when the Company's right to receive payment is established.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Goods Sold. Cost of goods sold is recognized when the related goods are delivered to and accepted by customers.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market the goods. These include advertising and freight and handling, among others. These are recognized when incurred.

Employee Benefits

Short-term Benefits. The Company recognizes short-term employee benefits based on contractual arrangements with employees. The unpaid portion of the short-term employee benefits is measured on an undiscounted basis and is included as part of "Trade and other payables" account in the separate statements of financial position.

Retirement Benefit. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed annually by a qualified actuary. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Company recognizes retirement benefit costs, comprising current service costs, past service costs and net interest costs, in profit or loss.

The Company determines the net interest costs by applying the discount rate to the net defined benefit liability at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in OCI and are not reclassified to profit or loss in subsequent periods.

The net retirement benefit liability recognized by the Company is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net retirement benefit liability.

Leases

The Company assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of the asset and whether the Company has the right to direct the use of the asset. The Company recognizes an ROU asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

Company as a Lessee. At the commencement date, the Company recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date of the lease contract, the Company measures ROU assets (presented as part of "Property, plant and equipment" account) at cost. The initial measurement of ROU assets includes 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
- an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging from two (2) to eight (8) years.

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

Lease payments included in the measurement of lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, lease liabilities are remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. Lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Finance Costs

Finance costs include interest charges and other costs incurred in connection with the borrowing of funds. Finance costs also include any interest expense resulting from adjusting the amortized cost of financial liabilities based on the effective interest method.

Finance costs are recognized in profit or loss in the period they are incurred.

Foreign Currency-Denominated Transactions
Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided 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. Deferred tax assets are recognized for all deductible temporary difference, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries and interest in joint ventures.

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

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

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized to equity or in OCI.

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

Related Party Transactions

Related party relationships exist 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 relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Related parties may be individual or corporate entities.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties. Related party transactions are considered material and/or significant if (i) these transactions amount to 10.0% or higher of the Company's total assets or, (ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10.0% or higher of the Company's total assets. Details of transactions entered into by the Company with related parties are reviewed by the BOD in accordance with the Company's related party transactions policies.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, 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 profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for Mine Rehabilitation and Decommissioning. Mine rehabilitation costs will be incurred by the Company either while operating or at the end of the operating life of the Company's facilities and mine properties. The Company assesses its provision for mine rehabilitation and decommissioning at each reporting date. The Company recognizes a provision where: it has a legal and constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of obligation can be made. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closing plant and waste sites, and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the mining asset is installed, or the ground or environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it is incurred as a result of the development or construction of the mine.

Changes in the estimated timing of rehabilitation or changes in the estimated future costs are recognized prospectively as an adjustment to the provision for mine rehabilitation and decommissioning and the related mining asset.

Any decrease in the provision for mine rehabilitation and decommissioning and, therefore, any deduction from the asset may not exceed the carrying amount of the related mining asset. Any excess over the carrying amount is recognized in profit or loss.

If the change in estimate results in an increase in the provision for mine rehabilitation and decommissioning and, therefore, an addition to the carrying amount of the mining asset, the Company considers whether there is an indication of impairment of the asset as a whole. If any such indication exists and when the revised estimate for the mining asset (net of rehabilitation provisions) exceeds the recoverable amount, the increase is recognized as expense.

The discounted provision for mine rehabilitation and decommissioning is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic amortization of the discount is recognized in profit or loss as part of finance cost.

Rehabilitation funds committed for use in satisfying environmental obligations are classified as "Restricted cash" included in "Other noncurrent assets" account in the separate statements of financial position.

Contingencies. Contingent liabilities are not recognized in the separate financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to the separate financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the separate financial statements requires management to exercise judgments, make accounting estimates, and use assumptions that affect the amounts reported in the separate financial statements and related notes. The judgments, accounting estimates, and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates, and assumptions made by the Company:

Judgments

Classification of Financial Assets. Classification and measurement of financial assets depends on the results of the contractual cash flow and the business model tests. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

At initial recognition, the Company irrevocably designated its investments in equity securities either as financial assets at FVOCI (see Note 9) or as financial assets at FVPL. The Company's investment in debt securities and investment in unquoted redeemable perpetual securities were classified as financial assets at FVPL (see Note 5).

Cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), DSRA, long-term placements, refundable deposits, deposit in escrow and restricted cash were classified as financial assets at amortized cost since the Company's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest (see Notes 4, 6, 8, and 13).

Fair Value Measurement of Financial Instruments. The fair values of securities that are actively traded in organized financial markets are determined by reference to unadjusted quoted market prices at the close of business on the reporting date.

When the fair values of financial assets recorded in the separate statements of financial position cannot be measured based on quoted prices in active market, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to this model are taken from observable market when possible, but when this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

In accordance with the amendments to PFRS 7, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the separate statements of financial position.

Assumptions and methods of determining the fair values of financial instruments are presented in Note 29 to the separate financial statements.

Existence of Significant Influence over Armstrong Fly-ash Logistics Company, Inc. (AFALCI). Significant influence has been established by the Company over the investee as shown from its participation, through its representative in the investee's BOD, in the decision making process of the investee's significant activities. Further, although the Company's interest is only represented by preferred shares, still, a conversion feature gives the Company a potential voting power in the future, which increases its ability to participate in the overall decision making process of the investee.

Investment in the preferred shares of AFALCI amounted to ₱75.0 million in December 31, 2021 and 2020 (see Note 12).

Assessment of Production Start Date. The Company assesses the stage of development of the mine site to determine the start of production phase or the substantial completion of mining site development or production. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of the project and its location. The Company considers the following relevant criteria, among others, to assess when the production phase is considered to have commenced:

- Level of capital expenditure incurred compared with construction cost estimate;
- Completion of a reasonable period of testing of the property, plant and equipment; and
- Ability to sustain ongoing production of limestone.

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either capitalized as part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, mine development, or mineable reserve development. It is also at this point that depreciation or amortization commences.

The Luzon mining sites, except for the Dona Remedios Trinidad site, started their production and commercial operations in 2010. As at March 17, 2022, the Cebu mining sites have not yet started commercial operations.

Accounting Estimates and Assumptions

Assessment for ECL on Trade Receivables. The Company, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

The Company has assessed that the ECL on trade receivables is immaterial because substantial amount of trade receivables are normally collected within one year, while none of remaining balances are written off or credit impaired as at reporting date. Accordingly, no provision for ECL on trade receivables was recognized in 2021 and 2020. The carrying amount of trade receivables is ₱287.3 million and ₱359.4 million as at December 31, 2021 and 2020, respectively (see Note 6).

Assessment for ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant increase in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is immaterial because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2021 and 2020. The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**2021**	2020
Cash in banks and cash equivalents	4	**₱10,326,146,768**	₱11,459,396,826
Long-term placements	13	**650,000,000**	650,000,000
DSRA	8	**333,128,296**	347,425,003
Other receivables*	6	**149,109,780**	117,674,396
Refundable deposits	13	**56,301,004**	55,912,004
Deposit in escrow	13	**44,581,295**	42,083,752
Restricted cash	13	**30,967,789**	28,232,093

**Includes advances to related parties, dividends receivable, interest receivable, receivable from contractors and other receivables*

Determination of NRV of Inventories. The Company writes down the cost of inventories whenever the NRV of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The Company reviews the lower of cost and NRV of inventories on a periodic basis. NRV for raw materials, goods in process and finished goods represents the estimated selling price of the product based on prevailing prices at the end of the reporting period, less estimated costs to complete production and bring the product to sale. NRV test for spare parts and supplies is also performed annually. The NRV of spare parts and supplies represents the current replacement cost. An increase in allowance for inventory obsolescence and market decline would increase recorded operating expense and decrease current assets.

As at December 31, 2021 and 2020, the cost of inventories is lower than its NRV. The carrying amount of inventories is ₱1,588.6 million and ₱1,405.7 million as at December 31, 2021 and 2020, respectively (see Note 7).

Estimation of Useful Lives of Property, Plant and Equipment (including ROU Assets) and Intangible Assets. The Company estimates the useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes, and anticipated use of the assets. In addition, the estimation of the useful lives of property, plant and equipment is based on experience with similar assets. The Company also amortizes mining rights based on the total term of the quarry permit which is 25 years pursuant to Republic Act (R.A.) 7942, the Philippine Mining Act of 1995.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and intangible asset would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment, and intangible assets in 2021 and 2020.

Determination of the Revalued Amount of Land (Included under Property, Plant and Equipment account). The Company has adopted the revaluation model in determining the carrying amount of land with changes in revalued amount recognized as other comprehensive income. The Company obtained the services of an independent appraiser in determining the fair values of land, and such fair values were determined based on recent prices of similar properties, with adjustments to reflect any changes in economic conditions since the date of those transactions. The amount and timing of recorded changes in fair value for any period would differ if the Company made different judgments and accounting estimates or utilized a different basis for determining fair value. The Company's management has determined that the effect of changes in fair values between the previous revaluation and the reporting date is immaterial.

The carrying amount of land measured at revalued amount as at December 31, 2021 and 2020 is ₱4,523.8 million and ₱3,768.5 million, respectively (see Note 10).

Leases - Estimation of the IBR. The Company uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using available observable inputs (such as the prevailing BVAL interest rates) adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

The Company has applied incremental borrowing rates ranging from 7.73% to 7.91% for the computation of lease liabilities and ROU assets. Lease liabilities amounted to ₱36.6 million and ₱44.2 million as at December 31, 2021 and 2020, respectively. ROU assets amounted to ₱31.3 million and ₱40.0 million as at December 31, 2021 and 2020, respectively (see Note 24).

Assessment for Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

No impairment loss on nonfinancial assets was recognized in 2021 and 2020. The carrying amounts of nonfinancial assets are as follows:

	Note	**2021**	2020
Property, plant and equipment	10	**₱25,893,957,742**	₱25,222,370,066
Investment in subsidiaries and an associate	12	**5,259,162,989**	1,308,529,615
Deposit on asset purchase	13	**996,043,220**	1,382,804,551
Advances to suppliers	8	**363,338,114**	124,817,461
Prepayments	8	**209,594,430**	210,450,056
Intangible assets	11	**193,615,353**	147,196,200
Deferred input VAT	8,13	**104,510,223**	148,339,789
Advances to officers and employees	6	**7,931,362**	9,701,302
Deposit for future investment	13	**4,306,438**	717,000,000
Others	8,13	**54,788,459**	23,766,222

Recognition of Provision for Mine Rehabilitation and Decommissioning. The cost of mine rehabilitation and decommissioning is uncertain, and cost estimates can vary in response to many factors including estimates of the extent and costs of rehabilitation activities, changes in the relevant legal requirements, emergence of new restoration techniques or experience, cost increases as compared to the inflation rates, and changes in discount rates. The expected timing of expenditure can also change in response to changes in quarry reserves or production rates. These uncertainties may result in future actual expenditure different from the amounts currently provided. As a result, there could be significant adjustments in provision for mine rehabilitation and decommissioning, which would affect future financial results.

Provision for mine rehabilitation and decommissioning amounted to ₱32.7 million and ₱31.2 million as at December 31, 2021 and 2020, respectively (see Note 16).

Determination of Retirement Benefits. The determination of the net retirement benefit liability and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 25 to the separate financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and, therefore, generally affect the recognized expense and recorded liability in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net retirement benefit liability.

Net retirement benefit liability amounted to ₱122.4 million and ₱87.9 million as at December 31, 2021 and 2020, respectively. Cumulative remeasurement gains amounted to ₱47.1 million and ₱23.3 million on net retirement benefit liability (net of deferred tax) as at December 31, 2021 and 2020, respectively (see Note 25).

Recognition of Deferred Tax Assets. The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets amounting to ₱9.1 million and ₱13.3 million were not recognized as at December 31, 2021 and 2020, respectively. Management believes that the Company will not have sufficient taxable income against which the benefits of the deferred tax assets can be utilized (see Note 27).

Deferred tax assets recognized amounted to ₱39.7 million and ₱38.7 million as at December 31, 2021 and 2020, respectively (see Note 27).

4. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	**₱905,559**	₱1,063,566
Cash in banks	**579,191,606**	2,078,737,384
Short-term placements	**9,746,955,162**	9,380,659,442
	₱10,327,052,327	₱11,460,460,392

Cash on hand pertains to petty cash fund and revolving funds. Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations.

Short-term placements are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company and earn annual interest at rates ranging from 0.05% to 3.25% in 2021 and 0.88% to 5.50% in 2020.

Interest income is recognized from the following:

	Note	2021	2020
Cash in banks and cash equivalents*		**₱124,376,956**	₱273,039,894
Long-term placements	13	**30,738,423**	31,797,173
Deposit for future investments	13	**28,879,000**	–
Financial assets at FVPL	5	**28,681,286**	28,100,980
Others		**216,200**	799,848
		₱212,891,865	₱333,737,895

**Includes interest income from DSRA, deposit in escrow and restricted cash.*

5. Financial Assets at FVPL

This account consists of:

	2021	2020
Equity securities	**₱4,055,104,101**	₱4,058,939,455
Debt securities	**813,578,557**	644,079,707
	₱4,868,682,658	₱4,703,019,162

Financial assets at FVPL consist of quoted debt, quoted equity, and unquoted redeemable perpetual securities held by the Company for trading purposes.

Dividend income is recognized from the following equity securities (see Note 22):

	Note	2021	2020
Financial assets at FVPL		**₱207,660,775**	₱127,945,911
Financial assets at FVOCI	9	**6,844,317**	6,808,051
		₱214,505,092	₱134,753,962

Trading losses on financial assets at FVPL amounted to ₱23.2 million in 2021. Trading gains on financial assets at FVPL amounted to ₱20.1 million in 2020 (see Note 22).

Debt securities earn annual interest rates ranging from 5.17% to 6.25% in 2021 and 2020. Interest income on debt securities amounted to ₱28.7 million and ₱28.1 million in 2021 and 2020, respectively (see Note 4).

The Company's quoted financial assets at FVPL as at December 31, 2021 and 2020 are carried at fair values based on quoted market or bidding dealer price quotations from active markets as at the reporting period. The fair valuation is classified under Level 1 category (see Note 29).

The Company's unquoted financial asset at FVPL as at December 31, 2021 is carried at fair value computed using the discounted cash flow method. This method uses management's assumptions about forecasted cash flows and discount rate. The fair valuation is classified under Level 2 category (significant observable inputs) (see Note 29).

The following are the key inputs used for the valuation of the investment in unquoted equity security using the discounted cash flow method:

Forecasted cash flows. The Company prepared the forecasted cash flows based on the annual distribution expected to be received from the unquoted equity investment.

Discount rate. The discount rate is the current rate of return of a similar instrument traded in an active market. The discount rate used is 1.09% in 2021.

6. Trade and Other Receivables

This account consists of:

	Note	2021	2020
Trade:			
Third parties		**₱160,988,370**	₱355,043,994
Related parties	18	**126,294,292**	4,395,639
Dividends receivable	18	**51,702,013**	51,702,013
Advances to related parties	18	**3,264,309**	–
Interest receivable		**8,753,127**	5,580,044
Advances to officers and employees		**7,931,362**	9,701,302
Receivable from contractors		**6,441,399**	22,165,263
Others		**32,588,137**	38,227,076
		₱397,963,009	₱486,815,331

Trade receivables are noninterest-bearing and are generally on a 30-day credit term.

Advances to officers and employees are subject to liquidation or through salary deduction within a period of seven (7) days after the transaction occurred.

Other receivables are normally settled within 12 months from the reporting date.

7. Inventories

This account consists of:

	2021	2020
Raw materials	**₱518,948,184**	₱326,940,512
Spare parts	**468,257,597**	440,416,296
Goods in process	**377,449,122**	416,690,974
Supplies	**191,002,814**	188,815,287
Finished goods	**32,979,923**	32,833,343
	₱1,588,637,640	₱1,405,696,412

Cost of inventories as at December 31, 2021 and 2020 are higher than its NRV. Cost of inventories sold amounted to ₱7,042.1 million and ₱4,332.9 million in 2021 and 2020, respectively (see Note 20).

8. Other Current Assets

This account consists of:

	Note	2021	2020
Advances to suppliers		**₱363,338,114**	₱124,817,461
DSRA	15	**333,128,296**	347,425,003
Prepayments for:			
Real property taxes		**197,586,890**	201,761,473
Insurance		**12,007,540**	8,688,583
Current portion of deferred input VAT		**103,344,810**	136,151,813
Others		**54,696,373**	22,915,626
		₱1,064,102,023	₱841,759,959

Advances to suppliers represent advance payments for purchases of inventories and services that are applied against subsequent deliveries. The amounts have been outstanding for less than one (1) year from initial recognition. These are reversed upon receipt of goods from suppliers.

As at December 31, 2021, advances to suppliers amounting to ₱9.9 million have been applied for acquisitions of inventories.

DSRA represents an account maintained with a certain bank for annual principal and interest payments of the Company's loans payable in accordance with the provision of the Term Loan Facility and Security Agreement (TLFSA) (see Note 15). As a requirement, the Company ensures that the outstanding balance of DSRA is at least equal to the interest and the principal due, net of applicable withholding tax, on the immediately succeeding payment date. Withdrawals from DSRA should only be made if the amount outstanding exceeds the required balance, no default is continuing, and a written consent of the security agent is obtained.

9. Financial Assets at FVOCI

This account consists of quoted equity securities amounting to ₱105.7 million and ₱103.1 million as at December 31, 2021 and 2020, respectively.

Dividend income earned from financial assets at FVOCI amounted to ₱6.8 million in 2021 and 2020. (see Note 5).

Roll forward analysis of cumulative unrealized gain on financial assets at FVOCI is shown below:

	2021	2020
Balance at beginning of year	**₱3,067,050**	₱1,066,800
Unrealized gains for the year	**2,600,325**	2,000,250
Balance at end of year	**₱5,667,375**	₱3,067,050

The Company's financial assets at FVOCI as at December 31, 2021 and 2020 are carried at fair value based on quoted market prices or bidding dealer price quotations from active markets as at the reporting date. The fair valuation is classified under Level 1 category (see Note 29).

10. Property, Plant and Equipment

The balances and movements in this account as at and for the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021							
	At Revalued Amount	At Cost						
	Land	Machinery and Equipment	Building and Improvements	Furniture, Fixtures, and Other Office Equipment	Transportation Equipment	ROU Asset	Construction in Progress	Total
Cost/Revalued Amount								
Balances at beginning of year	₱3,768,456,559	₱21,352,634,998	₱3,600,900,690	₱249,102,808	₱220,027,298	₱59,726,112	₱2,196,581,135	₱31,447,429,600
Additions	680,541	149,878,227	1,548,684	18,904,826	19,709,358	–	998,801,568	1,189,523,204
Revaluation	761,658,332	–	–	–	–	–	–	761,658,332
Disposals	–	–	(1,749,734)	(2,038,631)	(7,522,942)	–	(171,230,224)	(182,541,531)
Price adjustments	(7,038,487)	–	–	–	–	–	–	(7,038,487)
Settlement of construction in progress	–	204,307,171	38,962,177	–	–	–	(243,269,348)	–
Balances at end of year	4,523,756,945	21,706,820,396	3,639,661,817	265,969,003	232,213,714	59,726,112	2,780,883,131	33,209,031,118
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	4,484,752,231	1,403,516,362	168,898,901	148,178,968	19,713,072	–	6,225,059,534
Depreciation and amortization	–	883,805,030	129,026,476	33,204,770	45,308,786	8,736,642	–	1,100,081,704
Disposals	–	–	(532,245)	(2,012,675)	(7,522,942)	–	–	(10,067,862)
Balances at end of year	–	5,368,557,261	1,532,010,593	200,090,996	185,964,812	28,449,714	–	7,315,073,376
Carrying Amounts	₱4,523,756,945	₱16,338,263,135	₱2,107,651,224	₱65,878,007	₱46,248,902	₱31,276,398	₱2,780,883,131	₱25,893,957,742

	December 31, 2020							
	At Revalued Amount	At Cost						
	Land	Machinery and Equipment	Building and Improvements	Furniture, Fixtures, and Other Office Equipment	Transportation Equipment	ROU Asset	Construction in Progress	Total
Cost/Revalued Amount								
Balances at beginning of year	₱2,516,091,516	₱20,712,637,200	₱3,856,434,116	₱216,888,341	₱209,489,218	₱59,726,112	₱1,107,314,161	₱28,678,580,664
Additions	–	254,555,821	52,132,201	35,257,013	26,480,573	–	1,230,483,421	1,598,909,029
Revaluation	1,252,365,043	–	–	–	–	–	–	1,252,365,043
Disposals	–	(63,408,847)	(31,250)	(3,042,546)	(15,942,493)	–	–	(82,425,136)
Reclassifications	–	338,616,408	(338,616,408)	–	–	–	–	–
Settlement of construction in progress	–	110,234,416	30,982,031	–	–	–	(141,216,447)	–
Balances at end of year	3,768,456,559	21,352,634,998	3,600,900,690	249,102,808	220,027,298	59,726,112	2,196,581,135	31,447,429,600
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	3,518,177,845	1,387,970,587	136,400,583	136,311,122	10,016,520	–	5,188,876,657
Depreciation and amortization	–	892,372,613	153,160,041	35,540,864	27,691,591	9,696,552	–	1,118,461,661
Disposals	–	(63,408,847)	(3,646)	(3,042,546)	(15,823,745)	–	–	(82,278,784)
Reclassification	–	137,610,620	(137,610,620)	–	–	–	–	–
Balances at end of year	–	4,484,752,231	1,403,516,362	168,898,901	148,178,968	19,713,072	–	6,225,059,534
Carrying Amounts	₱3,768,456,559	₱16,867,882,767	₱2,197,384,328	₱80,203,907	₱71,848,330	₱40,013,040	₱2,196,581,135	₱25,222,370,066

Capitalized Mine Rehabilitation and Decommissioning Costs

The Company recognized the present value of the estimated costs of mine rehabilitation and decommissioning under "Building and improvements" account. Movement and the balances of capitalized costs are as follows:

	2021	2020
Cost		
Balance at beginning and end of year	**₱24,984,511**	₱24,984,511
Accumulated Amortization		
Balance at beginning of year	**17,846,080**	14,276,864
Depreciation	**3,569,216**	3,569,216
Balance at end of year	**21,415,296**	17,846,080
Carrying Amount	**₱3,569,215**	₱7,138,431

Application of Deposit on Asset Purchase

As at December 31, 2021 and 2020, deposit on asset purchase amounting to ₱497.5 million and ₱150.6 million, respectively, were reclassified and included as additions to property, plant and equipment. This transaction is considered as noncash financial information in the separate statements of cash flows.

Disposals

In 2021, the Company sold various items of property, plant and equipment with carrying amount of ₱172.5 million for ₱173.1 million resulting to gain on sale of property, plant and equipment of ₱0.7 million (see Note 22). The Company has an outstanding receivable from the disposal amounting to ₱76.1 million. This transaction is considered as noncash financial information in the separate statements of cash flows.

Depreciation and Amortization

Details of depreciation and amortization are as follows:

	Note	2021	2020
Included in profit or loss:			
Property, plant and equipment		**₱1,130,533,293**	₱1,035,102,266
ROU assets	24	**8,736,642**	9,696,552
Intangible assets	11	**14,426,527**	719,116
		1,153,696,462	1,045,517,934
Recognized as component of inventories		**34,474,611**	73,662,843
		₱1,188,171,073	₱1,119,180,777

Depreciation and amortization are distributed in the separate statements of comprehensive income as follows:

	Note	2021	2020
Cost of goods sold	20	**₱1,018,413,739**	₱914,067,157
Operating expenses	21	**135,282,723**	131,450,777
		₱1,153,696,462	₱1,045,517,934

Revaluation of Land

The Company engaged an independent appraiser to determine the fair value of its land. The latest appraisal valuation report was dated June 2, 2021 and was estimated using the Sales Comparison Approach. This is a comparative approach to value property that considers the sales of similar or substitute properties and related market data, and that establishes a value estimate by processes involving comparison. This fair valuation is classified under the Level 3 (significant unobservable inputs) (see Note 29).

Considering the foregoing and such factors as property location, desirability, neighborhood, utility, size, terrain, and time element involved, the market value of the appraised land is estimated to range at ₱400 to ₱6,000 per square meter.

If these parcels of land were measured using cost model, the carrying amount should have been ₱616.8 million and ₱623.1 million as at December 31, 2021 and 2020, respectively.

Roll forward analysis of revaluation surplus is shown below:

	2021		
	Gross of Tax	**Deferred Tax Benefit (Expense)**	**Net of Tax**
Balance at beginning of year	**₱3,145,347,901**	**(₱943,604,370)**	**₱2,201,743,531**
Revaluation during the year	**761,658,332**	**(190,414,583)**	**571,243,749**
Change in tax rate*	**–**	**157,267,395**	**157,267,395**
Balance at end of year	**₱3,907,006,233**	**(₱976,751,558)**	**₱2,930,254,675**

**Change in tax rate due to the approval of Corporate Recovery and Tax Incentive for Enterprises Act (CREATE) law*

	2020		
	Gross of Tax	Deferred Tax Expense	Net of Tax
Balance at beginning of year	₱1,892,982,858	(₱567,894,858)	₱1,325,088,000
Revaluation during the year	1,252,365,043	(375,709,512)	876,655,531
Balance at end of year	₱3,145,347,901	(₱943,604,370)	₱2,201,743,531

Revaluation surplus on land amounting to ₱761.7 million and ₱1,252.4 million for the year ended December 31, 2021 and 2020, respectively, is considered as noncash financial information in the separate statements of cash flows.

Construction in Progress

Construction in progress consists of the cost incurred in the construction of additional facilities and projects of the Company amounting to ₱2,780.9 million.

The remaining contracted capital expenditures for the Company's outstanding construction projects as at December 31, 2021 amounted to ₱180.9 million.

