COVER SHEET

AS095-005885

EAGLE CEMENT CORPORATION

(Company's Full Name)

2/F SMITS CORPORATE CENTER,
NO. 155 EDSA, BARANGAY WACK-WACK,
MANDALUYONG, CITY

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

Atty. Maria Farah Z.G. Nicolas-Suchianco
(Contract Person)

(02) 8633-9757
(Company Telephone Number)

12	31	20-IS	07	18
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

MSRD
Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/section

Total Amount of Borrowings

20*	**₱5.0 Billion***	**-**
Total No. of Stockholders	Domestic	Foreign

**as of June 14, 2023*

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE is hereby given that the Annual Meeting of the Stockholders of EAGLE CEMENT CORPORATION (the "Company") will be held on **July 18, 2024, 2:00 p.m.**, livestreamed from the principal office of the Company, as authorized by resolution of the Board of Directors on May 08, 2024.

The Agenda of the meeting is as follows:

1. Call to order
2. Certification of Notice and Quorum
3. Approval of Minutes of Previous Meeting
4. Presentation of the Annual Report
5. Ratification of Acts and Resolutions of the Board of Directors and Corporate Officers
6. Appointment of External Auditors
7. Election of the Members of the Board of Directors
8. Other Matters
9. Adjournment

The Information Statement, SEC Form 17A, Minutes of the Annual Stockholders' Meeting held on July 19, 2023, and other pertinent materials for the Annual Stockholders' Meeting will be accessible through the Company's website (https://www.eaglecement.com.ph/governance/annual-stockholders-meeting/).

Given the continued threat of COVID-19, stockholders may only participate in the annual meeting *via* remote communication and cast their votes electronically or *in absentia,* or through appointing the Chairman of the Meeting as proxy. Only stockholders of record as of June 18, 2024 are entitled to vote at this meeting.

Stockholders of record as of June 18, 2024 who intend to attend the meeting through remote communication are requested to notify the Company and register by email to corporatesecretary@eagle-cement.com.ph no later than July 08, 2024. Stockholders whose shares are still lodged with brokers are requested to directly contact their respective brokers for guidance on their participation in the meeting. A certification issued by the said broker regarding the fact of lodged shareholdings must also be provided, in addition to the documents required to be submitted below.

For validation purposes, the email should contain the following information: (i) name; (ii) address; (iii) telephone number; and (iv) email address, and a scanned copy of any valid government-issued identification card ("ID") with photo of the stockholder. Only the stockholders who have notified the Company of their intention to participate through remote communication, as above-described, and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance at the meeting, together with the stockholders attending through proxies. The videoconference link to the meeting will be provided to registered stockholders.

Further details and procedure for attendance and participation in the meeting through remote communication are set forth in Annex 1 of this notice, as set forth in the Information Statement, to be made available to the public in print, upon request of the stockholder, and online through the Company website (https://www.eaglecement.com.ph/governance/annual-stockholders-meeting/) on June 27, 2024 or as soon as approved by the SEC.

Duly accomplished ballots, proxies, and copies of valid government Identification Cards (IDs) shall be submitted through any of the following:

1. By e-mail to corporatesecretary@eagle-cement.com.ph; or
2. By ordinary mail to the Office of the Corporate Secretary of Eagle Cement Corporation at Suite 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City 1605.

The deadline for submission of ballots and proxies is on July 08, 2024 at 2:00 PM. For corporations, ballots, and proxies must be accompanied by the Corporate Secretary's sworn certification stating the corporate officer's authority to vote for and to represent the corporation in the meeting. Ballots and proxies need not be notarized.

Validation of ballots and proxies will be on July 12, 2024 at 5:00 p.m. at the office of the Company's Corporate Secretary at Suite 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City. For your convenience, samples of the ballot and proxy are available at the Company website (https://www.eaglecement.com.ph).

Questions and comments to the Board of Directors and/or Management should be sent in advance of, or during, the meeting by email to corporatesecretary@eagle-cement.com.ph.

Please refer to Annex 2 of this notice, as set forth in the Information Statement, for a brief discussion of and the rationale for the above agenda items.