11. **Intangible Assets**

The balances and movements in this account as at and for the years ended December 31, 2021 and 2020 are as follows:

		2021		
	Note	**Computer Software**	**Mining Rights**	**Total**
Cost				
Balance at beginning of year		**₱132,059,137**	**₱22,084,852**	**₱154,143,989**
Additions		**60,845,680**	**–**	**60,845,680**
Balance at end of year		**192,904,817**	**22,084,852**	**214,989,669**
Accumulated Amortization				
Balance at beginning of year		**–**	**6,947,789**	**6,947,789**
Amortization	10	**13,707,410**	**719,117**	**14,426,527**
Balance at end of year		**13,707,410**	**7,666,906**	**21,374,316**
Carrying Amounts		**₱179,197,407**	**₱14,417,946**	**₱193,615,353**

		2020		
	Note	Computer Software	Mining Rights	Total
Cost				
Balance at beginning of year		₱–	₱22,084,852	₱22,084,852
Additions		132,059,137	–	132,059,137
Balance at end of year		132,059,137	22,084,852	154,143,989
Accumulated Amortization				
Balance at beginning of year		–	6,228,673	6,228,673
Amortization	10	–	719,116	719,116
Balance at end of year		–	6,947,789	6,947,789
Carrying Amounts		₱132,059,137	₱15,137,063	₱147,196,200

Computer Software

This account pertains to Enterprise Resource Planning (ERP) System acquired by the Company in 2020. In 2021, the Company started using the system for its intended use resulting to amortization amounting to ₱13.7 million.

Mining Rights

Mining rights represents the Company's legal rights to undertake quarrying activities in the municipalities of San Ildefonso and Doña Remedios Trinidad in Bulacan and municipalities of Ginatilan and Malabuyoc in Cebu. The mining rights has a remaining useful life ranging from one (1) to 11 years.

The Company assigns to the lenders under TLFSA its rights and interest under MPSA No. 181-2002-III (see Note 15).

No impairment loss on intangible asset was recognized in 2021 and 2020.

Amortization of mining rights and computed software is distributed in the consolidated statements of comprehensive income as follows:

	2021	2020
Cost of goods sold	**₱3,001,067**	₱719,116
Operating expenses	**11,425,460**	–
	₱14,426,527	₱719,116

12. Investments in Subsidiaries and an Associate

Details of the Company's investments in subsidiaries and an associate as at December 31, 2021 and 2020 are as follows (see Note 18):

	2021	2020
Investment in subsidiaries	**₱4,265,155,020**	₱693,155,019
Deposit for future stock subscription:		
KB Space Holdings, Inc. (KSHI)	**617,253,533**	256,388,614
South Western Cement Corporation (SWCC)	**301,754,436**	283,985,982
Investment in an associate	**75,000,000**	75,000,000
	₱5,259,162,989	₱1,308,529,615

Investments in Subsidiaries

The details of the Company's investments in subsidiaries as at December 31, 2021 and 2020 are as follows:

Subsidiaries	Percentage of ownership	Principal activities	Status of operation
Solid North Mineral Corporation (SNMC)	100%	Mining	Started operations in 2019
SWCC	100%	Manufacturing and distribution of cement	Development stage
KSHI	100%	Property leasing	Ongoing construction

SNMC. On November 4, 2021, the Company acquired SNMC for a total consideration of ₱3,572.0 million from related parties.

SWCC. The Company paid additional deposit for future stock subscription amounting to ₱17.8 million and ₱10.0 million in 2021 and 2020, respectively.

KSHI. The Company paid additional deposit for future stock subscription amounting to ₱360.9 million and ₱10.0 million in 2021 and 2020, respectively.

Investment in an Associate

The Company's investment in AFLCI, an associate, amounting to ₱75.0 million as at December 31, 2021 and 2020 represents 100% interest in convertible preferred shares issued in 2015. AFLCI is an entity incorporated and domiciled in the Philippines and is engaged in the manufacturing, processing, sale and distribution of fly-ash, bottom ash, hi carbon and other by-products.

The conversion feature of the preferred shares is exercisable at the option of AFLCI at the end of the fifth year from the issue date. As of March 17, 2022, AFLCI is yet to make a decision on the exercise of the conversion feature of the investment.

The Company has significant influence over AFLCI because of its representation in the BOD of AFLCI and the existence of interlocking key management personnel. Accordingly, AFLCI is determined to be an associate of the Company.

The key financial information of the Company's subsidiaries and associate as at and for the years ended December 31, 2021 and 2020 are as follows:

		2021	
	Total Assets	**Total Liabilities**	**Net Income (Loss)**
SNMC	**₱3,613,164,641**	**₱1,311,093,569**	**₱460,689,399**
KSHI	**2,036,485,051**	**621,658,924**	**106,592,495**
SWCC	**676,835,985**	**388,623,029**	**(12,797,543)**
AFLCI	**519,513,112**	**273,309,462**	**111,652,498**

		2020	
	Total Assets	Total Liabilities	Net Income (Loss)
KSHI	₱1,633,787,093	₱325,553,461	₱261,319,144
SWCC	672,033,586	382,447,437	(7,183,785)
AFLCI	667,538,999	528,486,554	101,060,933

13. Other Noncurrent Assets

This account consists of:

	2021	2020
Financial assets:		
Long-term placements	**₱650,000,000**	₱650,000,000
Refundable deposits	**56,301,004**	55,912,004
Deposit in escrow	**44,581,295**	42,083,752
Restricted cash	**30,967,789**	28,232,093
Nonfinancial assets:		
Deposit on asset purchase	**₱996,043,220**	₱1,382,804,551
Deposit for future investment	**4,306,438**	717,000,000
Deferred input VAT - net of current portion	**1,165,413**	12,187,976
Others	**92,086**	850,596
	₱1,783,457,245	₱2,889,070,972

Long-term Placements

Long-term placements represent a 5-year investment in time deposits bearing an annual average interest of 5.68%. Interest income on long-term placements amounted to ₱30.7 million and ₱31.8 million in 2021 and 2020, respectively (see Note 4).

Refundable Deposits

Refundable deposits include bill deposits for electric charges of the Company's manufacturing plant which are refundable upon termination of service, and rental deposits related to long-term rentals of office space.

Deposit in Escrow

Deposit in escrow amounting pertains to cash in escrow account related to a pending legal case.

Restricted Cash

Restricted cash pertains to rehabilitation funds established by the Company and deposited with a local bank for compliance with the Department of Environment and Natural Resources Administrative Order No. 2005-07 for environmental protection and enhancement.

Deposit on Asset Purchase

Deposit on asset purchase represents advance payments for the acquisition of machinery and equipment and long-term deposit for inventory acquisition.

As at December 31, 2021 and 2020, deposit on asset purchase amounting to ₱497.5 million and ₱150.6 million have been applied for acquisitions of property, plant and equipment. Further, in 2021 and 2020, deposit on asset purchase amounting to ₱314.2 million and ₱130.6 million was applied against deliveries of inventories. These transactions are considered as noncash financial information in the separate statements of cash flows.

Deposit for Future Investment

Deposit for future investment pertains to deposit made for future subscription to the common shares of stock of a business entity the Company is planning to venture.

In 2021, the Company terminated its investment agreement amounting to ₱717.0 million. Accordingly, deposit for future investment was converted to a receivable bearing an interest of 2.00% per annum. Interest income recognized in 2021 amounted to ₱28.9 million (see Note 5).

14. **Trade and Other Payables**

This account consists of:

	Note	2021	2020
Trade:			
Third parties		**₱1,490,204,362**	₱1,268,357,246
Related parties	18	**383,674,451**	764,590,904
Accruals for:			
Utilities		**570,002,290**	201,229,504
Sales rebates		**496,350,509**	239,462,478
Advertising		**192,969,027**	–
Personnel costs		**107,309,578**	96,389,432
Interests		**22,921,560**	27,869,348
Advances from customers		**425,414,546**	292,164,095
Retention payable		**118,591,984**	184,946,688
Output VAT payable		**58,818,467**	61,812,290
Withholding taxes payable		**31,553,520**	26,806,303
Others		**23,700,408**	25,547,385
		₱3,921,510,702	₱3,189,175,673

Trade payables are noninterest-bearing and are generally settled in varying periods, within one (1) year, depending on the arrangements with suppliers.

Accruals for sales rebates pertain to accrued monthly sales volume incentives granted to customers.

Retention payable represents retention fees of contractors and normally settled within one (1) year.

Advances from customers are collections received for inventory purchases to be delivered by the Company within 30 days after collection date.

Other payables are noninterest-bearing and are normally settled within one (1) year.

15. **Loans Payable**

This account consists of:

	2021	2020
Loans payable	**₱5,251,000,000**	₱6,319,000,000
Less unamortized debt issuance costs	**15,491,234**	23,363,718
	5,235,508,766	6,295,636,282
Less current portion	**1,195,127,948**	1,060,127,446
Noncurrent portion	**₱4,040,380,818**	₱5,235,508,836

Debt issuance costs on loan availments are recognized as discount on loans. Amortization of debt issuance costs charged to "Finance costs" account in the separate statements of comprehensive income amounted to ₱7.9 million and ₱9.3 million in 2021 and 2020, respectively.

On March 2021, the participating banks and the Company agreed to an interest repricing, resulting to new nominal and effective interest rates as follows:

		Nominal Interest Rates		Effective Interest Rates	
Date	Drawdown	Original	Revised	Original	Revised
February 3, 2016	₱6,000.0 million	5.81%	5.79%	5.68%	5.92%
January 11, 2017	2,150.0 million	6.36%	5.79%	6.21%	5.94%
April 5, 2017	750.0 million	5.89%	5.79%	5.74%	5.95%

The terms and conditions of TLFSA are as follows:

Mortgage Trust Indenture (MTI). Under the MTI, land with an appraised value of ₱2,987.3 million and building and machinery and equipment with carrying amount of ₱16,123.0 million as at December 31, 2021 were held as collateral to secure the loans payable.

DSRA. The Company is required to maintain a DSRA equal to the interest and principal due on the immediately succeeding payment date. As at December 31, 2021 and 2020, the DSRA maintained for TLFSA amounted to ₱333.1 million and ₱347.4 million, respectively. The DSRA is presented under "Other current assets" account in the separate statements of financial position (see Note 8).

Assignment of the MPSA. The Company assigns to the lenders its rights and interest under MPSA No. 181-2002-III (see Note 11).

The schedule of maturities of the loans of the Company as at December 31, 2021 is summarized as follows:

Year	Amount
2022	₱1,201,500,000
2023	1,246,000,000
2024	1,246,000,000
2025	1,246,000,000
2026	311,500,000
	₱5,251,000,000

Debt Covenants

The Company's debt instruments contain restrictive covenants which include, among others, use of proceeds, changes in the Company's nature of business and ownership structure, disposition of assets, material advances to stockholders and officers, entering into mergers and consolidations, incurrence of additional debt, and maintenance of certain financial ratios.

Further, the Company is required to maintain a debt-to-equity ratio of not greater than 2.50 and a debt service coverage ratio greater than 1.50 with respect to the next reporting period. As at December 31, 2021, the Company is in compliance with all the requirements of its debt covenants.

Finance Costs

Details of finance costs charged to separate statements of comprehensive income are as follows:

	Note	2021	2020
Interest expense on loans payable		**₱335,869,636**	₱416,942,783
Bank charges		**18,585,427**	8,550,733
Interest expense on lease liabilities	24	**3,229,689**	3,832,489
Accretion of provision for mine rehabilitation and decommissioning	16	**1,426,146**	1,363,871
		₱359,110,898	₱430,689,876

Reconciliation of Loans Payable

The table below details changes in the Company's loans payable, including both cash and noncash changes.

	2021	2020
Balance at beginning of year	**₱6,295,636,282**	₱7,354,299,391
Payment of principal	**(1,068,000,000)**	(1,068,000,000)
Amortization of debt issuance cost	**7,872,484**	9,336,891
Balance at end of year	**₱5,235,508,766**	₱6,295,636,282

16. **Provision for Mine Rehabilitation and Decommissioning**

The Company is required under its Environmental Compliance Certificate to perform rehabilitation and decommissioning of its cement manufacturing plant and quarry operation sites. Accordingly, the Company recognized its estimated liability for site rehabilitation and decommissioning. The provision is calculated based on the Company's estimate of expected costs to be incurred to rehabilitate and decommission the sites and is measured at its present value using 4.60% discount rate.

The balance and movement in this account are as follows:

	Note	2021	2020
Balance at beginning of year		**₱31,233,753**	₱29,869,882
Accretion	15	**1,426,146**	1,363,871
Balance at end of year		**₱32,659,899**	₱31,233,753

17. **Equity**

Capital Stock

The Company's capital stock as at December 31, 2021 and 2020 consists of the following:

Common stock - ₱1 par value	₱5,000,000,005
Preferred stock - ₱1 par value	3,000,000,000
	₱8,000,000,005
Treasury stock	(3,000,000,000)
	₱5,000,000,005

Common Stock

Details of the Company's common stock at ₱1 par value as at December 31, 2021 and 2020 are as follows:

	Number of Shares	Amount
Authorized		
Balance at beginning and end of year	5,500,000,000	₱5,500,000,000
Issued and Outstanding		
Balance at beginning and end of year	5,000,000,005	₱5,000,000,005

On April 20, 2017, the SEC resolved to render effective the Registration Statement of the Parent Company for the registration of up to five billion capital stock. On May 10, 2017, the PSE approved the Parent Company's application for the initial listing of such shares under the Main Board of the PSE. On May 15, 2017, the SEC issued in favor of the Parent Company a Certificate of Permit to Offer Securities for Sale of the Five Hundred Million (500,000,000) common stock with an Oversubscription Option of up to Seventy-Five Million (75,000,000) common stock at an offer price of fifteen pesos (₱15.00) per share. The Offer Period was from May 16, 2017 to May 22, 2017. On May 29, 2017, the shares of the Parent Company commenced trading in the PSE.

Preferred Stock

Details of the Parent Company's preferred stock at ₱1.00 par value are as follows:

	2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized				
Balance at beginning and end of year	**3,000,000,000**	**₱3,000,000,000**	3,000,000,000	₱3,000,000,000
Issued				
Balance at beginning of year	–	–	3,000,000,000	3,000,000,000
Redemption	–	–	(3,000,000,000)	(3,000,000,000)
Balance at end of year	**₱–**	**₱–**	₱–	₱–

Preferred stock is cumulative, non-participating, non-voting, not convertible to common stock, and redeemable at the option of the Company at the end of fifth year from the issue date, at the price of issue value plus all accumulated and unpaid dividends. Subject to the availability of unrestricted retained earnings of the Company, the preferred stockholders shall be paid a cash dividend of 6.00% per annum or such rate as may be fixed by its BOD.

On March 13, 2020, the Company's BOD approved the redemption of the Company's preferred stocks amounting to ₱3,000.0 million on June 2, 2020, with a redemption price of ₱3,000.0 million, to be paid upon submission and surrender of the original stock certificates by the preferred shareholders.

Section 8 of the SEC Rules Governing Redeemable and Treasury Shares states that redeemable shares may be issued by a corporation when expressly provided by the articles of incorporation. These shares may be redeemed from the holders upon expiration of a fixed period, and upon such other terms and conditions provided by the articles of incorporation and by the certificate of stock, subject to the rules of of the SEC, regardless of the existence of unrestricted retained earnings. Accordingly, no appropriation of retained earnings was made upon redemption of the preferred shares.

Dividend Declaration

The Company's BOD authorized the declaration of the following cash dividends in 2021 and 2020:

2021

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Common	May 11, 2021	May 26, 2021	June 3, 2021	₱0.33	₱1,650,000,001
Common	September 23, 2021	October 7, 2021	October 22, 2021	0.33	1,650,000,002
					₱3,300,000,003

2020

In June 2020, the Parent Company paid ₱46.5 million dividends to its preference shareholders upon redemption of the preferred stocks. Dividend per share amounted to ₱0.0155.

Appropriation of Retained Earnings

Details of appropriated retained earnings as at December 31, 2021 and 2020 are as follows:

Year of Appropriation	Amount	Project Completion
2020	₱8,500,000,000	To be completed in 2023
2018	5,000,000,000	To be completed in 2023
2016	2,500,000,000	To be completed in 2023
	₱16,000,000,000	

The Company's BOD approved the appropriation of unrestricted retained earnings amounting to ₱8,500.0 million on November 6, 2020 to supplement the funding of construction of its fourth manufacturing line in Cebu and other future expansion which is expected to be completed in 2023.

The Company's BOD also approved the appropriation of unrestricted retained earnings amounting to ₱5,000.0 million and ₱3,500.0 million on March 15, 2018 and December 22, 2016, respectively, to supplement the funding of construction of its production facility in Cebu that is expected to be completed in 2023.

Other Equity Reserves

Details of the Company's other equity reserves are as follows:

	Note	2021	2020
Revaluation surplus (net of deferred tax)	10	**₱2,930,254,675**	₱2,201,743,531
Cumulative remeasurement gains on net retirement benefit liability (net of deferred tax)	25	**47,121,390**	23,330,422
Cumulative unrealized gains on financial assets at FVOCI	9	**5,667,375**	3,067,050
		₱2,983,043,440	₱2,228,141,003

18. Related Party Transactions

The Company has transactions with its related parties in the ordinary course of business. The outstanding balances and amount of transactions with related parties as at and for the years ended December 31, 2021 and 2020 are as follows:

		2021		2020	
Nature of Relationship	Nature of Transactions	**Amount of Transactions**	**Outstanding Balance**	Amount of Transactions	Outstanding Balance
Cash and Cash Equivalents					
Entities under common key management with ECC	Cash deposits and investment in short-term placements	**₱518,587**	**₱269,679,622**	₱3,384,186	₱509,891,847
Financial Assets at FVPL					
Entity under common key management with ECC	Investment in unquoted redeemable perpetual security	**₱–**	**₱4,007,376,541**	₱4,000,000,000	₱4,000,000,000
Trade Receivables (see Note 6)					
Subsidiaries of Ultimate Parent Company	Sale of inventories	**₱172,848,616**	**₱79,683,569**	₱10,214,325	₱167,333
Subsidiary	Sale of inventories	**43,929,919**	**46,360,795**	–	–
Entities under common key management with ECC	Sale of inventories	**57,952,150**	**249,928**	17,390,897	4,228,306
			₱126,294,292		₱4,395,639
Advances to Related Parties (see Note 6)					
Subsidiary of Ultimate Parent Company	Working capital advances	**₱720,180,624**	**₱3,180,623**	₱–	₱–
Subsidiaries	Working capital advances	**83,686**	**83,686**	–	–
			₱3,264,309		₱–
Dividend Receivable					
Entities under common key management with ECC	Dividends earned	**₱206,808,051**	**₱51,702,013**	₱106,808,051	₱51,702,013
Associate	Dividends earned	**4,500,000**	**–**	–	–
			₱51,702,013		₱51,702,013
Interest Receivable					
Subsidiary of Ultimate Parent Company	Interest income	**₱28,879,000**	**₱–**	₱–	₱–
Advances to Officers					
Key management personnel	Cash advances	**₱12,173**	**₱146,116**	₱622,465	₱393,193

Nature of Relationship	Nature of Transactions	2021 Amount of Transactions	2021 Outstanding Balance	2020 Amount of Transactions	2020 Outstanding Balance
Advances to Supplier					
Entity under common key management	Purchase of goods	₱–	₱22,015,648	₱–	₱29,472,517
Subsidiary of Ultimate Parent Company	Purchases of services and equipment	–	–		5,464,053
			₱22,015,648		₱34,936,570
Deposit on Asset Purchase					
Subsidiary	Deposit for inventory acquisition	₱–	₱737,559,326	₱–	₱937,369,570
Associate	Deposit for inventory acquisition	–	124,716,705	–	184,496,290
			₱862,276,031		₱1,121,865,860
Financial Assets at FVOCI (see Note 9)					
Entity under common key management with ECC	Investments in quoted equity instruments	₱–	₱105,679,875	₱–	₱103,079,550
Refundable Deposits					
Entities under common key management with ECC	Supply of services	₱–	₱54,190,018	₱–	₱54,190,018
Investments in Subsidiaries and an Associate (Note 12)					
Subsidiaries	Deposit for future stock subscription and acquisition of a new subsidiary	₱3,950,633,374	₱5,259,162,989	₱20,000,000	₱1,308,529,615
Trade Payables (see Note 14)					
Subsidiary of Ultimate Parent Company	Hauling, rental and other services	₱472,312,353	₱157,093,474	₱369,674,134	₱246,705,109
Subsidiary	Purchase of goods	1,095,236,860	56,137,358	595,605,196	84,382,465
Associate	Purchase of goods	551,843,018	29,297,992	427,881,423	89,134,854
Entities under common key management	Purchase of goods	731,437,332	141,145,627	437,669,566	344,368,476
			₱383,674,451		₱764,590,904
Accrued Expenses					
Entity under common key management	Purchase of services	₱2,922,741,442	₱566,189,662	₱2,099,073,859	₱201,229,504
Loans Payable					
Entity under common key management	Borrowings	₱68,989,340	₱1,055,323,356	₱66,463,774	₱1,274,247,309
Retirement Benefit Plan	Contribution	₱–	₱16,630,064	₱–	₱23,525,414
Personnel Costs					
Key management personnel	Salaries and other employee benefits	₱76,334,455	₱7,509,796	₱70,301,991	₱6,832,682
	Net retirement benefit liability	28,513,645	74,393,113	18,231,928	45,879,468
			₱81,902,909		₱52,712,150

Terms and Conditions of Transactions and Balances with Related Parties

Trade receivables, trade payables and advances to and from related parties are unsecured, noninterest-bearing, generally settled in cash and collectible or payable within 30 days. No allowance for ECL was provided for trade and other receivables from related parties.

Advances to suppliers and deposit on asset purchase for payments of purchases of inventories and services, are settled upon delivery which are expected within one year from date of the advance payment.

19. Net Sales

Net sales of the Company amounted to ₱21,304.3 million and ₱13,906.1 million for the years ended December 31, 2021 and 2020, respectively.

All sales of the Company pertain to cement products within Luzon area. All sales are recognized upon delivery to customers or at a point at which the Company has no more obligation that could affect the acceptance of goods by the customers.

20. Cost of Goods Sold

This account consists of:

	Note	**2021**	2020
Cost of inventories	7	**₱7,042,147,281**	₱4,332,874,496
Utilities		**2,643,196,670**	1,586,689,375
Depreciation and amortization	10	**1,018,413,739**	914,067,157
Repairs and maintenance		**687,061,858**	464,463,621
Personnel costs	23	**524,111,706**	432,396,334
Taxes and licenses		**242,479,740**	290,833,695
Fuel and oil		**172,406,794**	83,110,343
Rental	24	**60,823,642**	62,095,485
Insurance		**41,135,238**	39,782,426
Others		**4,704,961**	2,617,202
		₱12,436,481,629	₱8,208,930,134

21. **Operating Expenses**

This account consists of:

	Note	**2021**	2020
Freight, trucking and handling		**₱1,219,677,591**	₱744,213,444
Personnel costs	23	**247,714,099**	222,416,124
Advertising		**223,754,033**	57,583,819
Depreciation and amortization	10	**135,282,723**	131,450,777
Warehousing fees		**100,732,280**	63,054,998
Professional fees		**51,265,229**	39,920,529
Outside services		**49,701,839**	38,286,867
Corporate social responsibility		**48,422,133**	40,284,890
Taxes and licenses		**42,274,912**	100,749,759
Repairs and maintenance		**32,994,391**	20,432,898
Rental	24	**13,400,877**	18,018,321
Communication		**16,960,092**	14,440,048
Transportation and travel		**11,795,668**	8,230,765
Supplies		**9,884,064**	8,553,120
Utilities		**6,910,973**	5,950,232
Representation		**481,913**	1,047,407
Others		**80,690,576**	63,445,823
		₱2,291,943,393	₱1,578,079,821

22. **Other Income** - Net

This account consists of:

	Note	**2021**	2020
Dividend income	5	**₱214,505,092**	₱134,753,962
Trading gains (losses) on financial assets at FVPL	5	**(23,205,545)**	20,077,980
Foreign exchange losses - net		**(4,436,081)**	(20,584,883)
Gain on sale of property, plant and equipment		**659,328**	5,976,932
Others		**26,932,893**	10,566,999
		₱214,455,687	₱150,790,990

23. **Personnel Costs**

This account consists of:

	Note	**2021**	2020
Salaries and wages		**₱528,805,737**	₱489,748,607
Other short-term employee benefits		**197,268,083**	165,110,265
Retirement benefit costs	25	**63,993,246**	34,239,322
		₱790,067,066	₱689,098,194

Personnel costs were distributed as follows:

	Note	2021	2020
Included in profit or loss:			
Cost of goods sold	20	**₱524,111,706**	₱432,396,334
Operating expenses	21	**247,714,099**	222,416,124
		771,825,805	654,812,458
Recognized as component of inventories		**18,241,261**	34,285,736
		₱790,067,066	₱689,098,194

24. **Leases**

Company as a Lessee

The Company has various lease contracts for its office space, warehouses and heavy equipment with lease terms ranging from two (2) to eight (8) years. The terms of some lease contracts include extension options and variable lease payments.

The carrying amount of the ROU assets (included as component of property, plant and equipment) and movements during the year are as follows (see Note 10):

	2021	2020
Balance at beginning of year	**₱40,013,040**	₱49,709,592
Amortization	**(8,736,642)**	(9,696,552)
Balance at end of year	**₱31,276,398**	₱40,013,040

The carrying amount of lease liabilities and the movements during the year are as follows:

	2021	2020
Balance at beginning of year	**₱44,205,732**	₱51,942,519
Payments	**(10,878,410)**	(11,569,276)
Accretion	**3,229,689**	3,832,489
Balance at end of year	**₱36,557,011**	₱44,205,732
Current	**₱8,586,035**	₱7,648,720
Noncurrent	**27,970,976**	36,557,012
	₱36,557,011	₱44,205,732

The Company recognized the following lease-related expenses:

	Note	2021	2020
Variable lease payments		**₱67,739,086**	₱77,818,355
Expense related to short-term leases		**9,323,561**	7,033,529
Depreciation	10	**8,736,642**	9,696,552
Interest expense on lease liabilities	15	**3,229,689**	3,832,489
		₱89,028,978	₱98,380,925

Consequently, the Company's lease-related expenses are distributed as follows:

	Note	2021	2020
Included in profit or loss:			
Cost of goods sold	20	**₱60,823,642**	₱62,095,485
Operating expenses - rental	21	**13,400,877**	18,018,321
Operating expenses - depreciation	10	**8,736,642**	9,696,552
Finance costs	15	**3,229,689**	3,832,489
		86,190,850	93,642,847
Recognized as component of inventories		**2,838,128**	4,738,078
		₱89,028,978	₱98,380,925

The total cash outflows for leases in 2021 and 2020 amounted to ₱80.4 million and ₱91.7 million, respectively.

25. Net Retirement Benefit Liability

The Company has a funded, non-contributory defined benefit retirement plan covering substantially all of its qualified regular employees. The retirement benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The benefit obligation under the defined benefit retirement plan is determined using the projected unit credit method. The benefits to be received by the employees under the Company's defined benefit retirement plan meet the minimum mandated benefit under R.A. No. 7641. Net retirement benefit liability is based on the actuarial valuation report as at December 31, 2021 and 2020.

The components of retirement benefit costs included under "Personnel costs" account in the separate statements of comprehensive income are as follows:

	2021	2020
Current service cost	**₱26,746,334**	₱28,266,771
Past service cost	**32,649,528**	–
Net interest cost	**4,597,384**	5,972,551
	₱63,993,246	₱34,239,322

Retirement benefit costs were distributed as follows:

	2021	2020
Included in profit or loss	**₱63,253,526**	₱33,230,449
Recognized as component of inventories	**739,720**	1,008,873
	₱63,993,246	₱34,239,322

Movements in net retirement benefit liability recognized in the separate statements of financial position are as follows:

	2021	2020
Balance at beginning of year	**₱87,944,993**	₱114,190,524
Retirement benefit costs	**63,993,246**	34,239,322
Remeasurement gains	**(29,499,346)**	(60,484,853)
Balance at end of year	**₱122,438,893**	₱87,944,993

The funded status of the retirement plan as at December 31, 2021 and 2020 is as follows:

	2021	2020
Present Value of Defined Benefit Obligation (PVBO)	**₱139,068,957**	₱111,470,407
Fair Value of Plan Assets (FVPA)	**(16,630,064)**	(23,525,414)
Net retirement benefit liability	**₱122,438,893**	₱87,944,993

The following tables present the changes in the PVBO and FVPA:

PVBO

	2021	2020
Balance at beginning of year	**₱111,470,407**	₱138,801,699
Remeasurement (gains) losses recognized in OCI:		
Change in financial assumptions	**(32,370,313)**	(55,204,407)
Experience adjustments	**2,870,282**	(5,822,388)
Past service cost	**32,649,528**	–
Current service cost	**26,746,334**	28,266,771
Benefits paid	**(7,629,866)**	(1,775,076)
Interest cost	**5,332,585**	7,203,808
Balance at end of year	**₱139,068,957**	₱111,470,407

FVPA

	2021	2020
Balance at beginning of year	**₱23,525,414**	₱24,611,175
Benefits paid	**(7,629,866)**	(1,775,076)
Interest income	**735,201**	1,231,257
Remeasurement gains (losses)	**(685)**	(541,942)
Balance at end of year	**₱16,630,064**	₱23,525,414
Actual return on plan assets	**₱734,516**	₱689,315

Plan assets consist of the following:

	2021	2020
Investments in:		
Debt instruments	**60.86%**	66.52%
Unit investment trust fund	**36.65%**	29.61%
Cash and cash equivalents	**0.53%**	0.21%
Others	**1.96%**	3.66%
	100.00%	100.00%

The principal assumptions used in determining net retirement benefit liability are as follows:

	2021	2020
Discount rate	**5.09%**	3.73%
Future salary increase rate	**6.00%**	6.00%

Sensitivity analyses on net retirement benefit liability as at December 31, 2021 and 2020 is as follows:

		Effect on Net Retirement Benefit Liability	
	Change in Assumption	**2021**	2020
Discount rate	+1.00%	**(₱17,822,488)**	(₱15,546,406)
	-1.00%	**22,173,368**	19,588,371
Salary increase rate	+1.00%	**₱21,732,498**	₱18,918,562
	-1.00%	**(17,836,181)**	(15,378,523)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring as at the end of the reporting period.

The cumulative remeasurement gains on retirement benefit liability recognized in the separate statements of comprehensive income follow:

	2021		
	Cumulative Remeasurement Gains on Retirement Benefit Liability	**Deferred Tax Benefit (Expense)**	**Net**
Balances at beginning of year	**₱33,329,174**	**(₱9,998,752)**	**₱23,330,422**
Remeasurement gains	**29,499,346**	**(7,374,837)**	**22,124,509**
Change in tax rate*	**–**	**1,666,459**	**1,666,459**
Balances at end of year	**₱62,828,520**	**(₱15,707,130)**	**₱47,121,390**

**Change in tax rate due to the approval of CREATE law*

	2020		
	Cumulative Remeasurement Gains (Losses) on Retirement Benefit Liability	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	(₱27,155,679)	₱8,146,704	(₱19,008,975)
Remeasurement gains	60,484,853	(18,145,456)	42,339,397
Balances at end of year	₱33,329,174	(₱9,998,752)	₱23,330,422

As at December 31, 2021, the maturity analysis of the undiscounted net retirement benefit liability is as follows:

Year	Amount
More than one year to five years	₱43,936,812
More than five years	57,739,960
	₱101,676,772

As at December 31, 2021 and 2020, the average duration of the net retirement benefit liability at the end of the reporting period is 14.4 years and 15.8 years, respectively.

26. Registration with the Board of Investments (BOI)

On July 31, 2017, the BOI approved the application of the Company as an expanding producer of cement (Line 3) in Bulacan on a nonpioneer status. The Company's registration with the BOI entitled to provide for the following fiscal and nonfiscal incentives:

- Income Tax Holiday (ITH) for income directly attributable to Line 3 for three (3) years from May 2018 or actual start of commercial operations, whichever is earlier;
- Importation of capital equipment, spare parts and accessories at zero duty;
- Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate;
- Importation of consigned equipment for a period of 10 years from date of registration, subject to posting of re-export bond;
- Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing export product and forming part thereof for a period of 10 years from start of commercial operation;
- Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of 10 years from date of registration;
- Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from the date of registration; and
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In 2021, the Company availed benefits from ITH amounting to ₱706.0 million. On November 4, 2020, the BOI granted the deferment of the Company's ITH availment for the 2020 taxable period due to the adverse effect of COVID-19 pandemic. Accordingly, the Company's income tax for the 2020 taxable year is computed based on 30% regular corporate income tax. No ITH incentive was availed in 2020.

27. Income Taxes

On March 26, 2021, R.A. No. 11534 or the CREATE Act was signed into law by the President of the Philippines. Under the CREATE Act, the Group's RCIT is subjected to 25% instead of 30% income tax rate. In addition, the minimum corporate income tax (MCIT) is subjected to 1% instead of 2% of gross income for a period of three (3) years. The changes in the income tax rates were effective and applied for tax purposes beginning July 1, 2020. However, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively. The resulting difference amounting to ₱86.0 million for financial and tax reporting was adjusted in 2021.

The effect of the reduction in tax rates in 2020 was recognized as part of the 2021 income tax expense, as required by PAS 12, *Income Taxes.* Details of the adjustments are as follows:

	Current Tax Expense	Deferred Tax Expense (Benefit)	Total
Reported in Profit or Loss			
Income tax expense	₱884,194,125	(₱23,465,520)	₱860,728,605
Effect of change in income tax rate	(86,039,914)	4,576,115	(81,463,799)
Adjusted income tax expense	₱798,154,211	(₱18,889,405)	₱779,264,806
Reported in OCI			
Income tax expense (benefit)	₱–	(₱197,789,420)	(₱197,789,420)
Effect of change in income tax rate	–	158,933,854	158,933,854
Adjusted income tax expense	₱–	(₱38,855,566)	(₱38,855,566)

The components of the income tax expense for taxable year 2020 are as follows:

	2020
Reported in Profit or Loss	
Current	₱1,032,478,972
Deferred	3,232,266
	₱1,035,711,238
Reported in OCI	
Deferred tax expense on:	
Revaluation surplus	₱375,709,513
Remeasurement gains on net retirement benefit liability	18,145,456
	₱393,854,969

The components of the Company's net deferred tax liabilities are as follows:

	2021	2020
Deferred tax assets:		
Net retirement benefit liability	**₱30,609,723**	₱26,383,498
Provision for mine rehabilitation and decommissioning	**8,164,975**	9,370,126
Unamortized past service cost	**919,669**	1,471,470
Net unrealized foreign exchange losses	**–**	1,390,938
Others	**4,875**	70,710
	39,699,242	38,686,742
Deferred tax liabilities:		
Revaluation surplus	**976,751,558**	943,604,370
Excess of fair value over cost of financial assets at FVPL	**9,328,948**	20,345,083
Carrying amount of ROU asset	**7,819,100**	12,003,912
Net unrealized foreign exchange gains	**4,281,645**	–
Carrying amount of capitalized mine rehabilitation and decommissioning cost	**892,304**	2,141,529
	999,073,555	978,094,894
Net deferred tax liabilities	**₱959,374,313**	₱939,408,152

As at December 31, 2021 and 2020, the Company did not recognize deferred tax asset pertaining to lease liabilities amounting to ₱9.1 million and ₱13.3 million, respectively.

The reconciliations between the provision for income tax based on statutory income tax rate and effective income tax rate is as follows:

	2021	2020
Income tax at statutory tax rate	**₱1,661,018,503**	₱1,251,890,531
Increase (decrease) in income tax resulting from:		
Taxable income subject to income tax holiday	**(705,961,120)**	–
Dividend income exempt from income tax	**(53,626,273)**	(40,426,189)
Interest income subjected to final tax	**(45,949,166)**	(99,881,414)
Nondeductible expenses	**19,091,949**	55,317,630
Difference arising from the use of optional standard deduction	**(7,898,919)**	(144,593,834)
Change in unrecognized deferred tax asset	**(4,122,467)**	13,261,720
Trading gain on financial assets at FVPL	**(1,823,902)**	142,794
Reversal of net deferred tax liabilities due to change in tax rate	**(86,039,914)**	–
Adjustment for the current tax of previous period due to change in tax rate	**4,576,115**	–
Income tax at effective tax rate	**₱779,264,806**	₱1,035,711,238

28. Financial Risk Management Objectives and Policies

The Company's financial instruments consist mainly of cash and cash equivalents, financial assets at FVPL, trade and other receivables (excluding advances to officers and employees), DSRA, financial assets at FVOCI, long-term placements, refundable deposits, deposit in escrow, and restricted cash, trade and other payables (excluding advances from customers and statutory payables), loans payable and lease liabilities.

The main financial risks arising from the Company's use of financial instruments includes market risk, credit risk, and liquidity risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Market Risks

The Company is exposed to market risks, primarily those related to foreign currency risk, equity price risk, and interest rate risk. Management actively monitors these exposures, as follows:

Foreign Currency Risk. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's foreign exchange risk results primarily from movements of the Philippine Peso against the US Dollar and Euro with respect to foreign currency-denominated financial assets and liability.

The following table shows the Company's US dollar-denominated monetary financial assets and liability and their Philippine Peso equivalent:

	2021		2020	
	US Dollar	**Philippine Peso**	US Dollar	Philippine Peso
Financial assets:				
Cash and cash equivalents	**$56,979**	**₱2,892,824**	$7,588,499	₱368,042,196
Deposit in escrow	**878,103**	**44,581,295**	867,706	42,083,752
	935,082	**47,474,119**	8,456,205	410,125,948
Financial liability - Trade and other payables	**878,442**	**44,598,500**	120,018	5,820,858
Net US Dollar-denominated financial assets	**$56,640**	**₱2,875,619**	$8,336,187	₱404,305,090

The following table shows the Company's Euro-denominated monetary financial asset and liability and their Philippine Peso equivalent:

	2021		2020	
	Euro	**Philippine Peso**	Euro	Philippine Peso
Financial asset - Cash in banks	**€7,541**	**₱433,683**	€7,674	₱436,727
Financial liability - Trade and other payables	**593,548**	**34,134,945**	606	34,487
Net Euro Dollar-denominated financial asset (liability)	**(€586,007)**	**(₱33,701,263)**	€7,068	₱402,240

For purposes of translating the outstanding balances of the Company's financial assets and liability denominated in a foreign currency, the exchange rates applied were ₱50.77 per US $1 and ₱57.51 per €1 as at December 31, 2021 and ₱48.50 per US $1 and ₱56.91 per €1 as at December 31, 2020.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Company's income before tax for the years ended December 31, 2021 and 2020. There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2021	**+1.08**	**₱56,912**
	-1.08	**(56,912)**
December 31, 2020	+0.89	₱7,419,207
	-0.89	(7,419,207)

The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate, with all other variables held constant, of the Company's income before tax for the years ended December 31, 2021 and 2020. There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2021	**+0.79**	**(₱462,946)**
	-0.79	**462,946**
December 31, 2020	+0.99	₱6,997
	-0.99	(6,997)

Equity Price Risk. Equity price risk is the risk that the Company will incur economic losses due to adverse changes in a particular stock or stock index. The Company's equity price risk arises from its financial assets at FVPL and quoted financial assets at FVOCI.

The Company's policy is to maintain the risk to an acceptable level. Movement in share price is monitored regularly to determine the impact on its financial position.

The table below sets forth the impact of changes in PSE index (PSEi) in the Company's unrealized gain or loss on its quoted financial assets at FVPL and financial assets at FVOCI in 2021 and 2020:

	2021		2020	
Changes in PSEi	**18.63%**	**(18.63%)**	33.21%	(33.21%)
Financial assets at FVPL in:				
Property industry	**₱11,918,700**	**(₱11,918,700)**	₱1,802,814	(₱1,802,814)
Food and beverage industry	**–**	**–**	5,483,753	(5,483,753)
Financial assets at FVOCI in				
Holding firms industry	**₱148,846**	**(₱148,846)**	₱23,791,055	(₱23,791,055)

Interest Rate Risk. The Company's exposure to the risk for changes in market interest rates relates primarily to the Company's interest-bearing loans payable to local financial institutions with fixed interest rates. Exposure of the Company to change in the interest rate is insignificant.

Credit Risk

The Company's exposure to credit risk arises from the failure of its counterparty to fulfill its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables and other financial assets at amortized cost.

The carrying amounts of financial assets at amortized cost represent its maximum credit exposure.

Trade Receivables
Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management.

The Company limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. The Company provides credit limits to all its accredited customers to manage credit risk concentrations. Further, as a policy, the Company's revenue transactions are significantly entered into on a cash basis to manage its credit risk exposure. The Company's cash sales account for an average of 81% of the total revenues for the past three (3) years. Historically, trade receivables are substantially collected within one year and the Company has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. In monitoring customer credit risk, the Company classifies its receivables as major term customers, related parties, and other regular term customers.

As at December 31, 2021 and 2020, the exposure to credit risk for trade receivables by type of counterparty are as follows:

	2021		
	Neither Past Due nor Impaired	**Past Due but not Impaired**	**Total**
Major term customers	**₱78,657,335**	**₱57,014,763**	**₱135,672,098**
Related parties	**–**	**126,294,292**	**126,294,292**
Others	**19,005,268**	**6,311,004**	**25,316,272**
	₱97,662,603	**₱189,620,059**	**₱287,282,662**

	2020		
	Neither Past due nor Impaired	Past Due but not Impaired	Total
Major term customers	₱172,849,450	₱131,032,400	₱303,881,850
Related parties	–	4,395,639	4,395,639
Others	42,488,672	8,673,472	51,162,144
	₱215,338,122	₱144,101,511	₱359,439,633

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, credit terms, and offsetting arrangements. The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment (i.e., gross national income from real estate and construction industry). At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Aging analysis of trade receivables that are past due but not impaired is as follows:

Days Past Due	2021	2020
1 to 30 days	**₱134,409,144**	₱82,074,104
31 to 90 days	**43,241,649**	52,117,016
91 to 365 days	**5,985,524**	9,799,828
More than 365 days	**5,983,742**	110,563
Total	**₱189,620,059**	₱144,101,511

Trade receivables that are past due for over 30 days were not considered in default since it was demonstrated that the non-payment was due to administrative oversight rather than resulting from financial difficulty of the borrower.

Other Financial Assets at Amortized Cost
The Company's other financial assets at amortized cost are mostly composed of cash and placements in various banks, such as DSRA, long-term placements, deposit in escrow, and restricted cash.

The Company limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For refundable deposits and other receivables (including interest receivable, receivable from contractors, advances to related parties, dividends receivable and other receivables), credit risk is low since the Company transacts only with reputable counterparties and with good credit standing.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparty.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized, unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

Financial Assets at FVPL

The Company is also exposed to credit risk in relation to debt securities that are measured at FVPL. Debt securities measured at FVPL are entered into with counterparties that have high credit ratings. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The table below presents the summary of he Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL.

	2021				
	Financial Assets at Amortized Cost				
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	₱10,326,146,768	₱–	₱–	₱–	₱10,326,146,768
Long-term placements	650,000,000	–	–	–	650,000,000
DSRA	333,128,296	–	–	–	333,128,296
Refundable deposits	56,301,004	–	–	–	56,301,004
Deposit in escrow	44,581,295	–	–	–	44,581,295
Restricted cash	30,967,789	–	–	–	30,967,789
Other receivables*	102,748,985	–	–	–	102,748,985
Debt securities at FVPL	–	–	–	813,578,557	813,578,557
	₱11,543,874,137	₱–	₱–	₱813,578,557	₱12,357,452,694

**Includes dividends receivables, advances to related parties, interest receivable, receivable from contractors and other receivables*

	2020				
	Financial Assets at Amortized Cost				
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	₱11,459,396,826	₱–	₱–	₱–	₱11,459,396,826
Long-term placements	650,000,000	–	–	–	650,000,000
DSRA	347,425,003	–	–	–	347,425,003
Refundable deposits	55,912,004	–	–	–	55,912,004
Deposit in escrow	42,083,752	–	–	–	42,083,752
Restricted cash	28,232,093	–	–	–	28,232,093
Other receivables*	117,674,396	–	–	–	117,674,396
Debt securities at FVPL	–	–	–	644,079,707	644,079,707
	₱12,700,724,074	₱–	₱–	₱644,079,707	₱13,344,803,781

**Includes dividends receivable, receivable from contractors, interest receivable, and other receivables*

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Company's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The tables below present the maturity profile of the financial liabilities of the Company based on remaining contractual undiscounted obligations or on the estimated timing of cash outflows as at December 31, 2021 and 2020:

	2021					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱3,175,793,852	₱24,571,163	₱205,359,154	₱–	₱–	₱3,405,724,169
Lease liabilities	–	2,785,404	9,356,399	32,493,604	–	44,635,407
Loans payable**	–	343,681,791	1,139,923,663	4,465,223,779	–	5,948,829,233
	₱3,175,793,852	₱371,038,358	₱1,354,639,216	₱4,497,717,383	₱2,832,133	₱9,399,188,809

**Excluding nonfinancial liabilities amounting to ₱515.8 million as at December 31, 2021*
***Including future interest payable*

	2020					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱1,131,461,816	₱696,517,730	₱980,413,439	₱–	₱–	₱2,808,392,985
Lease liabilities	–	2,692,378	8,111,334	36,652,074	7,017,347	54,473,133
Loans payable**	–	776,500,997	1,056,147,604	4,563,851,770	316,078,694	6,712,579,065
	₱1,131,461,816	₱1,475,711,105	₱2,044,672,377	₱4,600,503,844	₱323,096,041	₱9,575,445,183

**Excluding nonfinancial liabilities amounting to ₱380.8 million as at December 31, 2020*
***Including future interest payable*

Capital Management

The primary objective of the Company's capital management is to secure ongoing financial needs of the Company to continue as a going concern as well as to maintain a strong credit standing and healthy capital ratio in order to support the business and maximize stockholder value.

The Company considers equity contributions from stockholders and retained earnings totaling ₱38,106.6 million and ₱35,541.8 million as at December 31, 2021 and 2020, respectively, as its capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, its business activities, expansion programs, and the risk characteristics of the underlying assets. In order to manage the capital structure, the Company may adjust its borrowings or raise equity.

The Company is required to maintain a debt-to-equity ratio of not greater than 2.50 with respect to the next reporting period. As at December 31, 2021, the Company is in compliance with the requirement.

No changes were made in the capital management objectives, policies, or processes in 2021 and 2020.

29. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Company's assets measured at fair value and asset and liability for which fair value is disclosed and the corresponding fair value hierarchy:

			2021		
			Fair Value		
	Note	**Carrying Amount**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Financial Assets:					
Financial assets at FVPL	5	**₱4,868,682,658**	**₱861,306,117**	**₱4,007,376,541**	**₱–**
Financial assets at FVOCI	9	**105,679,875**	**105,679,875**	**–**	**–**
Nonfinancial Asset -					
Land	10	**4,523,756,945**	**–**	**–**	**4,523,756,945**
		₱9,498,119,478	**₱966,985,992**	**₱4,007,376,541**	**₱4,523,756,945**
Financial Liability -					
Loans payable	15	**₱5,235,508,766**	**₱–**	**₱5,487,961,508**	**₱–**

			2020		
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Financial assets at FVPL	5	₱703,019,162	₱703,019,162	₱–	₱–
Financial assets at FVOCI	9	103,079,550	103,079,550	–	–
Nonfinancial Asset -					
Land	10	3,768,456,559	–	–	3,768,456,559
		₱4,574,555,271	₱806,098,712	₱–	₱3,768,456,559
Financial Liability -					
Loans payable	15	₱6,295,636,282	₱–	₱6,895,854,154	₱–

The Company used the following techniques to determine fair value measurements:

- *Unquoted Financial Asset at FVPL.* The Company's unquoted financial asset at FVPL as at December 31, 2021 is carried at fair value computed using the discounted cash flow method, which uses a rate of similar instruments quoted in active markets. The discount rate used is 1.09% in 2021. This is classified under the Level 2 category.

- *Quoted Financial Assets at FVPL and Financial Assets at FVOCI.* The Company's quoted financial assets at FVPL and financial assets at FVOCI as at December 31, 2021 and 2020 are carried at fair values based on quoted market prices from active markets classified under the Level 1 category.

- *Land.* The fair value of land was estimated based on appraisals performed by an independent, professionally-qualified property appraiser and was determined by reference to the latest transacted prices for identical or similar properties. The fair valuation is classified under Level 3 category.

  The significant observable inputs used in the fair value measurement of the Company's land are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing variables with different inputs would result in a significantly different fair value measurement.

  The Company has determined that the current use of the land classified as property, plant and equipment as at December 31, 2021 is its highest and best use.

- *Loans Payable.* The fair value of loans payable is estimated as the sum of all the future cash flows, discounted using the prevailing market rates of interest for instruments with similar maturities. The discount rate used is 3.86% and 4.20% as at December 31, 2021 and 2020. The fair valuation is classified under Level 2 category.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2021 and 2020.

The table below presents the financial assets and liabilities whose carrying amounts approximate their fair values as at December 31, 2021 and 2020:

	2021	2020
Financial assets at amortized cost:		
Cash and cash equivalents	**₱10,327,052,327**	₱11,460,460,392
Trade and other receivables*	**390,031,647**	477,114,029
DSRA	**333,128,296**	347,425,003
Long-term placements	**650,000,000**	650,000,000
Refundable deposits	**56,301,004**	55,912,004
Deposit in escrow	**44,581,295**	42,083,752
Restricted cash	**30,967,789**	28,232,093
Unquoted redeemable perpetual security	–	4,000,000,000
	₱11,832,062,358	₱17,061,227,273
Financial liability at amortized cost -		
Trade and other payables**	**₱3,405,724,169**	₱2,808,392,985

**Excluding nonfinancial assets aggregating to ₱7.9 million and ₱9.7 million as at December 31, 2021 and 2020, respectively.*
***Excluding nonfinancial liabilities aggregating to ₱515.8 million and ₱380.8 million as at December 31, 2021 and 2020, respectively.*

Current Financial Assets and Liability. The carrying amounts of cash and cash equivalents, trade and other receivables, DSRA and trade and other payables approximate their fair values due to the short-term nature of these financial instruments.

Other Noncurrent Assets. The carrying amount of long-term placements, refundable deposits, deposit in escrow, and restricted cash approximate fair value. Management believes that the effect of discounting the future receipts from these financial instruments using the prevailing market rates is not significant.

Unquoted Financial Asset at FVPL. The unquoted redeemable perpetual security is carried at cost as this represents the approximate estimate of fair value as at December 31, 2020.

30. Commitments and Contingencies

MPSA

The Company has the following key commitments under its MPSA:

- Payment to the Philippine Government of 4% excise tax of the market value of the minerals or mineral products extracted from the area and annual occupation fee based on the rate provided in the existing rules and regulations.

  Excise taxes paid to the Philippine Government amounted to ₱17.0 million and ₱13.1 million in 2021 and 2020, respectively.

- Allotment of a minimum of 1% of the direct drilling and milling costs necessary to implement the activities for community development.

  Pursuant to Administrative Order No. 2010-21: "Revised Implementing Rules and Regulations of RA No. 7942, otherwise known as the Philippine Mining Act of 1995," the allotment for community development activities was revised to 1.5% of the operating costs.

As at December 31, 2021 and 2020, the Company is compliant with the foregoing commitments and obligations.

Operating Lease Commitments - Company as a Lessee

The Company has various operating lease agreements primarily for its office space, warehouse and heavy equipment with periods ranging from one (1) year to 10 years. Future minimum lease commitments under non-cancellable operating leases as at December 31, 2021 and 2020 are as follows:

	2021
Within one (1) year	₱12,141,803
After one (1) year but not more than five (5) years	32,493,604
	₱44,635,407

Legal Claims

The Company is either a defendant or plaintiff in several civil cases primarily involving claims for damages. The outcomes of the legal proceedings for various cases are not presently determinable. Accordingly, no provision for any liability has been made in the separate financial statements.

In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Company's financial position and results of operations.