A visual and audio recording of the proceedings of the annual meeting shall be kept by the Company.

For the Board of Directors.

MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

Annex 1

PROCEDURE FOR ATTENDING THE MEETING THROUGH REMOTE COMMUNICATION

1. Stockholders of record as of June 18, 2024 who intend to attend the meeting through remote communication are requested to notify the Company and register by email to corporatesecretary@eagle-cement.com.ph. Stockholders whose shares are still lodged with brokers are requested to directly contact their respective brokers for guidance on their participation in the meeting. A certification issued by the said broker regarding the fact of lodged shareholdings must also be provided, in addition to the documents required to be submitted below.

2. For validation purposes, the email should contain the following information: (i) name; (ii) address; (iii) telephone number; and (iv) email address, and a scanned copy of any valid government-issued identification card ("ID") with photo of the stockholder. Only the stockholders who have notified the Company of their intention to participate through remote communication, as above-described, and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance at the meeting, together with the stockholders attending through proxies. The videoconference link to the meeting will be provided to registered stockholders.

3. Votes of all stockholders can only be cast through ballots or proxies submitted on or before July 08, 2024 at 2:00PM. A sample of the ballot and proxy is included in the Information Statement.

All ballots and proxies should be received by the Corporate Secretary on or before July 08, 2024 through the following means:

a. By e-mail to corporatesecretary@eagle-cement.com.ph; or
b. By ordinary mail to the Office of the Corporate Secretary of Eagle Cement Corporation at Suite 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City 1605.

For an individual, his/her ballot or proxy **must** be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its corporate secretary's certification stating the representative's authority to represent the corporation in the meeting. Validation of ballots and proxies will be on July 12, 2024 at 5:00 p.m. at the office of the Company's Corporate Secretary.

4. Shareholders may send their questions and/or comments prior to or during the meeting to corporatesecretary@eagle-cement.com.ph. Questions and comments may also be written in the space provided in the sample ballot/proxy form.

5. The proceedings of the meeting will be recorded.

Should you have questions or requests for clarification on the procedure for attending the annual stockholders' meeting through remote communication, please email them to corporatesecretary@eagle-cement.com.ph.

Annex 2

EXPLANATION AND RATIONALE OF AGENDA ITEMS FOR THE ANNUAL MEETING OF STOCKHOLDERS OF EAGLE CEMENT CORPORATION (the "Company")

1. Call to Order
   The Chairman will formally open the meeting at 2:00 PM.

2. Certification of Notice and Quorum
   The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business.

3. Approval of Minutes of Previous Meeting
   The minutes of the meeting held on July 19, 2023 will be available for download at the Company website. (https://www.eaglecement.com.ph/governance/annual-stockholders-meeting/)

4. Presentation of the Annual Report
   The Audited Financial Statements (AFS) as of December 31, 2023 will be presented to the stockholders for their approval. The AFS will be embodied in the Information Statement to be sent and/or made available to the stockholders at least 21 days prior to the meeting. The Audit Committee has recommended to the Board the approval of the AFS, and the Board has approved the AFS on March 12, 2024.

   To give context to the AFS and bring to the shareholders attention the highlights, the CFO and/or the President will deliver the "Management Report" which provides the significant operating and financial performance for 2023 as well as the interim financial highlights. The report will also include significant events and recent developments in the Company.

5. Ratification of Acts and Resolutions of the Board of Directors and Corporate Officers
   All acts and resolutions of the Board of Directors and all the acts of Corporate Officers taken or adopted from the date of the last annual stockholders' meeting until the date of this meeting will be submitted for ratification. A summary of the resolutions and actions is set forth in this Information Statement for this meeting. Copies of the minutes of the meetings of the Board of Directors are available for inspection by any shareholder at the office of the Corporate Secretary during business hours.

6. Re-appointment of External Auditor
   The Audit and Risk Committee will endorse to the stockholders the re-appointment of Reyes Tacandong & Co. as the external auditor for the ensuing year. Representatives of the said firm are expected to be present at the annual meeting and to respond to appropriate questions from the shareholders. The profile of Reyes Tacandong & Co. will be provided in the Information Statement.