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Eagle Cement Corporation
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

We have audited the accompanying separate financial statements of Eagle Cement Corporation (a subsidiary of Far East Holdings, Inc.) (the Company) as at and for the years ended December 31, 2021 and 2020, on which we have rendered our report dated March 17, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 37 stockholders owning 100 or more shares each.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 1778-A
Valid until September 23, 2022
BIR Accreditation No. 08-005144-011-2020
Valid until January 1, 2023
PTR No. 8851709
Issued January 3, 2022, Makati City

March 17, 2022
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Eagle Cement Corporation
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

We have audited in accordance with the Philippine Standards on Auditing, the separate financial statements of Eagle Cement Corporation (a subsidiary of Far East Holdings, Inc.) (the Company) as at and for the years ended December 31, 2021 and 2020 and have issued our report thereon dated March 17, 2022. Our audit was made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic separate financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic separate financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic separate financial statements or to the separate financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 1778-A
Valid until September 23, 2022
BIR Accreditation No. 08-005144-011-2020
Valid until January 1, 2023
PTR No. 8851709
Issued January 3, 2022, Makati City

March 17, 2022
Makati City, Metro Manila

EAGLE CEMENT CORPORATION

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY

DECEMBER 31, 2021

Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning		₱7,913,384,893
Add: Net income actually earned/realized during the year		
Net income based on the face of audited separate financial statements	5,864,809,206	
Adjusted by: Movement of deferred tax asset	(18,889,405)	
Unrealized foreign exchange gains except those attributable to cash and cash equivalents	(2,627,939)	
Realization of trading gains on FVPL	475,002	5,843,766,864
Unappropriated retained earnings available for dividend declaration, ending		13,757,151,757
Adjustments for cash dividends declared		(3,300,000,003)
Unappropriated retained earnings available for dividend declaration, ending		₱10,457,151,754

"STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The management of **Eagle Cement Corporation** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor and appointed by the Board of Directors, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

RAMON S. ANG
Chairman of the Board

JOHN PAUL L. ANG
Chief Executive Officer

Monica
MONICA L. ANG-MERCADO
Chief Financial Officer

Signed this 17th day of March 2022

REPUBLIC OF THE PHILIPPINES)
Quezon City) S.S.

SUBSCRIBED AND SWORN to before me on 6 May 2022 at Quezon City, the following affiants , t exhibited to their competent evidence of identity.

Name	Competent Evidence of Identity	Date/ Place Issued
Ramon S. Ang	TIN-118-247-725	
Monica L. Mercado	TIN- 249-786-240	
John Paul L. Ang	TIN- 212-627-576	

Doc. No. 199;
Page No. 41;
Book No. 5;
Series of 2022.

ATTY. KARES P. SALENDREZ-PANGILINAN
Notary Public for Quezon City
Commission until 31 December 2020
Adm. Matter No. NP104(2019-2020)
Extended until 30 June 2022 per B.M. 3795
Unit 2625 T2 Amaia Skies Cubao, 5th Ave., Brgy. Socorro, Quezon City
Roll No. 69872
MCLE Compliance No. VI-0016081
PTR No. 2438608/11/2022, QC
IBP No. 197865 01/10/2022, QC

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-MX
January 2018 (ENCS)
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X".

Two copies MUST be filed with the BIR and one held by the taxpayer.

1702-MX 01/18ENCS P1

1 For (●) Calendar ( ) Fiscal
2 Year Ended (MM/20YY) 12/20 21

3 Amended Return? ( ) Yes (●) No

4 Short Period Return? ( ) Yes (●) No

5 Alphanumeric Tax Code (ATC)
IC 055 – Minimum Corporate Income Tax (MCIT) (●)
IC 010 - In General (●)

Part I - Background Information

6 Taxpayer Identification Number (TIN) 004 - 731 - 637 - 00000

7 RDO Code 124

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
EAGLE CEMENT CORPORATION

9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*
2F SMITS CORPORATE CENTER 155 EDSA BRGY. WACK WACK MANDALUYONG CITY

9A ZIP Code 1550

10 Date of Incorporation/Organization *(MM/DD/YYYY)* 06/21/1995

11 Contact Number 53013453

12 Email Address tax@eagle-cement.com.ph

13 Method of Deductions ( ) Itemized Deductions [Section 34 (A-J), NIRC] (●) Optional Standard Deduction (OSD)-40% of Gross Income [Section 34(L) NIRC, as amended]

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Total Tax Due/(Overpayment) *(From Part IV-Schedule 2 Item 19D)*	884,194,125
15 Less: Total Tax Credits/Payments *(From Part IV-Schedule 3 Item 32D)*	799,592,265
16 Net Tax Payable / (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 33D)*	84,601,860
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE / (Overpayment) *(Sum of Items 16 to 20)*	84,601,860

If overpayment, mark one (1) box only. *(Once the choice is made, the same is irrevocable)*
( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) ( ) To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, indicate TIN and attach authorization letter)*

Monica L. Ang
CFO/TREASURER

Signature over Printed Name of President/Principal Officer/Authorized Representative | Signature over Printed Name of Treasurer/ Assisant Treasurer

Title of Signatory TIN | Title of Signatory TIN

22 Number of Attachments 00

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				

BIR Form No.
1702-MX
January 2018 (ENCS)
Page 2

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P2

Taxpayer Identification Number (TIN)	Registered Name
004 731 637 0000C	EAGLE CEMENT CORPORATION

Part IV - Schedules

Instructions: (mark appropriate box)

- (◉) A. Only one activity/project under EXEMPT and/or SPECIAL Tax Regimes, fill-out the applicable columns below.
- ( ) B. Two or more activities/projects under EXEMPT and/or SPECIAL Tax Regimes, accomplish Part V-Mandatory Attachments per activity and reflect consolidated amounts from Part V on the corresponding columns below.

Schedule 1 - Basis of Tax Relief

	Particulars	A. Exempt	B. Special	C. Special Tax Relief (Under Regular/Normal Rate)
1	Investment Promotion Agency (IPA)/ Implementing Government Agency	BOI		
2	Legal Basis	E.O. NO. 226		
3	Registered Activity/Program *(Reg. No.)*	2017-278		
4	Special Tax Rate		0.0 %	
5	Effectivity Date of Tax Relief/Exemption From *(MM/DD/YYYY)*	05/01/2018		
6	Expiration Date of Tax Relief/Exemption To *(MM/DD/YYYY)*	04/30/2022		

Schedule 2 – Computation of Income Tax per Tax Regime

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

	Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Sales/Receipts/Revenues/Fees *(From all of Part V-Sched B Item 1, if letter B of instructions above is marked)*	7,620,743,148	0	14,454,019,283	22,074,762,431
2	Less: Sales Returns, Allowances and Discounts *(From all of Part V-Sched B Item 2, if letter B of instructions above is marked)*	265,995,298	0	504,504,753	770,500,051
3	Net Sales/Receipts/Revenues/Fees *(Item 1 Less Item 2)*	7,354,747,850	0	13,949,514,530	21,304,262,380
4	Less: Cost of Sales/Services *(From all of Part V-Sched B Item 4, if letter B of instructions above is marked)*	4,276,635,900	0	8,111,358,249	12,387,994,149
5	Gross Income from Operation *(Item 3 Less Item 4)*	3,078,111,950	0	5,838,156,281	8,916,268,231
6	Add: Other Taxable Income not subjected to Final Tax *(From all of Part V-Sched B Item 6, if letter B of instructions above is marked)*	0	0	56,471,221	56,471,221
7	Total Taxable Income *(Sum of Items 5 and 6)*	3,078,111,950	0	5,894,627,502	8,972,739,452
	Less: Deductions Allowable under Existing Law				
8	Ordinary Allowable Itemized Deductions *(From Sched 5 Item 18) &/or (From all of Part V-Sched B Item 8, if letter B of instructions above is marked)*	254,267,469	0	0	254,267,469
9	Special Allowable Itemized Deductions *(From Sched 6 Item 5) &/or(From all of Part V-Sched B Item 9, if letter B of instructions above is marked)*	0	0	0	0
10	NOLCO [Only for those taxable under Sec. 27 (A to C)]; Section 28(A)(1)(A)(6)(b) of the Tax Code, as amended] *(**For Special Rate:** If w/ only 1 activity, From Schedule 8.1 Item 8 ; if with 2 or more activities, From all of Part V-Sched B Item 10; **For Reg. Rate:** From Sched 7.1 Item 8)*		0	0	0
11	Total Itemized Deductions *(Sum of Items 8 to 10)*	254,267,469	0	0	254,267,469
	***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*				
12	Optional Standard Deduction (OSD) *(40% of Item 7)*			2,357,851,001	2,357,851,001
13	Net Taxable Income/(Loss) *(If Itemized: Item 7 Less Item 11; If OSD: Item 7 Less Item 12)*	2,823,844,481	0	3,536,776,501	6,360,620,982
14	Applicable Income Tax Rate *(i.e. Special or Regular/Normal Rate)*	0%	0.00 %	25.00 %	
15	Income Tax Due other than MCIT *[For **Special Rate:** If with only 1 activity, (Item 3 OR Item 7) X Item 14; if with 2 or more activities, from all of Part V-Sched B Item 14; **For Regular Rate** Item 13 X Item 14]*	0	0	884,194,125	884,194,125
16	Less: Share of Other Government Agency, if remitted directly		0	0	0
17	Net Income Tax Due to National Government *(Item 15 Less Item 16)*		0	884,194,125	884,194,125
18	MCIT *(2% of Gross Income in Item 7)*			0	0
19	**Total Income Tax Due / (Overpayment)** *(Item 19B = Item 17B) (Item 19C = Normal Income Tax in Item 15C OR MCIT in Item 18C, whichever is higher) (Item 18D = Sum of Items 19B and 19C) (Item 19D to Part II Item 14)*		0	884,194,125	884,194,125

Schedule 3 - Tax Credits/Payments *(attach proof)*

	Particulars	A	B	C	D
20	Prior Year's Excess Credits Other Than MCIT	0	0	0	0
21	Income Tax Payments under MCIT from Previous Quarter/s			0	0
22	Income Tax Payments under Regular Rate from Previous Quarter/s	0	0	626,689,752	626,689,752
23	Excess MCIT Applied this Current Taxable Year *(From Schedule 9 Item 4)*			0	0
24	Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0	0	83,917,710	83,917,710
25	Creditable Tax Withheld per BIR Form No. 2307 for the 4th Qtr	0	0	88,984,803	88,984,803
26	Foreign Tax Credits, if applicable	0	0	0	0
27	Tax Paid in Return Previously Filed, if this is an Amended Return	0	0	0	0
28	Income Tax Payments under Special Rate from Previous Qtr/s	0	0	0	0
29	Special Tax Credits *(To Part IV-Schedule 4 Item 6)*	0	0	0	0
	Other Tax Credits/Payments*(specify)*				
30		0	0	0	0
31	(Add more...)	0	0	0	0
32	Total Tax Credits/Payments *(Sum of Items 20 to 31) (Item 32D to Part II Item 15)*	0	0	799,592,265	799,592,265
33	**Net Tax Payable / (Overpayment)** *(Item 19 Less Item 32) (Item 33D to Part II Item 16)*	0	0	84,601,860	84,601,860

BIR Form No.
1702-MX
January 2018 (ENCS)
Page 3

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P3

Taxpayer Identification Number (TIN)	Registered Name
004 731 637 0000C	EAGLE CEMENT CORPORATION

Schedule 4 – Tax Relief Availment *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Regular Income Tax Otherwise Due *(Item 13A/B of Part IV-Schedule 2 X applicable regular income tax rate)*	705,961,120	0		705,961,120
2	Tax Relief on Special Allowable Itemized Deductions *(Item 9A/B/C of Part IV-Sched 2 X applicable regular income tax rate)*	0	0	0	0
3	Sub-Total – Tax Relief *(Sum of Items 1 and 2)*	705,961,120	0	0	705,961,120
4	Less: Income Tax Due *(From Part IV-Schedule 2 Item 15B)*	0	0		0
5	Tax Relief Availment before Special Tax Credit *(Item 3 Less Item 4)*	705,961,120	0	0	705,961,120
6	Add: Special Tax Credit, *if any* *(From Part IV-Schedule 3 Item 29)*	0	0	0	0
7	**Total Tax Relief Availment** *(Sum of Items 5 & 6)*	705,961,120	0	0	705,961,120

Schedule 5 - Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*
(If with only one activity, fill-out the applicable columns below: if with two or more activities, amount for each expense shall come from all of Part V-Schedule D)

	Description	A	B	C	D
1	Amortizations	248,256	0	0	248,256
2	Bad Debts	0	0	0	0
3	Charitable and Other Contributions	0	0	0	0
4	Depletion	0	0	0	0
5	Depreciation	38,706,388	0	0	38,706,388
6	Entertainment, Amusement and Recreation	0	0	0	0
7	Fringe Benefits	0	0	0	0
8	Interest	97,377,394	0	0	97,377,394
9	Losses	0	0	0	0
10	Pension Trusts	0	0	0	0
11	Rental	1,253,017	0	0	1,253,017
12	Research and Development	0	0	0	0
13	Salaries, Wages and Allowances	76,962,343	0	0	76,962,343
14	SSS, GSIS, Philhealth, HDMF and Other Contributions	2,171,800	0	0	2,171,800
15	Taxes and Licenses	11,495,080	0	0	11,495,080
16	Transportation and Travel	3,659,578	0	0	3,659,578
17	Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*				
	a. Janitorial and Messengerial Services	0	0	0	0
	b. Professional Fees	0	0	0	0
	c. Security Services	0	0	0	0
	d. FINANCE CHARGE	6,416,140	0	0	6,416,140
	e. REPAIR AND MAINTENANCE	11,390,463	0	0	11,390,463
	f. SUPPLIES	2,464,198	0	0	2,464,198
	g. INSURANCE	641,571	0	0	641,571
	h. MISCELLANEOUS EXPENSE	1,481,241	0	0	1,481,241
	i. (Add more...)	0	0	0	0
18	Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV-Schedule 2 Item 8)*	254,267,469	0	0	254,267,469

Schedule 6 – Special Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*
(If with only one activity, fill-out the applicable columns below: if with two or more activities, amount for each expense shall come from all of Part V-Schedule E)

	Description	Legal Basis	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1			0	0	0	0
2			0	0	0	0
3			0	0	0	0
4			0	0	0	0
		(Add more...)				
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4) (To Part IV-Schedule 2 Item 9)*		0	0	0	0

Schedule 7 - Computation of Net Operating Loss Carry Over (NOLCO) for Regular Rate *(Attach Additional Sheet/s, if necessary)*

1 Gross Income *(From Part IV-Schedule 2 Item 7C)*	0
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law *(From Part IV-Schedule 2 Item 8C)*	0
3 Net Operating Loss *(Item 1 Less Item 2) (To Part IV-Schedule 7.1, Item 7A)*	0

BIR Form No.
1702-MX
January 2018 (ENCS)
Page 4

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P4

Taxpayer Identification Number (TIN)	Registered Name
004 731 637 00000	EAGLE CEMENT CORPORATION

Schedule 7.1 - Computation of Available Net Operating Loss Carry Over (NOLCO) for Regular Rate

(DO NOT enter Centavos;49 Centavos or Less drop down; 50 or more round up)

	Net Operating Loss Year Incurred	A. Amount	B. NOLCO Applied Previous Year/s	C. NOLCO Expired	D. NOLCO Applied Current Year	E. Net Operating Loss (Unapplied) [(E)=A-(B+C+D)]
4		0	0	0	0	0
5		0	0	0	0	0
6		0	0	0	0	0
7		0	0	0	0	0
8	Total NOLCO *(Sum of Items 4D to 7D)* *(To Part IV-Schedule 2 Item 10C)*				0	

Schedule 8 - Computation of Net Operating Loss Carry Over (NOLCO) for Special Rate (except those availing fiscal incentives)

(Attach Additional Sheet/s, if necessary)

1	Gross Income *(From Part IV-Schedule 2 Item 7B)*	0
2	Less: Ordinary Allowable Itemized Deductions *(From Part IV-Schedule 2 Item 8B)*	0
3	Net Operating Loss *(Item 1 Less Item 2) (To Part IV-Schedule 8.1 Item 7A)*	0

Schedule 8.1 - Computation of Available Net Operating Loss Carry Over (NOLCO) for Special Rate

(DO NOT enter Centavos;49 Centavos or Less drop down; 50 or more round up)

	Net Operating Loss Year Incurred	A. Amount	B. NOLCO Applied Previous Year/s	C. NOLCO Expired	D. NOLCO Applied Current Year	E. Net Operating Loss (Unapplied) [(E)=A-(B+C+D)]
4		0	0	0	0	0
5		0	0	0	0	0
6		0	0	0	0	0
7		0	0	0	0	0
8	Total NOLCO (Sum of Items 4D to 7D) (To Part IV-Schedule 2 Item 10B)				0	

Schedule 9 - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule 9 *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0

4 Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV-Schedule 3 Item 23) 0

Schedule 10 – Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

	Particulars	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Net Income/(Loss) per Books	2,777,747,248	0	3,866,326,764	6,644,074,012
	Add: Non-Deductible Expenses/Taxable Other Income) *(specify below)*				
2	DEPRECIATION OF ARO	1,232,180	0	2,337,036	3,569,216
3	OTHERS	45,288,375	0	138,966,292	184,254,667
	(Add more...)				
4	Total *(Sum of Items 1 to 3)*	2,824,267,803	0	4,007,630,092	6,831,897,895
	Less: A) Non-Taxable Income and Income Subjected to Final Tax *(specify below)*				
5	INTEREST INCOME SUBJECT TO FWT	0	0	183,796,665	183,796,665
6	OTHERS	423,322	0	287,056,926	287,480,248
	(Add more...)				
	B) Special Deductions *(specify below)*				
7		0	0	0	0
8		0	0	0	0
	(Add more...)				
9	Total *(Sum of Items 5 to 8)*	423,322	0	470,853,591	471,276,913
10	Net Taxable Income/(Loss) *(Item 4 Less Item 9)*	2,823,844,481	0	3,536,776,501	6,360,620,982

Schedule 10 - Reconciliation of Net Income per Books Against Taxable Income

Less:A) Non-taxable and Income Subjeted to Final Tax	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
6.1 LEASE PAYMENT	0	0	10,878,410	10,878,410
6.2 DIVIDEND INCOME	0	0	214,505,092	214,505,092
6.3 PAST SERVICE COST	423,322	0	802,903	1,226,225
6.4 INT INCOME ON FLR	0	0	216,200	216,200
6.5 UNREALIZED GAIN	0	0	10,095,134	10,095,134
6.6 UNREALIZED LOSS	0	0	18,963,510	18,963,510
6.7 EXCESS OSD OVER IT	0	0	31,595,677	31,595,677
Subtotal	423,322	0	287,056,926	287,480,248

Schedule 10 - Reconciliation of Net Income per Books Against Taxable Income					
Add:Non-deductible Expenses/Taxable Other Income	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns	
3.1 RETIREMENT BENEFITS CH	22,092,020	0	41,901,226	63,993,246	
3.2 DEPR OF ROUA	3,016,101	0	5,720,541	8,736,642	
3.3 DEBT ISSUE COST	2,717,772	0	5,154,711	7,872,483	
3.4 INTEREST EXPENSE	15,855,175	0	30,072,002	45,927,177	
3.5 INTEREST ON ARO	492,340	0	933,806	1,426,146	
3.6 INTEREST ON LEASE	1,114,967	0	2,114,722	3,229,689	
3.7 UNREALIZED GAIN	0	0	30,501,151	30,501,151	
3.8 PENALTIES	0	0	22,568,133	22,568,133	
Subtotal	45,288,375	0	138,966,292	184,254,667	

Tax Return Receipt Confirmation

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph>
Mon 4/11/2022 6:24 PM

To: ECC Tax <tax@eagle-cement.com.ph>

This confirms receipt of your submission with the following details subject to validation by BIR:
File name: 004731637000-1702MXv2018C-1221.xml
Date received by BIR: 11 April 2022
Time received by BIR: 06:00 PM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH PAYMENT
Please print this e-mail together with the RETURN and proceed to pay through the Authorized Agent Bank / Collection Agent / GCASH or use other payment options.

This is a system-generated email. Please do not reply.

Bureau of Internal Revenue

========== DISCLAIMER ========== This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 004-731-637-000
Name	: EAGLE CEMENT CORPORATION
RDO	: 124
Form Type	: 0605
Reference No.	: 292200047205310
Amount Payable (Over Remittance)	: 84,601,860.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2021
Quarter	: 0
Date Filed	: 04/11/2022
Tax Type	: IT

Proceed to Payment

[BIR Main | eFPS Login | User Menu | Help]

PSOC: | PSIC: 2620

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Payment Form

BIR Form No.
0605
September 2003(ENCS)

1 For the: Calendar (selected) / Fiscal	**3** Quarter Clear Quarter	**4** Due Date (MM/DD/YYYY)	**5** No. of Sheets Attached	**6** ATC
2 Year Ended (MM/YYYY): 12 - December 2021	1st 2nd 3rd 4th	01 15 2022	0	MC200

7 Return Period (MM/DD/YYYY) 12 31 2021 **8** Tax Type Code IT

Part I Background Information

9 Taxpayer Identification No.	**10** RDO Code	**11** Taxpayer Classification	**12** Line of Business/Occupation
004 731 637 000	124	I / N (selected)	MANUFACTURE OF CEMENT

13 Taxpayer's Name(Last Name, First Name, Middle Name for Individuals)/(Registered Name for Non-Individuals)	**14** Telephone Number
EAGLE CEMENT CORPORATION	

15 Registered Address	**16** Zip Code
2/F SMITS CORPORATE CENTER 155 EDSA BRGY. WACK-WACK MANDALUYONG CITY	1550

17 Manner of Payment		**18 Type of Payment**
Voluntary Payment	Per Audit/Delinquent Account	
Self-Assessment Penalties Tax Deposit/Advance Payment Income Tax Second Installment(Individual) Others(Specify) (selected) 2021 INCOME TAX	Preliminary/Final Assess/Deficiency Tax Accounts Receivable/Delinquent Account	Installment No. of Installment Partial Payment Full Payment (selected)

Part II Computation of Tax

19 Basic Tax/Deposit/Advance Payment — **19** 84,601,860.00

20 Add Penalties

Surcharge	Interest	Compromise	
20A 0.00	**20B** 0.00	**20C** 0.00	**20D** 0.00

21 Total Amount Payable(Sum of Items 19 & 20D) — **21** 84,601,860.00

For Voluntary Payment	Payment of Deficiency Taxes From Audit/Investigation Delinquent Accounts
I declare, Under the penalties of perjury, that this document has been made in good faith, verified by me, and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.	Pre-approved by Investigating Office Not approved by Investigating Office

Print | Payment Details | Proceed to Payment

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

eFPS Payment Details

TIN : 004 - 731 - 637 - 000
Name : EAGLE CEMENT CORPORATION
Tax Period : 12/31/2021
Reference Number : 292200047205310
Tax Type : IT -

Payment Transaction Number : 227116795
Date : 04/12/2022
Cash Amount Paid : 84,601,860.00
Bank : 015000 - MBTC

Origin	Bank Code	Amount	Number	Date	Status	Message	CBR BCS No.
Pending Online Confirmation	015000	84,601,860.00	-		Unknown	60 - Details of Payment were redirected to the corresponding Bank. Please verify with your Bank.	51776
Batch Confirmation	015000	84,601,860.00	00301167220412795831	04/18/2022	Authorized	0 - Successful	51776
Batch Acknowledgment	015000	84,601,860.00	00301167220412795831	04/18/2022	Authorized	0 - Successful	51776

Total Payments (Successful/Unsuccessful): 84,601,860.00
Total Payments (Successful) : **84,601,860.00**

Print Close

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The Management of **Eagle Cement Corpoation** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return as at December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements as at and for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

RAMON S. ANG
Chairman of the Board

JOHN PAUL L. ANG
Chief Executive Officer

MONICA L. ANG-MERCADO
Chief Financial Officer

Signed this 17th day of March 2022

REPUBLIC OF THE PHILIPPINES)
Quezon City) S.S.

SUBSCRIBED AND SWORN to before me on 6 May 2022 at Quezon City, the following affiants exhibited to their competent evidence of identity.

Name	Competent Evidence of Identity	Date/ Place Issued
Ramon S. Ang	TIN-118-247-725	
Monica L. Mercado	TIN- 249-786-240	
John Paul L. Ang	TIN- 212-627-576	

Doc. No. 198;
Page No. 41;
Book No. 5;
Series of 2022.

ATTY. KARES P. SALENDREZ-PANGILINAN
Notary Public for Quezon City
Commission until 31 December 2020
Adm. Matter No. NP104(2019-2020)
Extended until 30 June 2022 per B.M. 3795
Unit 2625 T2 Amaia Skies Cubao, 5th Ave., Brgy. Socorro,
Quezon City
Roll No. 69872
MCLE Compliance No. VI-0016081
PTR No. 2438608/11/2022, QC
IBP No. 197865 01/10/2022, QC

"STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The management of **Eagle Cement Corporation** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor and appointed by the Board of Directors, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

RAMON S. ANG
Chairman of the Board

JOHN PAUL L. ANG
Chief Executive Officer

MONICA L. ANG-MERCADO
Chief Financial Officer

Signed this ___ day of ___ 2022

REPUBLIC OF THE PHILIPPINES)
Quezon City) S.S.

SUBSCRIBED AND SWORN to before me on 6 May 2022 at Quezon City, the following affiants , t exhibited to their competent evidence of identity.

Name	Competent Evidence of Identity	Date/ Place Issued
Ramon S. Ang	TIN-118-247-725	
Monica L. Mercado	TIN- 249-786-240	
John Paul L. Ang	TIN- 212-627-576	

Doc. No. 199;
Page No. 41;
Book No. 5;
Series of 2022.

ATTY. KARES P. SALENDREZ-PANGILINAN
Notary Public for Quezon City
Commission until 31 December 2020
Adm. Matter No. NP104(2019-2020)
Extended until 30 June 2022 per B.M. 3795
Unit 2625 T2 Amaia Skies Cubao, 5th Ave., Brgy. Socorro,
Quezon City
Roll No. 69872
MCLE Compliance No. VI-0016081
PTR No. 2438608/11/2022, QC
IBP No. 197865 01/10/2022, QC

I. Eagle Cement Corporation 2021 Sustainability Report

Report Boundary

This is Eagle Cement Corporation's ("Eagle Cement" or "the Company") fourth year of reporting on the economic, social, and governance (ESG) performance of its Bulacan Plant and Head Office. This report covers operations of the Company from January 1 to December 31, 2021, and tracks our progress from 2019 onwards. This document is aligned with the Global Reporting Initiative (GRI) Standards: Core Option and the Securities and Exchange Commission Memorandum Circular No. 4 Series of 2019.

Sustainability at Eagle Cement

Eagle Cement's vision and commitment to sustainability became clearer and stronger throughout the years. We continuously do what we can to protect our environment and contribute to social development, understanding that profit is a means for us to make a positive impact.

We have always been guided by our mission to improve Filipinos' quality of life by creating products that last for generations. We define excellence by embedding every aspect of sustainability into our business. For the eighth consecutive year, the 2021 Presidential Mineral Industry and Environmental Award Selection Committee (PMIEASC) recognized our exemplary performance on safety and health, environmental management, reforestation, and social development and management. The PMIEASC bestowed Eagle Cement the Titanium Achievement Award for four successive years since 2014 and a Platinum Achievement Award from 2018 to 2020. In 2021, Eagle Cement was declared a Titanium Achievement Awardee.

The Company reaped several awards and recognitions during the Mines and Geosciences Bureau (MGB) Regional Mining Summit held from April 6 to 8, 2022 in San Fernando, Pampanga. Among these recognitions, Eagle Cement garnered the Highest Tenement, Safety and Health, Environment and Social (TSHES) score of 98.56% under the non-metallic mines category in Region 3 in 2020. It also earned a recognition for its 2M Manhours Non-Lost Time for the year 2021. With this achievement, the Head of Health and Safety, Engr. Nestor B. Lustre, was invited to share the Company's best practices. Eagle Cement has also been commended for donating a cloud-based report automation program called Project CREST which was launched on day one of the summit. This paperless tool will be used by mining companies in the region for an efficient online submission of compliance reports to MGB 3.

Our pandemic-response efforts did not go unnoticed as we have been acclaimed for the highest COVID-19 assistance, contributing more than ₱21.0 million in various initiatives as reported to MGB.

In addition, SNMC, a wholly-owned subsidiary of Eagle Cement, has been named as the Highest Tax Contributor under non-metallic category for the year 2020 in the region.

Our awards, past reports, values, and overall performance attest to our strong commitment to sustainability, even when operating in a highly-regulated industry with significant social and environmental impacts. In the coming years, we will keep moving forward in our sustainability journey. We continue to encourage our employees, business partners, and other stakeholders to be more sustainable within and outside of the organization.

Our Sustainability Framework: Blueprint for the Future

We established our sustainability framework to effectively guide our efforts in contributing to the country's sustainable development. Eagle Cement's framework comprises three pillars: 1) Product Quality and Excellence, 2) Efficiency and Environmental Accountability, and 3) Social Responsibility. We aligned these with the United Nations Sustainable Development Goals (UN SDGs) and anchored them on our core corporate values of discipline, integrity, respect for people, excellence, customer focus, and teamwork. With this framework, we intend to future-proof our business while creating shared value for our customers, stakeholders, community, and environment.

- Product Quality and Excellence – It is our promise to our customers that we produce only high-quality cement products that adhere to and exceed the Philippine National Standards (PNS) and international standards.
- Efficiency and Environmental Accountability – In continually expanding our facilities to meet the increasing demands of the Philippine market, we focus on production efficiency without sacrificing environmental responsibility and accountability.
- Social Responsibility – In creating value for our customers and shareholders, we also commit to make a difference and contribute to the community through sustainable socio-civic projects that uplift the quality of life.

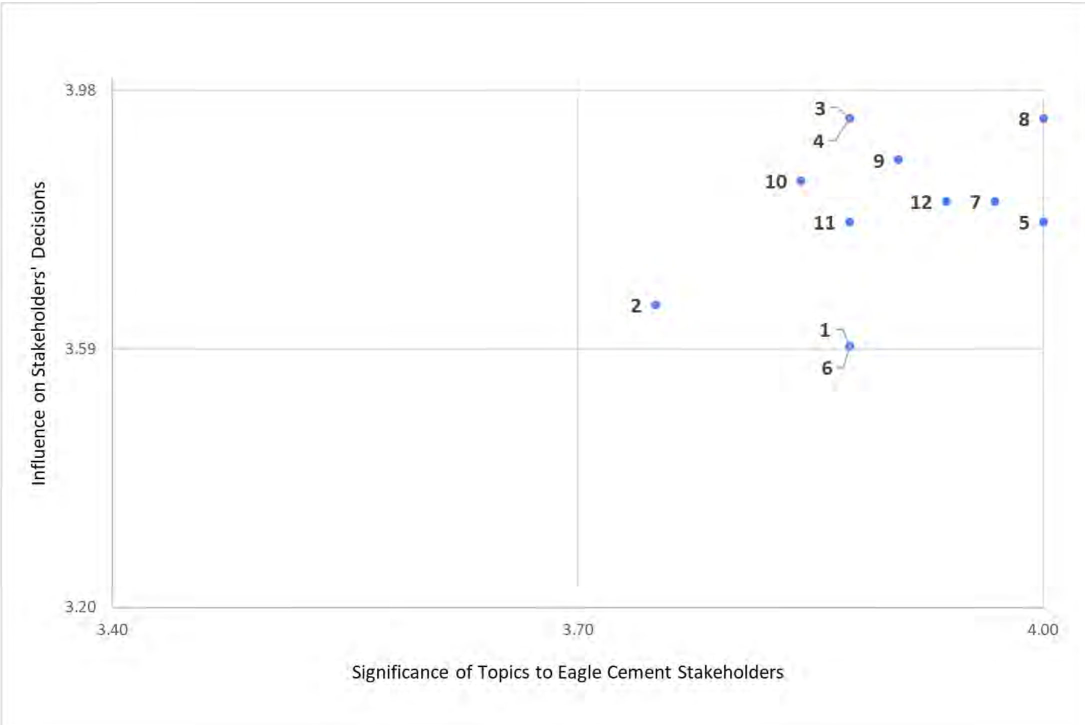
Materiality: What Matters Most to Our Stakeholders

Materiality assessment and review of material topics were conducted for this year's report. The materiality principle streamlines our sustainability journey. While Eagle Cement's approach is holistic, it can make the most valuable impact by focusing on key areas.

The list of material topics and materiality matrix were generated by launching a survey where key department managers, section heads, and staff determined the topics most relevant to the Company. Our survey was based on subject matter specific to the cement industry and our past material topics. This initial list was evaluated and finalized by the senior management.

Our sustainability framework is reflected in our material topics, emphasizing Efficiency and Environmental Accountability. Prioritizing our environmental impacts has become an even more urgent matter considering the potential impacts of climate change on all businesses.

Aside from natural resources, Eagle Cement's resilience depends on an efficient supply chain (Energy, Cost, Efficiency, and Sourcing, Product Quality and Transparency, and Profitability) and our stakeholders' welfare (Community Engagement and Development, Customer Relations and Satisfaction, and Occupational Health and Safety, and Well-being).



Product Quality and Excellence

4) Customer Relations and Satisfaction
5) Energy, Cost, Efficiency, and Sourcing
8) Product Quality and Transparency
9) Profitability
10) Responsible Production and Supply Chain

Efficiency and Environmental Accountability

1) Air Quality
2) Biodiversity Impacts
6) GHG Emission
11) Waste Management
12) Water Management

Social Responsibility

3) Community Engagement and Development
7) Occupational Health, Safety, and Well-being

Stakeholder Engagement

People-centricity is among our values – we believe that fostering good relationships is at the core of a sustainable company. As Eagle Cement operates in a highly regulated industry, we embody this value by engaging meaningfully with a wide range of stakeholders and embrace inclusive approach towards value creation through multiple platforms. This two-way dialogue is vital in understanding their real issues and expectations, allowing us to align our objectives, collaborate on shared challenges, resolve conflicts, meet their needs, and work together to create a more sustainable industry.

Stakeholders	Key Concerns	Engagement Method	Company's Response
Communities, Local Barangays, NGOs, and Charities	● Health and safety concerns on COVID-19 infections and surge in cases ● Plant Bubble set-up ● Relief operations for COVID-19 and victims of Typhoon Odette ● Heavy equipment and truck crossing ● Quarry operations boundaries ● Relocation of informal settlers ● Run-off water and truck oil spill ● Absence of path walk at Talbak Elementary School ● Pinnacle removal and blasting at Sitio Hulo ● Damaged road at M. Valte, Brgy. Gabihan ● Lack of school supplies and equipment	● Employee values formation and community building ● Clean-up drive and medical care program ● Assessed community concerns through ocular inspection by Dona Remedios Trinidad (DRT)-Local Government Unit (LGU) and dialogue with the stakeholders (LGU, barangay council, contractor and community representatives and IATF) ● Communication with the Multipartite Monitoring Team (MMT) ● Virtual meetings through online platforms	● Provision of quarantine and isolation facilities and COVID-19 essentials ● Provision of financial assistance and relief goods ● Orientation on driver safety protocols within areas of operations for truck drivers ● Provision of traffic signages and barriers to the area of operations ● Formation of an expert team to head the assessment and monitoring of findings from the DRT-LGU ocular visit ● Demonstrations and awareness programs on safe pinnacle removal for barangay officials and committee ● Raised concern to the MMT ● Provision of laptops, printers, and school supplies to local schools ● Construction of a 24.30-meter path walk at Talbak Elementary School
Contractors	● COVID-19 and other workplace hazards ● Salary and benefits ● Plant Bubble set-up for Contractors and Haulers	● Meetings with Human Resources and Organizational Development (HROD)/Procurement, Central Safety Committee, and contractors on safety alerts and awareness programs ● Bulletin boards and email communication	● Regular Reverse Transcription Polymerase Chain Reaction (RT-PCR) testing and Total Productive Maintenance (TPM) Tagging ● Vaccination roll-out in coordination with Department of Health (DOH) and Local Government Units (LGU) ● Frequent site inspections and regular Occupational Safety and Health (OHS) training

Stakeholders	Key Concerns	Engagement Method	Company's Response
			● Evaluation of safety performances after the safety walkthrough permit system ● Replaced manpower provider and assigned security guard on contractors' accommodations ● Provision of transportation and meal allowances for isolated and quarantined contractors
Customers	● WFH set-up for Head Office (HO) employees during COVID-19 surge and skeletal workforce for Bulacan plant employees ● Timely issuance of invoices and reconciliation of accounts ● High-quality and on-time product delivery ● Delivery protocols and requirements for COVID-19 prevention ● Quality of service of third-party haulers ● Availability of materials and contractors ● Annual and monthly releasing of rebates	● Customer Satisfaction Survey (CSAT) Survey 2021 ● Virtual meetings through online platforms	● Continuous collaboration to attend to critical issues ● Provision of timely customer service for complaints received through the Technical Sales Manager (TSM) ● Established weekly timelines with process owners ● Implementation of Audit-recommended action plans ● Launched a Customer Portal through RAMCO ● Automated Sales Order (SO) tagging and releasing ● Compliance with IATF protocols on workplace safety and operations ● Regular RT-PCR testing of contractors ● Conducted online seminars and orientations for new haulers and drivers ● Continuous engagement on the strict implementation of COVID-19 protocols with existing third-party logistics haulers ● Engaged in consignment contracts for fast-moving items
Employees	● COVID-19 risks and responses and other workplace hazards ● Adapting to full month stay, mental health, and general well-being ● Food price variance, quality of food, and food safety ● Employee	● Hybrid meetings and virtual communication platforms ● Administration's Quarterly Customer Satisfaction (CSAT) Survey ● Bulletins and published policies	● Adopted a Plant Bubble set-up ● COVID-19 awareness, health protocols, updates and seminars ● Provision of in-house accommodation for the Faculty of Trainers ● Health status monitoring and adherence to policies in the Company ● Formed the Task Force Reditus

Stakeholders	Key Concerns	Engagement Method	Company's Response
	reimbursement (revolving funds) ● Internet allowance ● Work-from-home set-up (head office) ● Learning and Growth ● Operations' manpower needs amid the pandemic (COVID-19 response)		as the decision-making team for COVID-19 concerns ● Expanded medical benefits (additional leaves, critical medicine for infected employees, consultations, vaccination, and preventive measures) ● Implemented monthly and bi-monthly rest day ● Provided assistance to unvaccinated individuals from their barangay to be fully-vaccinated ● Equipped Isolation facilities with complete medical-grade apparatus equipment and services ● Provision of PPEs, disinfection equipment, and RT-PCR testing ● Scheduled manpower and shuttle service ● Programs on mental health, OHS, recreational activities (IATF-compliant), stress management programs, and engagement activities ● Provision of psychological services in partnership with RMT CEFAM Ateneo and PVPI ● E-Wellness Meter Analytics survey ● Formed the TPM Tagging Team and corrective actions Visibility Felt Leadership (VFL) ● Conducted monitoring and on-site inspections for OHS ● Adopted flexible and skeletal work arrangements ● Provided facial recognition device for time capturing ● Installation of Time Doctor for time tracking ● Served nutritious food, scheduled weekly groceries, and observed food safety and sanitation standards ● Provision of meal allowances ● Provision of laptops and mobile devices ● Provision of monthly internet allowance and an upgraded internet connection ● Constructed operators' housing

Stakeholders	Key Concerns	Engagement Method	Company's Response
			(1:1 ratio) to avoid COVID-19 transmission and to respond to the operations' manpower needs ● Constructed remote/satellite Central Control Room (CCR)
Investors	● Shareholder return ● Higher input costs ● Entry of new competitors ● Threats of imported cement ● Market liquidity	● Annual Stockholders Meeting (virtual) ● virtual meetings with investors and analysts ● SEC/PSE disclosures ● Press releases ● Plant visits ● Quarterly Analysts' briefing ● Website	● Dividend payments ● Capacity expansion in Bulacan plant and process improvement ● Increasing market share ● Timely disclosure of material information and Company updates ● Timely update of the website
Landowners (for raw material resource)	● Pandemic and changing community quarantine protocols	● Mobile communication	● Virtual and physical meetings when possible
Regulatory bodies	● Compliance with PSE and SEC requirements ● Online audit – DENR, Mines and Geosciences Bureau (MGB), MMT, Mine Rehabilitation Fund Committee (MRFC) ● Preparation for real-time emission monitoring	● Submission of reports in compliance with SEC regulations ● Submission of all structured and unstructured reports in compliance with the Disclosure Rules of PSE ● Virtual meetings through online communication platforms ● Bulletins and published policies	● Ensuring compliance with PSE, SEC, MGB and other regulatory requirements ● Monitoring notices, memorandums and deadlines ● Benchmarking with other PLCs' disclosures ● Keeping concerned departments and top management informed on concerns ● Maximized online resources and platforms (ex. publishing approved disclosures on Company website; online submission of various reports) ● Regular submission of relevant COVID-19 data to concerned government office/s.
Vendors/Suppliers	● Reconciliation of accounts ● Timely payment to suppliers	● Virtual meetings and various communication platforms	● Regular account reconciliation ● Offered various payment methods

Value Chain

Our framework and material topics enable us to adapt sustainability practices across our value chain. These contextualize our social, environmental, and economic impacts on our immediate communities and national economy. We create value through the following phases of our operations: Mining, Processing, Packaging and Distribution, and after sales service.

United Nations Sustainable Development Goals (UN SDGs) Alignment

We ensure that our efforts contribute to the UN SDGs and its corresponding targets. Similar to the principle of materiality, the Company prioritizes and takes concrete steps in working towards specific SDGs and its targets.

UN SDG Alignment of Material Topics

Material topics	UN SDG Alignment and Specific Target/s
Product Quality and Excellence	
Customer Relations and Satisfaction	**Goal 9: Industry, Innovation, and Infrastructure** ● Target 9.1: Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all **Goal 12: Responsible Consumption and Production** ● Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle **Goal 17: Partnerships for the Goals** ● Target 17.5: Adopt and implement investment promotion regimes for least developed countries
Energy, Cost, Efficiency, and Sourcing	**Goal 7: Affordable and Clean Energy** ● Target 7.3: By 2030, double the global rate of improvement in energy efficiency **Goal 8: Decent Work and Economic Growth** ● Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries ● Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors ● Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead

	Goal 12: Responsible Consumption and Production ● Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources ● Target 12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities
Product Quality and Transparency	**Goal 9: Industry, Innovation, and Infrastructure** ● Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all ● Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending ● Target 9.b: Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities **Goal 12: Responsible Consumption and Production** ● Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
Profitability	**Goal 8: Decent Work and Economic Growth** ● Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries ● Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
Responsible Production and Supply Chain	**Goal 8: Decent Work and Economic Growth** ● Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead **Goal 12: Responsible Consumption and Production** ● Target 12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities
Efficiency and Environmental Accountability	
Air Quality	**Goal 3: Good Health and Well-being** ● Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination **Goal 8: Decent Work and Economic Growth** ● Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead

	Goal 11: Sustainable Cities and Communities ● Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
GHG Emission	**Goal 3: Good Health and Well-being** ● Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination **Goal 8: Decent Work and Economic Growth** ● Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead **Goal 11: Sustainable Cities and Communities** ● Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Waste Management	**Goal 3: Good Health and Well-being** ● Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination **Goal 8: Decent Work and Economic Growth** ● Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead **Goal 11: Sustainable Cities and Communities** ● Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management **Goal 12: Responsible Consumption and Production** ● Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Water Management	**Goal 3: Good Health and Well-being** ● Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination **Goal 6: Clean Water and Sanitation** ● Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally ● Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity **Goal 8: Decent Work and Economic Growth** ● Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple

	economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead **Goal 11: Sustainable Cities and Communities** ● Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management **Goal 12: Responsible Consumption and Production** ● Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources
Social Responsibility	
Community Engagement and Development	**Goal 4: Quality Education** ● Target 4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy **Goal 5: Gender Equality** ● Target 5.6: Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences **Goal 11: Sustainable Cities and Communities** ● Target 11.c: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Occupational Health, Safety, and Well-being	**Goal 3: Good Health and Well-being** ● Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all **Goal 8: Decent Work and Economic Growth** ● Target 8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants, and those in precarious employment

UN SDG Alignment of 2021 Major Programs

Specific Targets	Projects/Programs	Outcome/Impact
Product Quality and Excellence		
Target 8.1	Marketing and brand awareness programs	Brand awareness, visibility, and preference
	Majority (87%) spending on local suppliers	Strengthening the local economy by supporting local enterprises
Target 8.1 Target 8.2	Manufacturing reports and audits	Equipment reliability and uptime, product availability, and reduced variable operation costs
Target 9.1	Bureau Research Standards (BRS) Department	Use of Eagle Cement products for select

Specific Targets	Projects/Programs	Outcome/Impact
	of Public Works and Highways (DPWH) accreditation to use Eagle Cement products in NCR, South Luzon, and North Luzon areas	government projects
Target 9.5 Target 9.b	Conducting trial mixes at in-house concrete laboratory facility	Competitor product benchmarking and increased customers' confidence in product quality
Target 9.b	Adherence to PNS and International Standards	Creating quality products based on industry standards
Target 8.1 Target 9.b Target 11.6 Target 12.4	Production and reformulation of own grinding aid to improve clinker to cement ratio	Reduced variable cost, improved mill throughput and cement compressive strength, and reduced CO_2 emissions
Target 12.7	Supplier Portal (Phase 2)	More convenient, efficient, and transparent interaction with suppliers
Target 12.7	Internal customer performance rating	Recognized reliable contractors and more efficient supplier evaluation

Goal 8: Decent Work and Economic Growth
- Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
- Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

Goal 9: Industry, Innovation, and Infrastructure
- Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending
- Target 9.b: Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities

Goal 11: Sustainable Cities and Communities
- Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Goal 12: Responsible Consumption and Production
- Target 12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities

Efficiency and Environmental Accountability

Specific Targets	Projects/Programs	Outcome/Impact
Target 6.4 Target 7.3 Target 8.4 Target 9.c	Cleanliness and sanitation programs ● Waste management campaigns ● Utilizing available thermal energy (Waste Heat Recovery Facility and	● Employees' environmental awareness and improved waste management in Brgys. Akle and Gabihan ● Cost efficiency

<table>
<tr><th>Specific Targets</th><th>Projects/Programs</th><th>Outcome/Impact</th></tr>
<tr><td>Target 11.6
Target 12.5
Target 12.2
Target 12.8
Target 15.5</td><td>hot gas duct from FM3 booster fan to FM4)
● Managing freight cost amid fuel hikes
● Online reports submission to MGB Region 3
● Rainwater Harvesting Facility
● Adoption of public forest land under the National Greening Program (NGP)</td><td>● Preservation of groundwater quality
● Maintaining and caring for 15 hectares of reforested land in partnership with Pinagtapikan Upland Farmers Association Inc.
● 137.05 hectares covered by NGP
● 152.83 hectares rehabilitated/planted area
● Lower carbon footprint and improved resource management
○ 31,707 cu.m. water reused and recycled
○ 81,496 kg hazardous waste treated
○ 547,258 kg waste disposed through sanitary landfill
○ Reduced 1,600,204 tonnes CO2e GHG emissions</td></tr>
<tr><td colspan="3">Goal 6: Clean Water and Sanitation
● Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Goal 7: Affordable and Clean Energy
● Target 7.3: By 2030, double the global rate of improvement in energy efficiency
Goal 8: Decent Work and Economic Growth
● Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
Goal 11: Sustainable Cities and Communities
● Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Goal 12: Responsible Consumption and Production
● Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources
● Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
● Target 12.8: By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</td></tr>
<tr><td colspan="3">Social Responsibility</td></tr>
<tr><td>Target 2.1
Target 3.1
Target 3.2
Target 3.7
Target 4.6
Target 4.b
Target 5.5
Target 8.2
Target 8.5
Target 8.6
Target 10.2</td><td>FLIGHT (SDMP Programs)
● F- Family and community: programs on values formation, community building, environmental programs, community outreach.
○ 120-day and 60-day Feeding Program
○ Krismasaya Outreach Program
○ Emergency relief for Typhoon Odette
○ Provided garbage truck compactors</td><td>Improved quality of life for the residents of the host community and its neighboring barangays.

Specific beneficiaries:
● Senior citizens and children
● Parishioners
● Various churches, schools, barangays, military, and jail
● Schools and students in Brgys. Akle and Talbak</td></tr>
</table>

<table>
<tr><th>Specific Targets</th><th>Projects/Programs</th><th>Outcome/Impact</th></tr>
<tr><td>Target 11.c
Target 16.3</td><td>Pick A-Litter Drive Campaign
Weekly mass sponsorships
L- Livelihood: programs that empower community members to enhance their earning capabilities
Trainings for soap-making, candle-making, and baking
I - Infrastructure: construction initiatives such as road paving, classroom building, water system development, and other projects that benefit communities
Cement donations
Building and renovating schools
Road concreting
G - Growth and development: programs that encompass youth development, capacity-building, and improvement of community facilities
Tatlong Gulong Tungo Sa Edukasyon Program
H - Health and emergency response: initiatives that bring medical care to communities and enable them to handle emergency situations
Community clinics
Flu vaccination drive
Buntis Congress program
COVID-19 response (donating PPEs, alcohols, face masks, and othe essentials)
Information, Education, and Communication (IEC) campaigns
Basic fire-fighting and emergency response training
T - Technology and education: programs that support and promote quality education such as Scholarship Programs
Scholarship program
Adopt-A-School Program
Provided equipment and COVID-19 essentials to schools</td><td>Women’s Group</td></tr>
<tr><td>Target 3.3
Target 3.4
Target 3.8</td><td>Plant Bubble Set-up and other COVID-19 prevention and response programs:
Vaccinations
RT-PCR testing
Mental health programs
Provided additional leave privileges
Isolation and quarantine facilities
Free PPEs, masks, and alcohol
Daily disinfections
Provided relief goods
Work from home set-up</td><td>Prevented and contained COVID-19 infections
Inoculated 2,170 individuals with Sinovac and AstraZeneca vaccine
All COVID-19 symptomatic to severe cases were managed and all cases recovered
Continuous operations despite the pandemic</td></tr>
</table>

Specific Targets	Projects/Programs	Outcome/Impact
Target 3.4	● Blood Donation Campaign	● Donated blood to Philippine Red Cross extracted from 237 donors
Target 5.5	● Employing women for managerial positions	● Women's representation in the Company, wherein women hold 25% of managerial positions
Target 8.2	● Transition to RAMCO Human Capital Management (HCM): ● Installed facial recognition device ● Conducted an online orientation ● Launched quick reference guides	● Improved talent and performance management ● Improved time management ● GoLive of RAMCO ● Recruitment management module
Target 8.2 Target 8.8	Providing decent employment	● Provided direct livelihood to 534 employees ● Provided livelihood to 2,130 contractors ● Total safe man-hours: 4,670,303 hours
Target 8.8	Total Productive Maintenance (TPM) Tagging	● Safer workplace and improved OHS practices and workers' performance on safety ● Decreased incidence rate of injuries and accidents to 7.01 from 7.37 in 2020 ● Corrected TPM issues
Target 8.8	HIRADC (Hazard Identification Risk Assessment and Determining Control) register and control plan	Identified the hazards across the organization and assess the probability of an accident for the safety of employees or financial losses

Goal 2: Zero Hunger
- Target 2.1: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round

Goal 3: Good Health and Well-being
- Target 3.1: By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births
- Target 3.2: By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births
- Target 3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases
- Target 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
- Target 3.7: By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes
- Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Goal 4: Quality Education
- Target 4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy

Goal 5: Gender Equality
- Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

Specific Targets	Projects/Programs	Outcome/Impact
Goal 8: Decent Work and Economic Growth ● Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors ● Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value ● Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment **Goal 10: Reduced Inequalities** ● Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status **Goal 11: Sustainable Cities and Communities** ● Target 11.c: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials		

II. Product Quality and Excellence

Making Our Profits Count

Eagle Cement's success ripples beyond our employees and immediate communities, benefitting even the national economy. Ensuring that we are profitable means that we can continue generating employment, helping fund public services and government projects, contributing to building sustainable communities through social programs, and delivering quality products and services.