7. Election of the Members of the Board of Directors (including independent directors)
   The Corporate Secretary will present the names of the persons, whose background information are contained in the Information Statement, who have been duly nominated for election as directors of the Company in accordance with the by-laws and Manual on Corporate Governance of the Company and applicable laws and regulations. The voting procedure is set forth in the Information Statement for this meeting. The profiles of the nominees are likewise provided in this Information Statement.

8. Other Matters
   The Chairman will open the floor for comments and questions by the stockholders. The stockholders may raise other matters or issues that may be properly taken up at the meeting by sending their questions and/or comments prior to the meeting to corporatesecretary@eagle-cement.com.ph.

<u>SAMPLE</u> BALLOT / PROXY

☐ Vote by Ballot: The undersigned stockholder of Eagle Cement Corporation (the "Company") casts his/her vote on the agenda items for the 2024 Annual Stockholders' Meeting, as expressly indicated with "X" in this ballot.

☐ Vote by Proxy: The undersigned stockholder of Eagle Cement Corporation (the "Company") hereby appoints ________________________ or in his absence, the Chairman of the meeting, *as attorney-in-fact and proxy*, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on July 18, 2024 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the minutes of previous meeting
   __ Yes __ No __ Abstain

2. Approval of the 2023 Annual Report
   __ Yes __ No __ Abstain

3. Ratification of Acts and Resolutions of the Board of Directors and Corporate Officers
   __ Yes __ No __ Abstain

4. Re-appointment of Reyes Tacandong & Co. as External Auditor
   __ Yes __ No __ Abstain

5. Election of the Members of the Board of Directors, including the Independent Directors

	No. of Votes
Ramon S. Ang	_______________
John Paul L. Ang	_______________
Manny C. Teng	_______________
Monica L. Ang-Mercado	_______________
Manuel P. Daway	_______________
Mario K. Surio	_______________
Luis A. Vera Cruz, Jr.	_______________
Melinda Gonzales-Manto	_______________
Ricardo C. Marquez	_______________
Martin S. Villarama, Jr.	_______________
Teresita J. Leonardo-De Castro	_______________

6. At his/her discretion, the proxy named above are authorized to vote upon such other matters as may be properly come before the meeting.
   __ Yes __ No __ Abstain

Question/Comment: ____

____
Printed Name and Signature of Stockholder
Date:

The ballot of those who will attend the meeting via videoconference should be submitted to the Corporate Secretary, or by e-mail to corporatesecretary@eagle-cement.com.ph, or by ordinary mail to the Office of the Corporate Secretary of Eagle Cement Corporation at Suite 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City 1605, on or before 2:00PM of <u>July 08, 2024</u>.

This proxy should be received by the Corporate Secretary on or before 2:00PM of **<u>July 08, 2024</u>**, the deadline for submission of proxies. For corporate stockholders, please attach to this proxy form the secretary's certificate on the authority of the signatory to appoint the proxy and sign this form.

This ballot/proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction was made, this ballot/proxy will be voted for the election of all nominees and/or the approval of the matters stated above and such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by management or board of directors.

A stockholder giving this proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter **EAGLE CEMENT CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization
   METRO MANILA, PHILIPPINES

4. SEC Identification Number **ASO95005885**

5. BIR Tax Identification Code **004-731-637-000**

6. **2/F SMITS Corporate Center, No. 155 EDSA, Brgy. Wack-Wack, Mandaluyong City 1554**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code: **(02) 5301-3453**

8. Date, time and place of the meeting of security holders
   JULY 18, 2024, 2:00PM, via videoconferencing at the Principal Office of the Company.

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
   The Definitive Information Statement shall be made available to Stockholders by 27 June 2024, or as soon as approved by the SEC.

   Notice of Meeting will be published in the business section of two newspapers of general circulation (print and online) for two consecutive days, the last of which shall be made no later than 27 June 2024, pursuant to the SEC Notice dated 22 February 2024. Among others, the Notice will inform the stockholders of the availability of an electronic copy of the Information Statement, SEC Form 17-A and other pertinent documents on the Company's website.