This year has been our strongest year thus far in terms of financial and operating performance. We achieved the highest historical sales volume since we started our commercial operations in 2010. Our net sales posted 54% year-on-year growth in 2021 and registered an 8% growth versus 2019 figure. This allowed us to improve the economic value that goes back to society, disbursing ₱20.7 billion for the year. We reinvested most of the economic value we retained to sustain our growth.

Economic Performance (in Million Php)

Indicators	**2021**	2020	2019
Direct economic value generated	**21,397**	13,906	19,824
Direct economic value distributed	**20,721**	12,019	17,345
Operating costs	12,454	7,654	11,206
Employee wages and benefits	779	658	621
Dividends given to stockholders and interest payments to loan providers	4,720	1,580	2,941
Taxes given to government	2,713	2,083	2,547
Investments to community (e.g., donations, CSR)	55	43	30
Direct economic value retained	**676**	1,887	2,479

Eagle Cement's solid growth and development are borne from prudently reinvesting in our business, risk management and assessment, and maintaining rapport with our stakeholders. We recently completed our Bulacan Plant expansion which increased our cement production capacity by 1.5 MMT, bringing its total annual cement output to 8.6 MMT. We also acquired SNMC in November to complement our current operations. These expansions not only scale up our production capacity, but also create more job opportunities, which are equally important to help address the increasing demand for cement and alleviate widespread unemployment due to the pandemic.

In pursuing growth, we must identify and resolve issues and risks adequately. We conducted a risk assessment of internal and external issues to identify risks and determine the course of action. These risks are identified as low, medium, or high based on the likelihood and severity of the risks occurring. A low level of risk is acceptable; however, it should be regularly monitored. Medium or moderate risk level is also acceptable, but should be monitored regularly to determine if we need to implement certain measures. On the other hand, high-risk issues should be treated or mitigated immediately.

Establishing a risk management system ensures the Company's sustainability, considering all our internal concerns as having medium risk level. These are from staff turnovers and internal transferring of employees, manufacturing and inventory issues, Occupational Health and Safety (OHS), and other concerns related to outsourced workers and contractors.

We showcase competitive benefit packages to retain employees and attract highly qualified applicants. Therefore, we invest in our existing pool of technical employees through cadetship and career progression tracks to assist upward mobility. While transfers and turnovers may be unavoidable, we ensure work and system continuity by conducting recruitment activities and developing succession plans.

The Company encounters manufacturing concerns such as issues in inventory, product quality, and frequent and major repairs for main equipment. We regularly improve our processes and find opportunities amid these risks. In doing so, we aim to enhance our products' quality and offer these products to customers at better prices.

Considering the nature of our operations, our on-site employees and contractors may be exposed to health risks in the workplace. Our workers form part of the Eagle Cement's backbone and we ensure their health and safety by launching campaigns, providing trainings, and frequent monitoring of potential OHS issues.

Our external concerns consist of the availability of raw materials, regulatory compliance, natural calamities, service providers, community relations, oversupply, and imported cement – the latter two of which are high-risk concerns while the rest are of medium-risk.

Aside from affecting the systems around us, these impacts can feed back into our operations as well. Since there is a potential depletion of quarry materials, we continuously explore alternatives and look for other suppliers in order to conserve our mineral reserves. We have also fostered a culture of integrity that prioritizes compliance and due diligence, adhering to regulations and continuously communicating with relevant government agencies to ensure efficient resource management.

The most prominent external risks for Eagle Cement are fluctuations and changes in the domestic and global market and events that can disrupt operations. In particular, we assessed that presence of imported cement and the oversupply of cement in the market that may affect the Company's profitability and marketability. To combat this, we have been improving our marketing and sales strategic planning to take advantage of opportunities such as looking for new markets, attracting more dealers, and increasing our brand visibility.

Risk Management Approaches

Risks	Management Approaches
Internal ● Non-compliance to regulatory requirements ● Lack of qualified technical personnel for plant operations	● Constant consultation with relevant government agencies and other regulatory bodies to ensure that all requirements, permits, and approvals are anticipated and obtained in a timely manner. In addition, the Company maintains a strong compliance culture and has processes in place to manage adherence to laws and regulations. Partnership with major power distributors to ensure the best price for electricity needs and installment of Waste Heat Recovery (WHR) Facility to minimize dependency on external electricity providers ● Maintaining good relationships and constant dialogues with regulators to provide feedback on the proposed laws and regulations and to ensure that understanding and interpretation of the laws are aligned with those of the regulators' ● Provision of competitive benefits packages to attract highly qualified applicants and retain competent employees ● Implementation of cadetship program to develop a pool of competent technical employees
External ● Major and prolonged operational disruptions ● Market sustainability dependent on the growth of the economy and the industries considered as its key customers ● Significant decrease in selling price due to uncurtailed cement importation and market competition ● Foreign exchange (forex) volatility ● Adverse effect of the price increases on sources of energy such as fuel, coal, and electricity on the Company's profitability and sustainability ● Lack of support from the neighboring community	● Establishment of disaster recovery and business continuity plan (BCP) ● Regular monitoring of news, trends, events, and forecasts related to the industry ● Strategic cost structure and efficient allocation of resources to ensure price flexibility ● Forex hedging strategy

Responsible Procurement Practices

We are cognizant of our responsibility to ensure sustainable business practices throughout the value chain, from sourcing raw materials to products distribution and our post-sales services. We create value and observe sustainable procurement practices through supplier accreditation, maintaining good vendor supplier relationships, and transacting with local suppliers.

Adherence to responsible procurement entails working with local suppliers. Thus, we locally sourced 87% of the service, consumable, and material requirements of our business operations in 2021. This is slightly lower compared to local procurement in 2020 since some spare parts needed were purchased from foreign vendors. Through sourcing mostly from local suppliers, we help stimulate the country's economic growth and generate livelihoods for Filipino.

Proportion of spending on local suppliers (in %)

Indicator	**2021**	2020	2019
Percentage of procurement budget used for significant locations of operations.	**87**	91	99

Our Procurement Department handles the supplier accreditation process, as well as the annual re-assessment to examine and determine continuity of our business dealings with them.

We establish long-term relationships with suppliers and business partners who share similar values, goals, and objectives. Our supplier rating process involves evaluation assessment and accreditation of suppliers or contractors who consistently meet or exceed expectations and requirements of the Company. This ensures transparency and fair-trading practices to sustain our performance in delivering the highest quality of products and services.

Regardless of nationality, we evaluate all our suppliers based on their good corporate standing, expertise, reliability, and compliance with all government Environmental, Social and Corporate Governance (ESG) regulations, quality of products and/or services, technical competence, competitive pricing, and customer service. Consequently, we heavily consider suppliers' environmental performance, guaranteeing that they have been issued an Environmental Compliance Certificate (ECC). This is vital, particularly for suppliers with significant environmental impacts, such as providers of raw material, mining and technical services, haulers, and shipping vessels.

A quarterly procurement customer satisfaction survey is provided to internal customers, wherein we achieved an average rating of 3.48 out of 4.00 for the year 2021. This shows that our internal customers are satisfied with our proactiveness, responsiveness to concerns, and the quality of our goods and services. It is also an avenue for them to provide suggestions on how we can further improve our services, as such, we have a list of action plans for each situation.

Sustainability is a collaborative journey, in this way, we encourage our suppliers and business partners to apply sustainable and ethical practices in their own business operations. Beyond compliance with laws and standards, we strive to promote a culture of integrity across our value chain. We constantly communicate the relevant policies and practices to all our suppliers, which urges them to improve in every aspect of ESG, such as environment, quality, labor safety, and human rights, and refraining from biased business dealings, among others.

Delivering the Highest Quality and Standards

We have made improvements not just in economic performance, but also in resource efficiency and social responsibility. Holistically, this has been our best-performing year. The Company achieved this through effective teamwork – we exceeded customers’ needs amid supply issues, managed freight cost despite fuel hikes, and efficiently operated with a smaller workforce.

Eagle Cement remains a trusted brand because of our consistency in delivering high-quality products, exceptional customer service, and strong marketing and branding.

Our Products

Eagle Cement Strongcem (Type 1)

Eagle Cement Strongcem is a high-performance Type 1 portland cement that exceeds the level of compressive strength required by the Philippine National Standards (PNS 07) and American Society for Testing Materials (ASTM C150). It is composed of a high-quality clinker and gypsum designed to suit the requirements of ready-mix concrete and concrete product producers to achieve desirable strength.

This product offers flexibility for engineers to modify concrete properties based on their strength and workability requirements. It has high compressive strength versus PNS 07 and ASTM C150 standards which aids for early and high strength concrete. Strongcem is also compatible with admixtures and supplementary cementitious materials (SCM) available in the market.

It has a variety of applications in heavy-duty construction such as roads and bridges, industrial facilities, high-rise buildings, precast concrete product manufacturing, poles, and spun concrete piles. As a testament to product quality, Eagle Cement Strongcem is used in concrete designs of up to a high of 12,000 PSI. This type of cement is available in bulk and a one-tonner bag.

Eagle Cement Advance (Type 1P)

Eagle Cement Advance is a general-purpose cement that exceeds the Philippine National Standards (PNS 063) and American Society for Testing and Materials (ASTM C595). It is composed of clinker, gypsum, and highly reactive cementitious material, which enhances mortar and concrete characteristics from fresh to a hardened state.

This product, which is available in 40-kg bag, offers the right mixture of quality and value – used by individual home builders, masons, contractors, architects, engineers, concrete product producers, concrete hollow block makers for general concrete construction.

Consistent product and quality control

Cement is comprised of many and diverse components, manufactured through a process that involves several stages and equipment. Quality testing is essential to ensure that we meet specifications for key parameters at each stage of production. This is regularly conducted by the Quality Department through daily periodic line sampling and performing various laboratory tests and site checks. The department shares the weekly test results with the Sales and Marketing Department. A calibration and maintenance schedule for all laboratory equipment is also followed while mill certificates are provided to customers through haulers prior to cement products dispatch and delivery.

We follow proper labelling of our products with sufficient information along with customer orientation. A Material Safety Data Sheet (MSDS), which details the product hazards and risks if instructions are not followed, procedures in case of emergency, and remedies if such incidents occur, is also provided.

In 2021, we increased our research and development expenditure by around 76% and reformulated our grinding aid. We also purchased additional laboratory equipment and apparatus to enhance testing adequacy.

Research and development expenditure (in million Php)

Indicator	2021	2020	2019
Total spent on research and development of products	116.08	66.02	88.57

We have an in-house concrete laboratory in Parañaque City to provide parallel and faster testing of cement samples and design mixes. We investigate the effects of chemical and environmental exposure on concrete in this facility, and its capabilities for assessing a number of distress mechanisms such as chemical reactions and other climactic effects.

While we value the importance of research and development, we also improve product quality by enhancing our systems and investing in our employees' skillsets. We continue to streamline our standard operating procedures, implement a Laboratory Information Management System, assist customers with trial mixes and provide technical training for Advanced Cement Technology.

Quality control and assurance is a collaborative and ongoing process; hence, we consider every feedback as an opportunity to continuously improve our products and services. The Sales and Marketing Department monitors customer complaints and informs the concerned departments of the issues raised. If there were product quality-related complaints, the Quality Department conducts site visits to collect a sample for laboratory testing to verify the complaints. This allows us to validate the complaint and prepare corrective and preventive actions. A laboratory test certificate, report, and results are provided and presented to customers whether or not the complaint was validated. In doing so, we guarantee that our products consistently meet our customers' expectations.

Providing exceptional customer experience

Apart from producing high-quality products, Eagle Cement is built on good relationships with its stakeholders. Our customers trust our products and service, which is evident since most of our customers source exclusively from our brand. This stems from the exceptional customer experience we provide, and results in long-lasting partnerships that contribute to our business' sustainability. We have several channels of communication with our customers such as emails, group chats, phone calls, and virtual meetings to immediately address their needs. There are also other means for customers to raise concerns, by helping us identify areas for improvement simultaneously.

First, we offer a Customer Complaints Helpdesk that is open 24/7, wherein we provide resolutions within seven days upon receipt. Of the total complaints received this year, around 14% were valid or substantiated. These mostly consisted of quality issues and short deliveries, which we resolved through checking and developing product quality and employing a systematic protocol for handling orders. There were no complaints regarding data privacy, nor were there detected information leaks and data breaches. This is, in part, due to our Data Privacy Policy which complies with the Data Privacy Act of 2012.

Second, our cross-functional team reviews the concerns regarding our services to determine root causes, implement corrective actions, and prevent issues from recurring. We also encourage customers to raise concerns through our Regional and Area Sales Managers (RSM/ASM) and Technical Sales Managers (TSM) who conduct weekly site visits and actively gather customer feedback and study market dynamics.

We also closely monitor our customers' satisfaction through our Annual Customer Satisfaction (CSAT) survey, which we have been conducting for eight consecutive years. This assesses customers' perceptions towards our products and services in both head office and plant, and after sales services.

We obtained a CSAT score of 3.3 out of 4.0 – attesting to our consistent and exceptional service despite the aforementioned logistical issues. In 2021, we had record-breaking dispatches in the first half of the year. This was made possible by the early preparations we made in the previous year such as debottlenecking transport processes, trials on reducing clinker consumption, studies of introducing grinding aid on mills, improving coal mix (LVM and HVM), increasing use of cheaper coal, and incorporating alternative raw materials on cement and raw mixes. We also have a systematic protocol that enhances the capacity of the plant to accommodate numerous orders.

Eagle Cement continuously finds ways to improve and innovate technologies and equipment. A concreter example for this is the introduction of the ENVOY system, which allowed our employees to enhance our online platform. All incoming documents are to be scanned through ENVOY application, which notifies the receiver of incoming documents via email. We also upgraded our motor pool, which includes a self-service car wash and an additional parking area for shuttles, fire trucks, manlifts, and boom trucks.

Lastly, we align with our customer's expectations by deploying a Customer Portal in RAMCO to provide real time support to them. Major dealers are now able to create sales order and monitor the status of their transactions including dispatches and invoices.

Considering the COVID-19 pandemic, part of our efforts to provide exceptional customer experience is ensuring their health and safety. As such, the initiatives discussed in Preventing and Managing COVID-19 ultimately contribute to all our stakeholders' well-being – including our customers.

Our efforts to improve our processes, closely work with customers, and guarantee everyone's health and safety contribute to our sustainability. These efforts certify that we continuously provide our customers with the best quality of products and services.

Marketing and branding

Eagle Cement has built an identity of excellence over the past years. This has become an essential corporate asset that sets our products and services apart from our competitors domestically. Our brand has become synonymous with strength, durability, reliability, and world-class quality cement products because of our marketing and branding. We have established a strong brand equity since our inception in 2010 and, since then, we continued to gain the market's trust by integrating sustainability in our core operations.

In fact, we have been the trusted partner of leading construction companies to supply the cement requirements of their ongoing major public infrastructure projects such as the MRT-7 (NCR-Bulacan), the Skyway Stage 3 (NCR), and the Alabang/Sucat Skyway.

Online presence has become extremely important for enterprises, no matter the size. Thus, we revamped our company website in 2021 to better engage with stakeholders, disclose our sustainability efforts, and showcase our products and portfolio of projects in partnership with big infrastructure players in the country.

We have diverse strategies in maintaining brand visibility. Such as promotional materials on LED billboards, column banners, and standard billboards along main thoroughfares such as Ortigas Avenue, C5 Kalayaan, EDSA, Skyway (Stages 1, 2, and 3), and North and South Luzon Expressways. Our marketing projects can also be found on establishments such as small billboards at CW Home Depot, small retail stores, and others. We launched 2,000 store signages and 5,000 retail tarpaulins this year to heighten brand awareness.

Through the years, we have built a reputable brand that customers have been loyal to. This remains the same for 2021, as our customers retained with our brand with no reported complaints on product marketing and labelling.

Our thrust in sustaining a good relationship with our stakeholders has always been the essence to our success. We continue to build brand awareness and strength through partnerships and investments by rewarding our customers' brand loyalty. We offer a 36-month Truck Loyalty Program wherein preselected sub-dealers are entitled to avail of reimbursement when the target monthly volume of deliveries is completed. Meanwhile, 2021 "*Tibay Buong Taon*" entitles our sub-dealers and retailers to earn points when they directly purchase Eagle Cement Advance from accredited dealers. These points can then be converted to cash via bank transfer or Sodexo gift certificate.

We remain steadfast in proving our brand promise to our customers, offering the best quality products and services.

III. Efficiency and Environmental Performance

Protecting Our Natural Wealth

Eagle Cement goes above and beyond in adopting sustainable practices by using resources responsibly, managing waste, and rehabilitating forestland. Since we primarily produce and deliver cement, we depend on the continued availability of natural resources. We take responsibility for our direct socio-environmental impacts by protecting the environment and communities in our operation site. In 2016, we established an Environmental Management System (EMS) to enhance our environmental performance and consequently obtained an ISO 14001:2015 certification.

Our business model contributes to our sustainability and adherence to the circular economy framework. Aside from having a more efficient system, vertical integration has given us more control over our value chain. We can better manage our environmental impacts throughout the value chain by localizing our processes. For instance, we now generate power through a Waste Heat Recovery (WHR) facility and source water through Rainwater Harvesting (RWH) facility – both of which are more sustainable options. Our efforts do not stop there, as we remain committed to conserving our natural resources and expanding our operational capacity.

Our material topics have progressed over the past few years and attest to our dedication in environmental stewardship. We have been recognized by other institutions for our efforts, such as the PMIEA and the Philippine Extractive Industries Transparency Initiative (PH EITI). We were also among the top nine performing companies of the PH EITI, a global standard of transparency where oil, gas, and mining companies publish material information on payments and revenues.

The recognitions granted to the Company show exemplary efforts, viewed in the context of the cement and mining industry. Our true impact lies on how we manage our resources, conserve our ecosystems, generate livelihoods, and empower our communities. As we work hard to grow our business, we will continue to protect biodiversity and practice responsible production.

Responsible materials consumption and Waste management

We manufacture our products responsibly and mitigate environmental impacts wherever possible. Most of our impacts come from quarrying and processing raw minerals. Portland cement mainly comprises of limestone and shale, which we source from local reserves in compliance with the Philippine Mining Act of 1995 (RA 7942) and its Implementing Rules and Regulations (IRR). Coming from the constant lockdowns in 2020, raw materials consumption substantially increased by 54.9% relative to the increase in production due to higher demand. In contrast, our raw materials consumption increased by only 5.76% compared to our consumption in 2019 – indicating that the scale of our operations is closer to pre-pandemic levels.

Eagle Cement constantly seeks ways to be more sustainable, while our current limestone reserves are sufficient, we are aware that it is a finite resource. Thus, we continue to research ways to use our materials more efficiently to conserve our mineral reserves, such as utilizing alternatives and investing in more sustainable technologies.

By-products of other industries serve as alternatives to help alleviate our reliance on virgin minerals. We have since been using synthetic gypsum and recycled materials like low and high carbon fly ash, coarse limestone, and pulverized limestone in place of natural resources. Of our total raw materials consumed, 5.83% of input materials were recycled. The decrease in the percentage of usage of recycled input materials was attributable to lower supply of fly ash, as power plants only started to ramp up their production on the latter half of 2021. In 2022, we are optimistic that we will improve our usage since we have the capacity to accommodate more of these material as the supply becomes steadier and more sufficient.

Flowmeter was installed at the high carbon fly ash dosing facility in Raw Mill Line 2, resulting to an increase in the consumption of fly ash in November 2021. However, the impact of this initiative is expected to take effect by 2022.

Raw materials consumption (in metric tonnes)

Materials	**2021**	2020	2019
Non-renewables	**8,376,536**	5,407,709	7,920,676
Renewables	**-**	-	-
TOTAL	**8,376,536**	5,407,709	7,920,676
TOTAL RECYCLED	**488,738**	380,138	567,600
% Recycled input materials*	**5.83%**	7.03%	7.17%

**low carbon flyash, high carbon flyash, coarse limestone, synthetic gypsum, and pulverized limestone*

Achieving zero waste is a long-term and ambitious target, it involves reframing waste as by-products that can be reintroduced into the supply chain. Eagle Cement sees the bigger picture and understands that proper waste management involves responsible production. Our operations create a substantial volume of waste. Thus, we take critical steps to minimize this and contribute to responsible consumption and production within the cement industry. Wherein, waste management is extensively covered in our EMS and is embedded in the Company culture.

Eagle Cement generated 547,258 kg of residual wastes, 81,496 kg of hazardous wastes, and 3,237 kg of recyclable wastes this year. Again, the increase in waste stems from the increasing operational capacity. In particular, the increase in pathological and infectious waste is attributed to the use of PPEs such as surgical masks and in-house RT-PCR testing. We handle waste properly, in compliance with the Ecological Solid Waste Management Act of 2000 (RA 9003) and the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (RA 6969).

Waste is regularly and thoroughly segregated at the time of discharge in our Materials Recovery Facility (MRF). This allows us to reclaim materials that can be recycled and reused before disposing of them in the landfill. Likewise, hazardous waste is handled systematically. We segregate, label, store, transport, treat, then dispose of hazardous wastes in accordance with our Hazardous Waste Policy. Employees who will be directly involved in managing these wastes are properly trained. A DENR-accredited Treatment, Storage, and Disposal (TSD) facilities vendor processes and transports the hazardous waste as per RA 6969.

Since eliminating excessive waste significantly eases up our waste management system, we follow the hierarchy of reducing, reusing, and recycling. In support of paperless reporting, we submitted our reports to the Mines and Geosciences Bureau Region 3 (MGB R3) through a virtual platform. In 2021, we conducted trials and began utilizing this platform. This has reduced our fuel consumption and GHG emissions and aligns with our Annual Environmental Protection and Enhancement Program (AEPEP) and Corporate Social Responsibility (CSR).

Waste generation is currently an unavoidable part of our operations. Aside from using recycled input in producing cement, we also retrieve solid waste from our own operations. We place dedicated bins for PET bottles in visible areas to encourage proper segregation and materials recovery. We aim to create more value from these wastes. For instance, scrap woods are segregated and repurposed into tables and chairs, and donated to schools.

In 2020, we launched the Ban on Single-use Plastic program that prohibits the use of plastic bags in our plant's canteen and grocery store. We were able to make this part of our norm to reduce our plastic waste generation substantially. Another campaign for this initiative is the Cleanup Drive at the Eagle Cement compound, which further instilled the value of environmental stewardship in the Company. Overall, we make proper waste management a part of our culture.

Eagle Cement continuously improves processes at each level of production. We endeavor to make incremental and key improvements that aim for zero-waste to landfill in our operations.

Total weight of waste by type and disposal method (in kg, except as indicated)

Waste Type	**Material**	**2021**	2020	2019	**Disposal Method (all via Third Party Treater accredited by the regulatory body)**
Hazardous Waste	Acid waste	1,170	102	-	Chemical Fixation/Immobilization
	Alkali waste	18,275	3,342	-	Chemical Fixation/Immobilization
	Busted fluorescent lamp	-	-	342 (pcs)	Mercury Recovery Technology
	Contaminated containers	8,200	8,680	335	Decontamination
	Electronic waste	7,685	-	563	Stabilization/Encapsulation

	Oil-contaminated materials	9,500	-	4,937	Chemical Immobilization
	Other mixed resins	1,390	-	2,389	Chemical Immobilization
	Pathological waste and infectious clinic waste	3,000	126	8	Encapsulation
	Pharmaceutical drugs	806	30	-	Physicochemical and thermal treatment
	Used lead acid batteries	-	-	1,260	Chemical Fixation/Immobilization
	Used oil	31,470	57,148	27,614	Recycling Constituting Disposal
Total Hazardous Wastes		81,496	69,428	37,106	-
Solid Wastes (Residuals)		547,258	459,670	281,929	Sanitary Landfill
Recyclable wastes		3,237	200	-	Recycling

Energy and Fuel Efficiency

Manufacturing cement is one of the most energy-intensive industries globally; it consists of several stages and requires extreme heat. Our operations tend to depend on fuel, so price and supply fluctuations in the domestic and international markets greatly impact our Company. On one hand, the scarcity or uncertain supply of coal can adversely affect our operations, opportunities, and financial position. On the other hand, our use of fuel and other non-renewable energy sources can impact our communities and environment by contributing to air pollution.

Energy efficiency is crucial to our sustainability journey. Thus, Eagle Cement employs several strategies and implement programs to minimize fuel and energy consumption.

We use the dry process of producing Portland cement which requires lower fuel consumption. This process is also more energy efficient when coupled with a Waste Heat Recovery (WHR) facility. Our WHR facility further reduces energy consumption and minimizes our reliance on the grid, as it recovers heat energy released from the kiln, then converts it to energy for the cement plant. In 2021, we installed a new condenser and boiler steam generator in our WHR facility. This initiative resulted to an increase in power production up to 800 kW.

We also maintain a clinker exit temperature of 120°C for the hot gas generation to reduce diesel consumption. We extended the supply of hot gas from the existing cooler line 2 to Finish Mill 3 and Finish Mill 4 by installing a split duct. This has reduced approximately 400 liters/hour of diesel consumption for drying requirements in cement production. In addition, the initiative to install hot gas duct from cooler line 3 going to Finish Mill 5 is already in the pipeline and is expected to finish by 2022.

While upgrading technology is imperative, encouraging systemic change is key to resource efficiency. We implement a “No Engine Idling” policy and provide a lounging area for our drivers. This prevents unnecessary fuel use since our trucks stay at the plant for an average of 16 hours per delivery. The drivers’ lounge allows our drivers to rest from long hours of driving, ensuring their physical and mental well-being. For head office and plant-based employees, we provided a shuttle service with a policy of having a minimum of two employees per trip. This maximizes the energy used for transportation and reduces our carbon footprint. Eagle Cement also maintains a database on vehicle mileages of our fleet, ensuring optimal level of operations.

Similar to raw materials consumption, our fuel consumption increased considerably due to our expanding production scale. Thus, we utilized around 42% and 63% more gasoline and diesel, respectively, versus last year. Compared to 2019 operations, our gasoline utilization decreased by 34%, while our diesel consumption increased by only 18%. This shows that, as we expand our business, we are still able to consume fuel efficiently.

We increased the use of local coal this year by lowering consumption of low-volatile matter (LVM) coal, which has higher carbon footprint and cost, and shifted to using more high-volatile matter (HVM) coal.

Fuel Consumption (in liters)

Items	**2021**	**2020**	**2019**
Diesel			
Crusher Lines 1 & 2	2,258,986	1,512,000	1,943,740
Finish Mill 3	570,499	359,734	602,787
Finish Mill 4	2,328,467	1,174,609	1,489,854
Finish Mill 5*	146,508	-	-
Fleet (gas station outside)	157,176	128,812	174,791
Fleet (plant diesel tank)	57,164	83,247	210,034
Generator Sets	50,456	73,236	66,081
Pyro Line 1	113,194	109,606	127,874
Pyro Line 2	245,009	176,533	247,612
Pyro Line 3	348,995	238,891	466,057
Third-party haulers	10,327,170	5,855,455	9,042,746
Gasoline			
Fleet	21,947	15,482	33,023
TOTAL	**16,625,571**	**9,727,605**	**14,404,599**
TOTAL Diesel	6,276,454	3,856,669	5,328,830
TOTAL (net of third-party haulers)	6,298,401	3,872,150	5,361,853

**Started operations in 2021 (hot commissioning)*

The Operations Committee (OPCOM) tracks daily and monthly energy usage to assess deviations. A root cause analysis (RCA) is also performed to identify and prevent complex and recurring issues and allows the Company to determine issues in our operation system and make informed decisions on the efficiently allocation of energy resources.

Electricity consumption in our Bulacan plant and head office rose by 56% and 177%, respectively. However, it would also be justifiable to gauge our progress by comparing our 2021 and 2019 energy usage, given that our current operational capacity is closer to pre-pandemic levels. Using 2019 as a benchmark, our electricity consumption increased by only 4% at our plant and reduced by 25% at the head office. This can be attributed to the WFH set-up implemented during the peak of COVID-19 cases in the first months of 2021.

We further improved our energy efficiency and lowered our energy intensity by 2.11% at 85.57 kWh/tonne of cement. This testifies our efforts in optimizing our energy efficiency and shows that we are actively contributing to Target 8.4 of the Decent Work and Economic Growth goal – decoupling economic growth from environmental degradation.

Electricity consumption in (MWh)

Facility	**2021**	2020	2019
Bulacan Plant Site	490,486	314,183	469,681
Head Office	130	47	173
TOTAL	**490,617**	314,230	469,854
Energy Intensity (kWh/tonne of cement)	85.57	87.41	99.38

Our efforts towards resource efficiency ultimately contribute to lowering our GHG and other air emissions. We use alternative and local raw materials and implement programs that minimize energy consumption. Aside from these, we offset carbon emissions by investing in energy-saving technology that utilizes readily available thermal energy and practices carbon sequestration. Eagle Cement mainly contributes to carbon sequestration through our quarry rehabilitation program, along with other forestation programs and the bamboo and mahogany plantation project.

Our total GHG emissions in 2021 were 3,603,794 tonnes CO_2e, which is only slightly higher compared to pre-pandemic emissions.

GHG Emissions (in tonnes CO_2e)

Facility	**2021**	**2020**	**2019**
Scope 1			
Bulacan Plant	3,253,906	2,092,636	3,057,437
Head Office	471	380	543
Scope 2			
Bulacan Plant	349,324	223,761	334,413

Head Office	93	34	123
TOTAL	**3,603,794**	**2,316,811**	**3,392,516**
GHG Intensity (TCO_2e per tonne of cement produced)	0.63	0.64	0.72

We reduced our GHG emissions by 77%, or 1,600,204 tonnes of CO_2e and lessened our GHG intensity by around 2%, indicating that our GHG emissions do not increase at the same rate as our operational capacity's growth.

GHG Reduction (in tonnes CO_2e)

Program	**2021**	**2020**	**2019**
Waste heat recovery	9,114	6,460	13,312
Reforestation	876	220	347
Clinker Replacement	1,585,637	895,824	979,000
Hot Gas Duct (from Cooler Line 2) supplied to Finish Mill 3	4,577	2,425	3,686
TOTAL	**1,600,204**	**904,929**	**996,345**

Aside from GHG emissions, our plant and quarry operations create other air pollutants, it consists of nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter (PM). The Company oversees its emission through a management system in compliance with the Clean Air Act (RA 8749) and DENR's ambient air quality standards and discharge limits.

Air Quality

Our operations produce various types of air emissions such as nitrogen oxide (NOx), sulphur dioxide (SOx), and particulate matter (PM) or dust, which are efficiently managed in accordance with DENR regulatory limits.

These air pollutants may affect the health of communities near our sites; therefore, we implement measures to minimize this by establishing a comprehensive air quality management program encompassing areas in and around the plant to address the issue. The focus is primarily on monitoring parameters; we have been operating with our Continuous Emission Monitoring System (CEMS), acquiring and handling data, and utilizing a closed-circuit television that transmits real-time images and tracks data in our integrated production lines.

PM mainly comes from extracting and hauling limestone through the trucks' activity on unpaved roads. To manage this, we enclosed crushing areas and conveyors, water roads, installed water spraying systems, and implemented a speed limit of 20 kph. We have also been commissioning mechanical street sweepers to reduce road dust, which have proven to be successful in improving air quality in the plant. Consequently, we monitor ambient air quality on a quarterly basis to ensure regulatory compliance.

Our emissions for the year showed that we are compliant with the DENR regulatory limits for NOx, SOx, and PM. We closely track our GHG and other air emissions to ensure our communities' safety and further reduce our negative environmental impact.

Stack Emissions (in mg/Nm3) *

Equipment	Nitrogen Oxide (NOx)			Sulfur Oxide (SOx)			Particulate Matter (PM)		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Cement Mill 3	82	28	28	<4	9	7	68	28	50
Cement Mill 4	84	52	33	7	3	9	33	85	108
Clinker Cooler 1	29	24	24	112	<2	<2	2	4	4
Clinker Cooler 2	85	46	52	298	23	14	11	7	8
Clinker Cooler 3**	85	59	149	<4	19	4	9	3	4
Coal Mill 1	27	50	50	<3	<2	21	1	17	17
Coal Mill 2	85	62	59	224	12	17	4	80	4
Coal Mill 3**	113	85	85	46	16	43	7	4	5
Raw Mill 1	24	55	55	205	362	362	17	9	9
Raw Mill 2	109	60	60	329	330	276	11	8	8
Raw Mill 3**	85	109	104	364	309	85	9	6	8
DENR Regulatory Limit	500			700			150		

**Maximum stack emissions of each equipment, based on isokinetic testing conducted by a DENR-accredited third-party contractor*

***Started operations in 2019*

Water Consumption

Eagle Cement advocates for the responsible consumption of water and discharging wastewater. Cement production also necessitates water consumption for cooling heavy equipment and exhaust gases and controlling emission systems such as PM. Given the accelerating demand for cement in the past years, managing water consumption has become more important to the industry.

Since we withdraw most of our water from deep wells, water depletion and land subsidence are potential long-term and drastic risks. We found it necessary to look for other water sources, such as the rainwater. In order to utilize the rainwater collected in the quarry pit, the Company started to develop our rainwater harvesting facility (RWH).

As of April 2022, the RWH being developed is 95% complete, with eight out of ten water tanks installed. This will allow us to utilize rainwater stored in the quarry pit due to our mining activities. The project involves two phases: 1) the Temporary Water Extraction using the mobile pump and 2) the Permanent Water Extraction using our pumping station.

Our total year-on-year water consumption, along with our water reusing and recycling grew by 35% and 44%, respectively. However, we reduced total water use by 36% compared to 2019 levels of consumption. These figures present promising results in our quest to consume water more efficiently. With the on-going construction of the RWH facility, we can expect even greater increases in reused and recycled water consumption by up to 40%.

Water Consumption (in cu.m.)

Facility	**2021**	**2020**	**2019**
Bulacan Plant Site	184,761	137,262	288,228
Head Office	1,472	1,139	1,322
TOTAL	**186,233**	**138,401**	**289,550**
Water recycled and reused	31,707	21,985	29,216

We acknowledge that effluents and other materials from our operations can impact the quality of local freshwater and tributaries. Soil erosion at our quarry sites increases the accumulation of sediments that enter the nearby bodies of water. Discharging effluents from blasting operations, earthmoving, and ground clearing may also carry PM and other contaminants into the water.

Eagle Cement ensures that the water quality at its site is of the highest standard by regularly maintaining its settling ponds and drainage systems to prevent contamination of nearby freshwater. Around 17% of the total water consumed is recycled or reused.

Our dry process in cement production results in minimal effluents being discharged. This is part of our efforts to ensure water quality and have determined that our wastewater is from run-off during the wet season. A DENR-accredited third-party service provider periodically monitors our site's water quality to certify that parameters are within the standards set in DAO 2016-08 or the Water Quality Guidelines and General Effluent Standards of 2016. We test relevant parameters such as total suspended solids (TSS), oil and grease, temperature, and pH level, then validate these results during our Multi-partite Monitoring Team (MMT) meeting. This is included in the compliance monitoring and verification report.

We continuously improve our water resource efficiency and ensure that we protect the water quality in and around our site.

Land Rehabilitation and Biodiversity

Eagle Cement recognizes that it is a custodian of the land where it operates and is committed to reduce the potential impacts of our assets on the land, and comply with all relevant regulations. Given the impact of our operations on the environment, we take full responsibility by conducting programs that contribute to the health of our ecosystem. We affect the local ecology by consuming resources such as minerals and water and generating waste. In compliance with RA 7942, we have been gradually enriching buffer zones of quarry sites and unproductive areas.

Eagle Cement has partnered with the Akle Farmers Producers Cooperative for the Mine Forest Program. We are currently in the third year of our partnership with them. Thus far, we have been continuing our forestation efforts and maintaining previous planting sites. This fruitful collaboration with the cooperative has been extended until 2024. A former motor pool is also converted to a plantation site, wherein 200 bamboos seeds were planted three years ago. Now it has developed into a lush young bamboo forest. To further develop this initiative, we will create a Bambusetum and mini forest trail for hiking in the future, in order to create sustainable impact for our stakeholders.

Aside from this, Eagle Cement joins the celebration of the 2021 World Bamboo Day through a tree planting activity organized by DENR-CENRO Baliwag at Brgy. Kalawakan, Doña Remedios Trinidad, Bulacan on September 17, 2021. A total of 400 bamboo seeds were planted covering one hectare of land. The event was participated by 80 individuals from several mining companies, Department of Trade and Industry (DTI), Highway Patrol Group and Bureau of Jail Management and Penology. The Company also donated 200 Bamboo propagules (Bayog spp.) to the organizer.

Additionally, our 500-hectare plant nursery was completed in May 2021. This houses endemic plant species used for our land management programs.

Under the National Greening Program, we adopted the public forest land that DENR identified as suitable for tree planting. Eagle Cement will be reforesting and maintaining these areas with Pinagtapikan Upland Farmers Association Inc. until 2025. To date, we have reforested around 15 hectares of land.

Area Distribution (in hectares)

Area Type	**2021**	**2020**	**2019**
Tenements (MPSA 181)	169.37	169.37	169.37
Disturbed (active mining site, industrial site, admin, access roads)	70.58	70.58	70.58
Unused (idle land within MPSA 181)	98.79	98.79	98.79

Rehabilitated/Planted Area (this includes the area outside MPSA 181)	152.83	137.36	129.79
National Greening Project Area (apart from the planted area)	137.051	123.05	123.05

**MPSA - Mineral Production Sharing Agreement*

Our plantations help rehabilitate the land, sequester CO_2 emissions, and benefit the local community. For instance, we helped generate livelihood for 25 farmers through our Mine Forest Program. Beyond this, we have launched programs to spread awareness regarding the importance of environmental protection. We have also hosted an educational campaign at Akle and Talbak Elementary Schools in March 2021 with the theme *"Forest Restoration: A Path to Recovery and Well-being."* Eagle Cement donated 80 seedlings and conducted a ceremonial tree planting to commemorate the event at Akle and Talbak Elementary Schools.

In celebration of the Philippine Environment Month and Arbor Day, we launched our Information, Education and communication (IEC) campaign in June to promote consciousness of climate issues among the youth in Brgys. Akle and Talbak. Educational talk and tree-planting activities were also conducted for students and conducted with 51 volunteers composed of our own employees and contractors. We planted a total of 654 tree species at the quarry progressive rehabilitation site, including, but not limited to, Banaba, Bamboo, Molave, Alibangbang, Narra, Tan-ag, and Guyabano.

We previously commissioned environmental experts to assess the biodiversity of terrestrial flora and fauna in our quarry sites in San Ildefonso, Bulacan, as part of our environmental stewardship efforts. We aim to prevent the loss of any identified species included in the International Union for Conservation of Nature (IUCN) Red List of 2016 and the national conservation list such as Is-is (Ficus ulmifolia), Malak-malak (Palaquium philippinense), Malasaging (Aglaia edulis), and Narra (Pterocarpus indicus). In order to conserve these species, we allocated buffer zones to minimize disturbances in these areas, particularly during blasting activities. In the future, the Company is also considering breeding these species in captivity.

Eagle Cement also strengthened the partnership with the Philippine Eagle Foundation (PEF) and pledged to continue supporting Viggo, the Company's adopted Philippine Eagle under PEF's conservation program. Our affiliation with PEF is set to be formally renewed in June 2022.

For a time, Viggo was temporarily transferred to an enclosure in the Philippine Eagle Conservatory's exhibit area while his holding cage was under annual repair and maintenance. We remain updated regarding the well-being of Viggo, ready to extend help when needed. This initiative is weaved in our sustainability to reflect our efforts to protect biodiversity and conserve natural resources.

Climate-related Risks and Opportunities

Multiple sources assert that the Philippines is among the countries most vulnerable to climate change. Its impacts on the country consist of rising sea levels, extreme weather events, annual GDP loss, food insecurity and endangerment of vulnerable groups, among others. Like most industries and enterprises, Eagle Cement will undoubtedly be affected. These pressing issues signaled the need for us to better understand and manage climate risks. As a response, we created a system that allows us to take action regarding these concerns.

The Company experiences the impacts of climate change in multiple ways. Intensified natural disasters such as floods, earthquakes, typhoons, and extreme droughts can cause facility damage, road blockages, and prolonged power interruption. These climate-related risks can significantly disrupt our supply chain by failing to produce and dispatch the products, resulting in non-attainment of annual targets. Global temperature rise may also interfere with the supply chain due to a potential scarcity in water and energy supply.

Medium- and long-term risks come from potential climate-related regulations that can affect our ability to manufacture and be profitable. For instance, expanded rehabilitation and reforestation requirements and stringent limits on greenhouse gas emissions may affect the operational processes. This can result in higher production costs and market competitiveness. Climate-related health risks have also become more concerning.

Our strategy in managing climate risks mainly involves creating systemic change and investing in technology and programs that can boost resilience and reduce our impacts. For instance, we installed WHR Facility in the Bulacan plant and currently on-going RWH facility which reduces dependence on current energy and water resources, respectively. We work closely with industry and national agencies to increase efforts in reforestation and rehabilitation programs. The Company also aims to help build its communities' climate change resilience by building flood-control structures and launching awareness programs on climate change.

Eagle Cement has an Enterprise-wide Risk Management (ERM) System implemented across the organization and monitored by the management. The Board of Directors is kept informed, as necessary, of the developments and updates on potential climate risks.

Eagle Cement is able to accomplish this by utilizing a strong risk management process, creating awareness, and building team member capabilities while maximizing available resources and technologies.

Our assets and operations also have insurance coverage in case we are affected by the previously mentioned risks, enabling us to recover swiftly in case of operational disruptions. This is also usually carried by companies engaged in similar businesses and using similar properties in the same geographical areas where it operates.

Part of an effective risk management is also ensuring that the Company is constantly updated with developments in the industry. Eagle Cement harness its thought leadership and research insights to enable timely decision-making on climate-related issues and risks as they arise. Reflecting our commitment to driving sustainable progress, we also maintain an open communication with various government agencies and closely monitor regulatory developments in connection with climate change and sustainability and contribute to selected initiatives as necessary.

We regularly monitor operational hazards and climate-related risks that may result in catastrophic impacts in major and prolonged operational disruptions.

Metrics used to assess climate-related risks and opportunities complement our operational resiliency in terms of systems, process dependencies, and redundancies – speeding up recovery to shorten downtimes. These metrics include environmental indicators such as rainfall and temperature, as well as awareness and knowledge of employees on the potential risks and protocols.

To establish accountability and minimize any operational disruptions, the Company sets various key performance metrics per department. We keep track of this through scorecards tied to the Company's rewards and recognition program to help keep the organization in a state of alertness and emergency preparedness. We recognize climate change as a significant and persistent issue and, as such, find that we must continuously find ways to respond better to its risks and opportunities.

IV. Social Responsibility

Creating Value for Our Society

Eagle Cement recognizes that we must respect human rights across our value chain, make opportunities more equally accessible to all, support sustainable supply chain practices, and give back to communities. Our efforts strike a balance between preserving the environment, respecting human rights, and helping local communities while complying with laws, regulations and social and ethical standards. To promote sustainable development, the Company empowers and creates values for our people and communities – ensuring that our impacts go beyond economic benefits.

A year into the pandemic, Eagle Cement continues to look after the welfare of its people and the community surrounding its business operations. We carried on with our programs and provide support to them when needed.

Caring for Our People

Our employees are invaluable to us and our policies, programs, and other initiatives reflect this. Eagle Cement promotes inclusivity, diversity, and equality by respecting and accepting people regardless of their age, gender, race, ethnicity, nationality, religion, beliefs, disability, birthplace, sexual orientation, values, and work styles. Each of its employees is provided with a safe environment that fosters their growth and development. The Company's Code of Ethics details its non-discrimination and diversity practices and states that all aspiring and current employees are provided with equal employment opportunities. We communicate this to all employees and management, and made it accessible for all on our website. These measures ensure that everyone at Eagle Cement practices ethical behavior in the workplace.

A working environment that promotes diversity and supports Eagle Cement's corporate values will keep its employees motivated and committed, making it a more competitive company.

At the end of 2021, Eagle Cement's workforce was composed of 534 employees. The average age of the Company's employees is 36 years old, while the average length of service is 3.89 years. Given the nature of the business, most of the Company's employees are still male-dominated and comprise 75.47% of its workforce.

Employee Breakdown by Contract Type

Contract Type	2021		2020		2019	
	Male	Female	Male	Female	Male	Female
Regular	363	127	371	115	318	95
Probationary	25	3	7	11	29	12
Project-based	15	1	9	3	50	13
Total	**403**	**131**	**387**	**129**	**397**	**120**
GRAND TOTAL	**534**		**516**		**517**	

Majority of the Company's workforce are regular employees in 2021, while, 5.24% are probationary employees and about 3% are project-based personnel.

Employee Breakdown by Position and Age Group

	Male			Female			
	< 30 years	30 to 50 years	> 50 years	< 30 years	30 to 50 years	> 50 years	**TOTAL**
2021							
Top Management	-	6	5	-	2	2	**15**
Senior Management	-	2	7	-	-	2	**11**
Middle Management	-	18	15	1	7	4	**45**
Specialist/Supervisors	132	124	28	41	31	4	**360**
Rank and File	36	27	3	19	17	1	**103**
TOTAL	**168**	**177**	**58**	**61**	**57**	**13**	**534**
2020							
Top Management	-	6	5	-	2	2	**15**
Senior Management	-	2	7	-	-	2	**11**
Middle Management	-	18	15	1	7	4	**45**
Specialist/Supervisors	9	57	27	16	14	3	**126**
Rank and File	136	94	11	56	20	2	**319**
	-	-		-	-	-	**-**
TOTAL	**145**	**177**	**65**	**73**	**43**	**13**	**516**
2019							
Top Management	-	2	2	-	1	-	**5**
Senior Management	-	8	7	-	2	3	**20**
Middle Management	1	12	22	-	4	5	**44**
Supervisors	19	56	32	12	13	2	**134**
Rank and File	153	74	9	50	26	2	**314**
TOTAL	**173**	**152**	**72**	**62**	**46**	**12**	**517**

Out of all the Company's employees, 42.88% are aged below 30 years old, 43.82% are aged 30 to 50 years old, and the remaining 13.30% are aged above 50 years old.

Employees of Contractors by Place of Origin

Place of Origin	**Male**			**Female**		
	2021	**2020**	**2019**	**2021**	**2020**	**2019**
Host Community (Barangay Akle)	785	150	497	30	7	27
Other areas in Bulacan	579	446	1,004	20	23	48
Areas outside Bulacan	689	148	634	27	8	24
TOTAL	**2,053**	**744**	**2,135**	**77**	**38**	**99**

Compared to the previous year, 2021 saw a significant increase in the number of contractors' employees. The Company's operations were supported by as many as 2,053 employees through its contractors due to the resumption of the construction of its Bulacan expansion, which was put on hold due to the pandemic. Local hiring remains a priority at Eagle Cement. Thus, 38.24% of our contractors' employees are from Brgy. Akle in Bulacan, our host community, while 28.20% reside in other areas in the province.

While Eagle Cement did not have any employees who are part of indigenous communities or vulnerable sectors in 2021, it provides equal opportunities to all prospective employees. Its Code of Ethics, particularly its section about non-discrimination and diversity practices, confirms that the Company provides equal opportunities for hiring.

Employee Hiring and Turnover

New Hires

	2021		2020		2019	
Facility	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Bulacan Plant	54	-	8	4	14	19
Head Office	18	15	14	13	88	16
TOTAL	**72**	**15**	**22**	**17**	**102**	**35**
GRAND TOTAL	**87**		**39**		**137**	
Ratio of lowest paid employee against minimum wage	134%		134%		119%	

With 87 new hires in 2021, the Company increased its workforce at a faster rate compared to 2020. This is mainly due to the widespread economic impacts of the initial wave of COVID-19 infections and the implementation of R.A. 11469 or the Bayanihan Act. The starting monthly salary is still at a 134% higher rate than Metro Manila's minimum wage.

Employee turnover

	2021		2020		2019	
Facility	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Bulacan Plant	59	1	29	2	10	14
Head Office	16	12	11	9	56	9
TOTAL	**75**	**13**	**40**	**11**	**66**	**23**
Attrition rate*	16.00%		3.14%		10.00%	

**Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)*

Upholding Labor Rights

To ensure that the Company upholds human rights, it has policies in place to protect employees and avoid practices such as forced labor and child labor. The Eagle Cement Code of Ethics' section on "Respect for Government and the Law and Corporate Governance" mentions that it is against forced labor. Meanwhile, the Code of Ethics has a section on “Harassment-free Workplace” that prohibits any form of harassment in the Company. Moreover, the Code of Ethics has sections that tackle employee protection, non-discrimination and diversity, workplace violence, and procedures on administrative due process.

There were no instances of forced labor or child labor in the Company in 2021.

Rewards and Compensation

We provide compensation and benefits in compliance with national labor laws. On top of that, we also offer competitive benefits for our employees. One of these benefits is a rewards and recognition program that reviews an employee’s performance and accomplishment of individual, departmental, and corporate goals. By providing generous benefits, the Company can recruit skilled and motivated talent.

Our rewards and recognition program aligns with industry standards and is designed to attract, retain and develop the right talent. We give employees balanced scorecards and annual forced rankings to manage employee performance. Benefits and salaries are reviewed regularly; adjustments are then made to attract potential employees and to incentivize current employees to remain in the Company. Aside from government-mandated benefits, the Company also provides the following perks: leaves, healthcare, retirement benefits, survivor security, death benefits, and various forms of loans and financial assistance.

High-potential employees or qualified technical personnel are also given a cadetship program. We also hold trainings and seminars to boost employee performance and develop industry knowledge.

Availment of Benefits

List of Benefits	% of employees who availed in 2021	
	Male	Female
SSS	33.42%	43.94%
Philhealth	4.46%	4.55%
Pag-IBIG	11.63%	15.91%
Parental leaves	2.97%	3.03%
Vacation leaves	82.18%	88.64%
Sick leaves	46.29%	64.39%
Medical Benefits (aside from Philhealth)	0.50%	-

Parental Leaves

Indicators	Male			Female		
	2021	2020	2019	2021	2020	2019
Total number of employees that were entitled to parental leave	403	387	397	131	129	120
Total number of employees that took parental leave	12	14	6	4	7	17

Total number of employees that returned to work in the reporting period after parental leave ended	12	14	6	4	7	17
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	12	15	6	4	8	17
Return to work rate	100%	100%	100%	100%	100%	100%
Retention rate	12	14	6	4	7	17

Employee Engagement

Employee Training and Development

We continuously promote the inclusive development of our employees so that we can align the Company's vision for sustained growth with the aspirational needs of our employees. All employees are given training and development opportunities, regardless of their rank, gender, or tenure. Each employee has an Individual Development Plan (IDP) mapped according to their training needs or job duties. The IDP is finalized at the start of each year.

New hires must first go through an on-boarding process to better understand the Company and its industry. They are required to visit the Bulacan Plant, where they are trained to have an extensive understanding of Eagle Cement's activities, process and its role in promoting the sustainable development to its host community and neighboring barangays. Additionally, Eagle Cement provides new hires with cement technology training to better understand the cement manufacturing process.

Employees are also given other opportunities to hone their skills and competencies. These include but are not limited to: coaching and mentoring, job shadowing, on-the-job training, and job rotations.

The Company provides employees with key training on problem-solving, process optimization, and testing and calibration for quality assurance. Some of its key training modules include the following:

- 8-Discipline of Problem Solving. Through this module, employees are taught how to identify, correct, and eliminate persistent problems so that products and processes can improve.
- DMAIC. This module teaches participants how to improve processes and make them more stable.
- ISO 17025:2017 Foundation Course. This sets a standard for test and calibration services.

Geologists are also given an advanced level course called Resource Modelling and Geostatic Training. In this course, participants are taught how to improve their resource estimation and classification approach to more accurately measure reserves and ensure sustainable operations.

To enhance corporate governance, the board of Directors and key members of the management were given an in-house corporate governance training. The first session of the 2021 training focused on building an effective working board, while the second tackled an overview of Philippine law on public integrity. This was conducted by a SEC-accredited training provider.