10. ***In case of Proxy Solicitations:***

    Name of Person Filing the Statement/Solicitor: **N/A**

    Address and Telephone No.: **N/A**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding (as of 18 June 2024)
COMMON	**5,000,000,005**

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes [ ] No [✓]

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

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

The annual meeting of stockholders of the Eagle Cement Corporation (the “Corporation” or “Company”) will be held on July 18, 2024, 2:00 p.m., via virtual platform. Details will be provided in the Company website (https://www.eaglecement.com.ph).

The Corporation’s complete mailing address is at 2/F SMITS Corporate Center, No. 155 EDSA, Barangay Wack-Wack, Mandaluyong City.

Further details and procedure for attendance and participation in the meeting through remote communication are to be set forth in Annex 1 of the notice in this Definitive Information Statement, which will be made available to the public through the Company website (https://www.eaglecement.com.ph/governance/annual-stockholders-meeting/), starting 27 June 2024, or as earliest approved by the SEC.

Stockholders wishing to obtain printed copies of the Definitive Information Statement must signify their intent by notifying the Corporate Secretary through e-mail at corporatesecretary@eagle-cement.com.ph.

The Corporation is not soliciting proxies.

Dissenters' Right of Appraisal

Under Sections 80 and 81, Title X of the Revised Corporation Code of the Philippines, stockholders dissenting from and voting against the proposed corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporate action: amendment to the corporation’s articles and by-laws that has the effect of changing and restricting the rights of any shareholder or class of shares or authorizing preferences in any respect superior to those of outstanding shares of any class; sale, lease, mortgage or other disposition of all or substantially all of the corporation’s asset; merger or consolidation; investment of corporate funds in another corporation or business or for any purpose other than its primary purpose; and extension or shortening of term of corporate existence. The stockholders’ right of appraisal may be exercised for a period within thirty days from the date on which the vote on the corporate action was taken.

There are no matters to be acted upon by the stockholders at the Annual Meeting of the Stockholders to be held on July 18, 2024 which might give rise to the exercise of the appraisal right.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Corporation, or any nominee for election as a director of the Corporation, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

No director of the Corporation has informed it in writing that he intends to oppose any action to be taken by the Corporation at the annual meeting of stockholders.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

The Corporation has Five Billion and Five (5,000,000,005) outstanding common shares as of 18 June 2024. Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.

All stockholders of record as of 18 June 2024 are entitled to notice and to vote at the Corporation's Annual Meeting of the Stockholders.

Article II, Section 8 of the by-laws of the Corporation provides that for purposes of determining the stockholders entitled to notice of, or to vote at, any meeting of the stockholders or any adjournment thereof or to receive payment of any dividend, or of making a termination of stockholders for any other proper purpose, the Board of Directors may provide that the stock and transfer books be closed for a stated period, but not to exceed, in any case, twenty (20) days immediately preceding the date of any meeting of the stockholders, or the date of the payment of any dividend, or the date for the allotment of rights or the date when any change or conversion or exchange of capital shall go into effect, unless the applicable rules and regulations of the Securities and Exchange Commission [or the Philippine Stock Exchange, Inc.] provided for a different period. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a date which shall in no case be more than forty-five (45) days prior to the date, on which the particular action requiring the determination of stockholders is to be taken, except in any instance where applicable rules and regulations provide otherwise.

Election of Directors

Article II, Section 7 of the by-laws of the Corporation states that at all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary.

Section 12 of Memorandum Circular No. 6, series of 2020, of the SEC provides that the right to vote of stockholders may be exercised in person, through a proxy, or when authorized in the by-laws, through remote communication or in absentia, but that in the election of directors and officers of corporations vested with public interest, stockholders may vote through remote communication or in absentia, notwithstanding the absence of such a provision in the by-laws.

All proxies must be in the hands of the secretary before the time set for the meeting. The proxy filed with the Corporate Secretary may be revoked by the stockholder either in an instrument in writing duly presented and recorded with the Secretary prior to the scheduled meeting or by his personal presence at the meeting.

The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

Every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name on the stock books of the corporation. The stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by a stockholder shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. No delinquent stock shall be voted. Candidates receiving the highest number of votes shall be declared elected.

Any meeting of the stockholders or members called for an election may adjourn from day to day or from time to time but not sine die or indefinitely if, for any reason, no election is held, or if there are not present or represented by proxy, at the meeting, the owners of a majority of the outstanding capital stock.

Security Ownership of Record and Beneficial Owners of more than five per cent (5%) of the Corporation's Voting Stock as of June 18, 2024

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 held	% to Total Outstanding
Common	San Miguel Equity Investments Inc. (Filipino) No. 40 San Miguel Avenue, Mandaluyong City	Record Holder same as Beneficial Owner	Filipino	4,997,903,671 (D)	99.96%

Other than the person identified above, there are no other beneficial owners of more than five per cent (5%) of the Corporation's voting stock known to the Corporation.

San Miguel Equity Investments Inc. shall be represented by its Chairman, Ramon S. Ang, who is authorized to vote its shares.

Security Ownership of Management as of June 18, 2024

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	1 (D)	Filipino	-
Common	Manny C. Teng	General Manager and Chief Operating Officer	1 (D)	Filipino	-
Common	Monica L. Ang-Mercado	Chief Finance Officer and Treasurer, Executive Vice-President for Business Support Group	1 (D)	Filipino	-
Common	Manuel P. Daway	Vice-President for Operations	1 (D)	Filipino	-
Common	Jens Christian Enemark Lund	Manufacturing Transformation Director	-	Danish	-
OTHER DIRECTORS AND OFFICERS					
Common	Ramon S. Ang	Chairman	1 (D) 1,645,309,889 (I)	Filipino	32.91%
Common	Mario K. Surio	Director	1 (D)	Filipino	-
Common	Luis A. Vera Cruz, Jr.	Director	1 (D)	Filipino	-
Common	Melinda Gonzales-Manto	Independent Director	1 (D)	Filipino	-
Common	Ricardo C. Marquez	Independent Director	1 (D)	Filipino	-

Common	Martin S. Villarama, Jr.	Independent Director	1 (D)	Filipino	-
Common	Fabiola B. Villa	Compliance Officer / Data Protection Officer	-	Filipino	-
Common	Marlon P. Javarro	Assistant Corporate Secretary/Related Party Transaction Officer	-	Filipino	-
Common	Maria Farah Z.G. Nicolas-Suchianco	Corporate Secretary	-	Filipino	-
		Total (D)	10		
		Total (I)	1,645,309,889		
		TOTAL	1,645,309,899		32.91%

(D) – Direct
(I) – Indirect

Voting Trust Holders of 5% or More

The Corporation is not aware of the existence of persons holding more than five percent (5%) of the Corporation's common shares under a voting trust or similar agreement.

Changes in Control

San Miguel Equity Investments Inc. took control of the Corporation on 14 December 2022 by way of share purchase and tender offer of shares. The Corporation is not aware of any change or arrangement that may result in a change in control of the Corporation since the beginning of its last fiscal year.

Directors and Executive Officers

Directors

The Board of the Corporation is entrusted with the responsibility for the overall management and direction of the Corporation. The Board currently consists of 10 directors, three (3) of whom are independent directors. The incumbent directors of the Corporation are as follows:

Name	Position	Age	Citizenship	Date First Elected
Ramon S. Ang	Chairman	70	Filipino	10/5/2007
John Paul L. Ang	Member	44	Filipino	11/30/2010
Manny C. Teng	Member	52	Filipino	6/21/1995
Monica L. Ang-Mercado	Member	34	Filipino	6/3/2013
Mario K. Surio	Member	77	Filipino	1/14/2011
Luis A. Vera Cruz, Jr.	Member	74	Filipino	2/23/2017
Manuel P. Daway	Member	77	Filipino	2/13/2017
Melinda Gonzales-Manto	Independent	72	Filipino	12/22/2016
Winston A. Chan*	Independent	68	Filipino	06/23/2022
Ricardo C. Marquez	Independent	63	Filipino	2/13/2017

Martin S. Villarama, Jr.	Independent	78	Filipino	2/13/2017

*Winston A. Chan passed away on 24 May 2024.

The business experience of each of the directors of the Corporation for the last five (5) years is set out below.