Training Hours by Gender

Indicators	Male			Female		
	2021	2020	2019	2021	2020	2019
Average Training Hours	33	4	16	30	3	11
Total Training Hours	3,536	890	896	3,092	718	516

Training Hours by Position

Position	Average			Total		
	2021	2020	2019	2021	2020	2019
Top Management	4	4	2	4	66	12
Senior Management	4	2	9	4	34	56
Middle Management	19	4	20	692	106	160
Supervisors	44	3	14	2,736	129	272
Rank and File	30	3	14	3,200	667	912
TOTAL	**92**	**16**	**59**	**6,628**	**1,002**	**1,412**

Compared to 2020, total training hours in 2021 increased by more than 300%. The significant increase in training hours was due to training providers adopting to web-based learning, providing flexibility in conducting seminars through online platforms such as Zoom, Microsoft Teams, and the like.

The Company also complies with the SEC's requirement for anti-corruption training. The training proved successful since there were no instances of corruption in the Company in 2021.

Summary of Key Training

Training	Total Training Hours
Project Management	20
Pollution Control Officer (PCO) Training	40
Grinding and Milling System	40
Advanced Supervisory Training	32
How to be an Effective Auditor-In-Charge	8
Communication and Presentation Skills for Internal Audit	32
Root Cause Analysis (RCA) Performing Preliminary Survey	16
Tax Update on TRAIN Law 2	8

Fundamentals of Employee Discipline	8
Fundamentals of Organization Design and Structure	28
ISO 45001:2018 Internal Auditing Course	16
ISO 9001:2015 Internal Auditing Course	16
Materials Management and Inventory Control	16
Datamine Training	160
IT Project Management Training	16
Thermography Level 1	40
Vibration Level 1	40
Basic Maintenance Planning	40
Strategic Negotiation Skills	40
Category Management and Supplier Relationship Management	40
Advanced Excel	16
Stress Management	48
Essential of Leadership and Management (ELM) Program	56
Business Model Innovation	4
Brand Management	4
Effective Presentations	4
2021 in-house Corporate Governance Seminar	4

Safety is Our Priority

Providing a safe and secure workplace in the larger interest of our people can raise health and safety management standards not only in the Company but also in its industry. The Company shows its commitment to Occupational Health and Safety (OHS) through its activities and communications. Our employees uphold a strong health and safety culture since they are encouraged to protect their operational health and safety as well as their colleagues and the Company's assets. Everyone is expected to comply with the Company's safety requirements upon entering our sites.

Preventing and Managing COVID-19

As the COVID-19 pandemic persists, so do our efforts to protect our employees and communities. Eagle Cement has a medical team and a Task Force that are at the forefront of making decisions regarding any COVID-19 related matters. These teams also ensure that both employees and third-party contractors are supported. With the strict implementation of COVID-19 protocols in 2021, the Company was able to operate continuously, achieve its targets, and meet expectations on product excellence and deliveries.

Eagle Cement implemented various programs to mitigate and cope with the impacts of COVID-19 on the Company. The Plant Bubble was set up to contain the spread of the virus while keeping the plant operational amidst the pandemic. Prior to return to work, employees undergo RT-PCR testing. During the COVID-19 surge in April 2021, we coordinated with Hi-Precision Diagnostics and the San Miguel Foundation Laboratory to improve RT-PCR testing capacity. We also converted 40 convans into housing facilities to provide additional accommodations for essential male operators.

To prevent office employees from contracting the virus, the Head Office implements various COVID-19 protocols for offices, canteens, housing, and shuttles as follows:

- Installation of acrylic barriers in offices and common areas
- Daily disinfection of all office furniture and shuttle services
- Provision of free face masks and alcohol in strategic areas
- Mandatory thermal scanning
- Provision of facial recognition device for time capturing to avoid direct contact
- Placement of office signages to ensure compliance with minimum health protocols such as hand washing, physical distancing, fixed seating arrangements, wearing face masks, etc.
- Conversion of conference room to satellite offices at Central Control Room (CCR) and Crusher to prevent COVID-19 transmission
- Installation of IndoorCare to improve indoor air quality

To further reduce the risk of infection, flexible work arrangements were implemented during COVID-19 lockdowns in January, for employees working at the Bulacan Plant. Additionally, manpower schedules were planned carefully. Employees were also given one box of face masks per month, an additional meal allowance during community quarantine, and extended financial assistance for those who had reached their HMO limit. Employees with family members affected by the virus may also avail themselves of healthcare assistance.

To contain the spread of COVID-19 and protect the health of persons under monitoring (PUMs) or persons under investigation (PUIs) for COVID-19, Eagle Cement provided them with isolation and quarantine facilities with 34 and 40 rooms, respectively, which are regularly disinfected.

They may also avail of shuttle services. In addition, leave privileges were given in April 2021 during the COVID-19 surge, with maximum leaves of up to 22 days. They were given food, and those with symptoms were given emergency medical equipment and medicines. These benefits of being provided with quarantine and isolation facilities, transportation, vaccination, meals and meal allowances, and housing and transportation subsidy were also extended to contractors – reducing infections while ensuring business continuity. These efforts were successful since the Company ended its year with zero COVID-19-related fatalities. All symptomatic cases were safely managed, and all affected employees have recovered.

The Company also rolled out its own COVID-19 vaccination program called “Get that Jab Done!” in partnership with LGUs. This effort was organized to protect employees from developing symptoms or getting severely ill because of the COVID-19. Through the program, 2,170 individuals were inoculated with two doses of Sinovac and Astrazeneca vaccines.

Our Occupational Health and Safety System

Eagle Cement’s Health and Safety Committee is comprised of a wide variety of members, showcasing how it is dedicated to implementing OHS standards across the entire Company. Its members include employee representatives, representatives of our contractors, security and medical personnel, safety personnel, and manufacturing and non-manufacturing. The Committee also has a production, maintenance, and environment, health, and safety managers.

Aside from ensuring the Company’s safety performance, the committee also works hand in hand with the production and maintenance management to deal with everyday health and safety concerns. Our safety management system is implemented across the plant to preserve our processes and protective systems, equipment, structures, and our monitoring and review of critical controls.

As part of its OHS system, the plant offers the following emergency services:

- 24/7 clinic that is manned by a part-time physician and three full-time nurses
- Two units of ambulance
- First-aid kits located in strategic areas
- Automated external defibrillator
- Two units of 6,000 liters-capacity fire trucks
- Fire hydrant system

The OHS system also handles the following activities:

- Installation of safety and hazard signages
- Distribution of PPEs and safety devices, including railings, platforms, machine guards, emergency pull cords, emergency stop buttons, fire alarm systems, fire extinguishers, and

others

- Creation and circulation of Incident Flash Report as well as the provision of recommendations to avoid recurrences
- Provision of awards that promote safe work practices
- Regular safety audits

Injuries and Accidents

Safety Parameters	2021	2020	2019
Number of employees in the Health and Safety committee	22	10	43
Total man-hours	13,524,627	5,566,282	8,486,302
Safe man-hours	4,670,303	659,364	3,951,123
Lost time accidents	5	2	7
Number of occupational injuries	39	41	47
Number of occupational ill-health	-	3	208
Incidence Rate	7.01	7.37	5.54
Severity Rate	462.64	32.52	20.74
Lost days	6,257	181	176
Fatalities	-	-	-
Work-related fatalities	-	-	-

We aim to eliminate fatalities and serious injuries through the continuous improvement of our safety measures. In 2021, Eagle Cement recorded zero fatalities and achieved 4,670,303 safe man-hours. We endeavor to make good progress towards lessening cases of occupational ill-health and injuries. In line with its goal of bettering its safety conditions, the Company will continue promoting measures that support independent health management for employees, especially as we adjust to the new normal.

Occupational Health and Safety Programs

In 2021, the Company was awarded a certification that proved how the organization had improved its implementation of OHS. Our Occupational Safety and Health Management System had recommended for an International Organization for Standardization (ISO) 45001:2018 Certification – showing that our OHS implementation has been improving as we attempt to meet the new international standard.

We also continued our commitment to donate blood to those in need through our quarterly Blood Letting Activity in partnership with the Philippine Red Cross. It was conducted in compliance with COVID-19 protocols, including the requirement of RT-PCR testing for the Philippine Red Cross Team. Despite the pandemic, 237 donors donated blood in 2021.

Attendance on Health and Safety Training 2021

Training Description	Employees	Contractors	Community	Date Conducted
Basic Fire Fighting Training	-	11	-	February 20
COVID-19 Vaccine Awareness	80	-	-	March 5
Mine Safety Standard Seminar	6	10	-	March 11
IEC - Fire Fighting Training	2	-	26	March 10 & 12
Familiarization of Fire Truck Tools & Equipment & Fire Suit Donning	1	22	-	March 9, 22, & 29
COVID-19 & Teenage Pregnancy	3	-	79	June 10
Basic Fire Fighting Training - BHERT	6	-	23	July 23
Basic Firefighting Training - Basuit	2	-	13	August 31
Lock Out, Tag Out, Try Out Training	1	24	-	November 13
TOTAL	101	67	141	
GRAND TOTAL	309			

To ensure that employees, contractors, and members of the local community understand the importance of health and safety procedures, Eagle Cement provides training sessions on these topics each year. We conducted nine health and safety training sessions in 2021. These sessions had a total of 309 attendees, composed of employees, third-party contractors, and local community residents.

The Company held specialized training sessions and lectures that aim to improve health and safety procedures. On top of that, we conducted Safety Orientation, Emergency Response Training (ERT), and the mandatory eight-hour Occupational Safety and Health Seminar for all employees and contractors.

In an effort to constantly improve its performance, Eagle Cement employees discuss risks, possible improvements, and updates on health and safety in the Company through regular shift turn-over, huddle and toolbox meetings.

Number of participants in Safety Drills Conducted

Drills	Frequency			Number of Attendees		
	2021	**2020**	**2019**	**2021**	**2020**	**2019**
Cave in, Landslide and Medical Emergency	2	2	2	45	33	30
Earthquake with Medical Emergency Drill	4	2	2	1,009	444	284
Earthquake and Oil Spill	-	2	1	-	444	346
Fire	8	3	2	73	31	58
Oil Spill	-	3	1	-	455	10
Oil Spill and Fire	2	2	1	30	25	15
TOTAL	**16**	**14**	**9**	**1,157**	**1,432**	**743**

Despite pandemic-related restrictions in 2021, we were still able to conduct 16 safety drills which are participated by employees, third-party contractors and select residents of our community.

Workers Covered by Occupational Health and Safety System

Type of Employment	2021	2020	2019
Regular	524	430	474
Outsourced	734	493	465
Third-party	1,076	751	1,573
TOTAL	**2,334**	**1,674***	**2,512***

**Restatement of information*

There was a 72% increase in the number of workers covered by our OHS system due to several adjustments made for returning to, or even exceeding, the scale of work pre-pandemic. For instance, hiring new employees returned to our usual recruitment rate. We have also been outsourcing more contractors to meet manpower requirements for regular operations and for the completion of major works on plant SPS. To preserve employee safety, we have workplace policies on electrical safety and accidents. These policies are made available through Electronic Document Management System (EDMS) SharePoint site and Eagle Cement's website.

Facility Security

The Company's Security Department delivers round-the-clock protection for its employees, assets, value, operations, and information. This is essential to shield the Company from any threats posed by criminals, local terrorists, and insurgents.

The department also has the support of the Armed Forces of the Philippines, the Philippine National Police, public safety officers of our host barangay, and other stakeholders. Together we form a multi-agency security service that provides proactive and reactive measures against threats to the Company's safety. All involved parties comply with the rule of law and uphold human rights throughout their operations.

For more than a decade, we have prevented and discouraged threats that could lead to major plundering activities or atrocities against the Company and its host community. This has fostered a safe and secure environment that allows the Company to be productive and sustain growth. The Security Department's Security Digest News also furnishes employees with security updates via email.

Caring For Our Neighbors: FLIGHT

Aside from maintaining the high standards of our operations, we also have a commitment to make a positive impact as responsible corporate citizens. We constantly work to contribute to the sustainable development of our host community and the barangays close to it with over 6,000 residents.

We have various Social Development Management Program (SDMP) and Corporate Social Responsibility (CSR) programs to ensure that we maintain the trust of our stakeholders. The programs aim to empower members of the community and help them grow as the Company continues to evolve. These activities are made with the needs of the Company's host community in mind. Our programs cover a wide range of sectors, such as Family and Community, Livelihood, Infrastructure, Growth and Development, Health and Emergency Response, and Technology and Education (FLIGHT).

Summary of Key SDMP Programs in 2021

SDMP Breakdown	Programs
Family and Community	These programs bring families and communities together, closer and stronger through value formation, community building, environmental programs and community outreach. ● Hand soap and sanitizer making ● Baking and pastry making in Brgys. Akle and Talbak
Livelihood and Employment	These programs enable community members to increase their earning capabilities and provide them with means of employment. ● Seed Capital for hand soap and sanitizer making of Brgy. Akle
Infrastructure Support	Construction initiatives such as road concreting, classroom building, water system and other facilities that will benefit the communities, including cement donations. ● Road widening Mandala to Kalumpang - So. Balaong, Brgy. Talbak ● Installation of Solar Dryer at So. Balaong, Brgy. Talbak ● Covered pathwalk from court to kinder at Talbak Elementary School ● Repair of comfort room at Talbak High School ● Renovation of St. Joseph Church ● Renovation of Narra Grotto Chapel ● Construction and paving of pathwalk and school grounds at Akle High School ● Construction of Talbak Multipurpose Building
Growth and Development	Human and community growth and development such as youth development programs, capacity building and improvement of community facilities such as health center, sports and recreational facilities. ● SDMP scholar volunteerism program (Tatlong Gulong Tungo sa Edukasyon)
Health and Emergency Response	We bring ways to provide accessible medical care to the communities and capacitate them to handle emergencies. ● Community clinic ● Provision of flu vaccine and milk for 300 senior citizens ● Maternal health care for Pregnant Women ● Provision of medical supplies and medicines for Brgy. Talbak ● Provision of patrol car for peace and order in Brgy. Akle ● Provision of PPEs for Akle School
Technology and Education	This covers education and school-related and scholarship programs. ● Scholarship Program ● Installation of CCTV cameras for Akle Elementary School

Eagle Cement engages our stakeholders by maintaining close linkages and coordination with them. The Company regularly gets insights from the Barangay Technical Working Group, which comprises of LGU officials, medical professionals and barangay health workers, school institutional heads, livelihood cooperatives and groups, and church leaders. These stakeholders are consulted about their needs and concerns so that the Company can craft programs, projects, and activities that are in line with their feedback.

In 2021, the Company spent nearly ₱6.00 million on SDMP and allocated 75% for the development of host and neighboring communities, 15% was spent for Information, Education and Communication (IEC) campaign, and 10% was disbursed for Development of Mining Technology and Geosciences (DMTG).

Summary of SDMP budget allocation

Category	Allocation	Amount
Development of host and neighboring communities	75%	4,512,000
Information, Education and Communication (IEC) campaign	15%	891,000
Development of Mining Technology and Geosciences (DMTG)	10%	594,000
TOTAL (in Php)		5,997,000

Stakeholders in the host community may also air their grievances about community needs, issues, and concerns through the Company's grievance mechanism. This mechanism is part of our Integrated Management System Procedures. Community members from Sitio Hulo and Sitio Narra raised concerns regarding the pinnacle removal and muddy roads due to truck operations, respectively. Eagle Cement responded to the complaint from Sitio Hulo by conducting an Information Education Campaign, supported by the local government of San Ildefonso and MGB Region 3. The Company resolved the issue by educating and engaging with stakeholders to highlight the importance of removing the pinnacle through blasting. As for the concerns on truck operations, clean-up drives and regular road sweepings were organized in Sitio Narra.

Family and Community

To support its host community, the Company spearheads initiatives that bring its families together by promoting value formation, community building, environmental programs, and community outreach.

In 2021, we and our employees were also involved in various community projects. However, mobility restrictions and health concerns due to the pandemic led to a lower number of employee volunteers. Despite this, our team served communities with dedication – putting in a total of 4,180 volunteer hours.

Employee volunteer programs

Program	Number of employee volunteers			Volunteer Hours		
	2021	2020	2019	2021	2020	2019
Krismasaya: Christmas Outreach Program	12	-	12	288	-	144
Taal Relief Operations	-	28	12	-	1,344	144
Relief Operations – COVID	-	291	50	-	2,328	200
120-day Feeding Program	4	4	4	1,920	960	32
60-day Feeding program	4	-	-	960	-	-

Community First Aid Training	-	4	10	-	32	40
Community fire-fighting training	6	4	7	96	32	21
Calamity Assistance	6	4	58	240	64	119
Tree-planting*	101	-	50	202	-	200
Blood-letting Program*	237	164*	159	474	328*	318
TOTAL	**370**	**499**	**362**	**4,180**	**5,088**	**1,218**

**Restatement of information*

Our major community outreach programs for the year were the Krismasaya Outreach Program, and the emergency relief provided to those affected by Typhoon Odette. We provided meals for 250 children through our feeding program, who were from Brgys. Akle, Talbak, and Alagao. Twice as many children were part of Eagle Cement's 6th Krismasaya Outreach Program held on Dec. 15-17, 2021. Each of the 500 children in Brgys. Akle, Talbak, Alagao, Gabihan, and Camachin received a bag of christmas goodies, meals, and toys. During the onslaught of Typhoon Odette the Company distributed food, canned goods, and mineral water as relief for stakeholders in the same localities.

The 120-day feeding program ran from August 2020 until February 2021, which fed 250 children through a weekly distribution of Nutribun packs along with vitamins and milk packages. The program was done in coordination with barangay health workers and mother leaders to ensure that proper safety protocols are followed during distribution. We also set up a regular monitoring system, as well as baseline and end-line evaluations to measure the program's results. By the end of the program, results showed that 80% of the children reached the normal health status from being stunted.

In celebration of the Nutrition Month, with a theme "Malnutrisyon Patuloy na Labanan, First 1,000 Days Tutukan!" we have launched another feeding program on July 29, 2021 for 60 days until November 5, 2021. This program aims to help protect children from malnutrition which worsen amid the pandemic, benefitted 200 children of Brgys. Akle and Talbak and Bato Elementary School. At the end of the program, 94% of the children reached the normal health status.

We extend our cleanliness and sanitation initiative to our local communities by providing them with equipment and launched programs that contribute to better waste management. In particular, we provided garbage truck compactors to Brgys. Akle and Gabihan and taught truck operators how to use them. The Company also launched our Pick A-Litter Drive Campaign to promote proper waste management. Both community members and our employees participated in the event.

Eagle Cement also supports values formation and grants three churches at Brgys. Akle and Talbak weekly mass sponsorships.

Livelihood and Employment

To improve the quality of life of community members, Eagle Cement also conducts programs that enable them to increase their earning capabilities and seek other means to generate income.

Eagle Cement launched trainings for the Women's Groups in Brgys. Akle and Talbak to help develop income-generating skills such as making soaps and candles, and baking bread, cakes, and pastries. One such program was the hand soap and sanitizer-making activity held for the Rural Improvement Club of Akle, the Kabalingay Women's Group of Talbak, and teachers in Narra Elementary School. This activity was done in partnership with the Technical Education and Skills Development Authority (TESDA) and was held from February 23 to 25 in 2021.

Aside from teaching participants how to make hand soap and sanitizer, which is timely and crucial for hygiene and preventing diseases from spreading, the training for hand soap and sanitizer making paved the way for a business opportunity. On August 27, 2021, members of the Rural Improvement Club of Akle were given a seed capital of ₱50,000 to start a soap and hand sanitizer business that they themselves conceptualized. This initiative empowered 48 women from Brgy. Akle who are eager to begin this venture. Eagle Cement will be monitoring its progress for the next three years.

Another activity that honed the skills of the members of the community was a baking activity held for 25 women of Brgy. Talbak. This five-day workshop was conducted by TESDA Trainor Mrs. Rosanna Recio who taught the attendees how to make the baked goods.

Infrastructure Support

We endeavor towards uplifting the standard of living of our communities by providing them better infrastructure. Over the years, the Company makes the most of its resources by spearheading and assisting road concreting, classroom building, water system construction, and the improvement and construction of other facilities that will benefit the local community.

In 2021, Eagle Cement donated and delivered 9,580 bags of cement to churches, a non-profit organization, schools, barangays, a correctional facility, and the military. The Company helps bolster different sectors within our host communities and other areas by improving infrastructures.

To assist local farmers, Eagle Cement constructed a solar dryer at Brgy. Talbak to dry their produce such as rice and raw coffee. The Company also opened up a 100-meter farm-to-market road to ease their mobility and deliver produce more efficiently. We likewise initiated a road widening projects in Sitio Mandala to Kalumpang - So. Balaong.

We contributed to the improvements of schools in Brgys. Talbak, Akle, and Gabihan. The Company constructed a 24.30-meter path walk to Talbak Elementary School to improve the safety of the students who will be walking from the court to the kinder building. The second phase of this project involves the roofing of the pathwalk. Additionally, comfort rooms in Talbak High School were repaired, and safety guard rails were installed near Talbak classrooms that were located above the ground floor.

Another school we assisted was Gabihan High School, which is located in San Ildefonso in Bulacan. Eagle Cement donated an eight-classroom building which was turned over last December 8, 2021. This initiative aimed to bring a school facility closer to nearby barangays of Gabihan and lessen students' expenses on travel and board lodging. With this new building, Gabihan High School was the first high school to cater to nearby communities. This helps decongest San Ildefonso National High School with a population of over 4,000 students. Aside from this, we conducted maintenance and repair of classrooms and construction of path walk, comfort rooms and roofing.

We also provided assistance to Akle High School by concreting the pathwalk and school grounds.

As a key part of any Filipino community's sociocultural environment, Eagle Cement provides assistance to churches through the rehabilitation and construction of their buildings. On September 17, 2021, the Company donated ₱3.9 million for the repair and construction of the San Ildefonso Parish church. We also took part in the renovations of the St. Joseph Church at Barangay Talbak and the Narra Grotto Chapel.

Other construction initiatives from the Company that benefited the surrounding communities include the regular maintenance of the road at M. Valte, which makes travelling safer for motorists.

Growth and Development

We also have human and community growth and development programs. These include youth development programs as well as capacity building and improvement of community facilities such as health centers, sports facilities, and recreational facilities.

One notable growth and development program that took place in 2021 was an SDMP scholar volunteerism initiative called *"Tatlong Gulong Tungo Sa Edukasyon."* Eagle Cement scholars gave back to their community by using their allowance to pool money for a tricycle. This tricycle will help teachers from the Alternative Learning System *"Tatlong Gulong"* Project to reach out to learners.

Health and Emergency Response

Providing medical care to communities and equipping them in handling emergencies is also important for our SDMP. We provided various healthcare services, supplies, and equipment to our host community.

We aim to ensure that our community has access to better healthcare services through our community clinic program. This is held every Saturday at Brgys. Akle and Talbak Health Centers, and patients from the nearby barangays could avail themselves of free medicines as well as medical and pharmaceutical services. The clinic provided treatment and free medication to 1,089 patients throughout 2021. Common ailments that were treated included coughs, colds, and hypertension. we provided the honorarium for a doctor who attends to patients and six barangay health workers who assist the doctor. We provided the honorarium for a doctor who attends to patients and six barangay health workers who assist the doctor.

The Brgy. Talbak Health Center also received medicines and medical apparatus from the Company on May 8 and 17, 2021. These apparatuses were given to improve immediate aid for the patients, some of these included cabinets and blood pressure apparatus.

Eagle Cement has dedicated programs to provide care to the elderly. A total of 300 senior citizens of Brgy. Akle were provided with assistance through adult milk donations made on April 7, 2021. Milk is essential for keeping bones strong, and the initiative aimed to improve beneficiaries' immune systems and lessen their risk of osteoporosis.

Later in the year, senior citizens were also given flu vaccines to lessen their chances of developing the illness. The vaccination drive was held from October 14 to 16, 2021, and benefitted 234 senior citizens of Brgys. Akle and Talbak.

The Company also assisted pregnant women through a program called the "*Buntis Congress*" which was held in Brgy. Talbak in June 2021 and was attended by 16 pregnant women. The activity aimed to lessen maternal deaths, reduce infant and under-five mortality, and encourage good nutrition for pregnant women. To support them, the Company provided a *Buntis* Kit, which contained vitamins, diapers, baby clothes, and other essentials after they gave birth.

In 2021, the Company also donated equipment and protective gear to its nearby communities. To improve access to water, Eagle Cement donated 20 rolls of HDPP water hose for Sitio Luya in Brgy. Talbak. Additionally, the Company gave Brgy. Akle a patrol car that its barangay security force could use to rove the barangay so that they could maintain peace and order. Akle schools such as Akle High School, Akle Elementary School and Narra Elementary School were also provided with personal protective equipment (PPE) and other essentials to prevent the spread of COVID-19, such as alcohol and face masks.

Information, Education, and Communication (IEC) campaigns are avenues for the Company to help bolster communities' local healthcare system. As part of Eagle Cement's initiatives on Teenage Pregnancy prevention and against COVID-19, we held an IEC event that was attended by SDMP scholars. Our Safety Department also facilitated a Basic Fire Fighting Training for the barangay councils and health workers at Brgys. Gabihan and Basuit.

Technology and Education

Eagle Cement also plays a role in increasing access to education through its scholarship program for underprivileged students in the community. It released its first-semester allowance for 109 SDMP high school and college students from Brgys. Akle and Talbak on June 10, 2021. The same scholars were then given their second-semester allowance on October 23, 2021.

We particularly support the education of those in our local communities. Through the Adopt-A-School-Program, the Company provided schools in Brgys. Akle, Talbak, and Gabihan with equipment and materials that would capacitate teachers and benefit students. We distributed computers, printers, bond papers, alcohol, face masks, face shields, PPE suit sets and gloves, and tables and chairs. In response to a theft incident at Akle Elementary School, Eagle Cement also donated a set of closed-circuit televisions (CCTV). Although this effort will not eliminate theft, it can help persons in authority apprehend trespassers and deter intruders. There are plans to install more CCTVs since cases of theft in schools have increased during the pandemic.

Underscoring our enduring commitment to sustainability and value creation for all, we will raise the bar with our ESG commitments through our initiatives with defined targets. Eagle Cement sees the years ahead as an opportunity to strengthen its sustainable enterprise, in order to continue creating long-term value for our customers, business partners, shareholders, our people and the society it serves.