Ramon S. Ang has been the Chairman of the Board of Directors of the Corporation 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 Corporation, San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation and Philippine Diamond Hotel & Resort, Inc. He is Chairman of the Board and Chief Executive Officer of SMC Asia Car Distributors Corp., and concurrently the President of, and Chief Operating Officer of SMC Global Power Holdings Corp. and Far East Holdings, Inc.; Chairman of the Board and President of San Miguel Holdings Corp., , San Miguel Properties, Inc., SEA Refinery Corporation, New NAIA Infra Corp., San Miguel Aerocity Inc., KB Space Holdings, Inc. He is also the Chairman of San Miguel Equity Investments Inc. He holds, among others, the following positions in other publicly listed companies: Chairman and Chief Executive Officer of San Miguel Corporation; President and Chief Executive Officer 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 company publicly listed in Malaysia); and Vice Chairman, President and Chief Executive Officer of San Miguel Food and Beverage, Inc.

He is the Vice Chairman 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. 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 is the President and Chief Executive Officer (CEO) of the Corporation since 2016. He is the Chairman of the Executive Committee. He is the Vice-Chairman, President, and Chief Operating Officer of San Miguel Corporation. He is also the President and Chief Executive Officer of San Miguel Food and Beverage, Inc., South Western Cement Corporation, Solid North Mineral Corporation, and Armstrong Fly-Ash and Logistics Company, Inc., Mr. Ang holds directorships in other listed companies namely, Petron Corporation, and Top Frontier Investments Holdings, Inc. He is the President of San Miguel Equity Investments, Inc. and Northern Cement Corporation. He is also the Vice Chairman and Director of San Miguel Global Power Holdings Corp. since 2021. He is also a director of SMC Slex Inc., Aerofuel Storage Management, Inc., Argonbay Construction Company, Inc., Pacific Nickel Philippines, inc., Philnico Industrial Corporation, KB Space Holdings, Inc., and Buildnet Construction, inc. 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 the Chief Operating Officer of the Corporation since 2016. He is a member of the Executive, Audit and Risk, and Corporate Governance Committees. He is also a director of South Western Cement Corporation, KB Space Holdings, Inc., Solid North Mineral Corp., and Armstrong Fly-Ash and Logistics Company, Inc. 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 (CFO), Treasurer Executive Vice-President for Business Support Group, and the Risk Oversight Officer of the Corporation. . She is a member of the Executive Committee of the Corporation. She is also the Chairperson of Buildnet Construction, Inc. and Director and Treasurer of South Western Cement Corporation, Solid North Mineral Corp., and Armstrong Fly-Ash and Logistics Company, Inc. She is also a director of San Miguel Food and Beverage, Inc.,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 Corporation since 2011. He serves as 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. Mr. Surio is a licensed Chemical Engineer with a Bachelor of Science degree in Chemical Engineering from the University of Santo Tomas-College of Engineering.

Luis A. Vera Cruz, Jr. was first elected as director of the Corporation in 2017. He is currently a member of the Related-Party Transactions and Audit and Risk Committees. Mr. Cruz 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. Mr. Vera Cruz holds a Master of Laws from Cornell University, Bachelor of Laws and BS Business Administration degrees from the University of the Philippines.

Manuel P. Daway has been a director of the Corporation since 2017. He is also responsible for expansion projects of the Company and serves as Adviser of the executive officers. He was previously the 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 Corporation in 2016. She is the Lead Independent Director, Chairperson of the Audit and Risk Committee, and a member of the Corporate Governance and Related-Party Transactions Committees. She is also the Lead Independent Director of Petrogen Insurance Corporation, Director and Vice-President of Linferd & Company, Inc. (a global accounting solutions company), Director and Vice President of ACB Corabern Holdings Corporation, and Independent Director and Chairperson of the Audit Committee of the of Bank of CommerceShe was formerly a partner of SGV & Co., Assurance and Advisory Business Services Division 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 was first elected as an independent director of the Corporation on Fin 2017. He is the chairman of the Corporate Governance and Nomination Committee. He is a director of the Public Safety Mutual Benefit Fund, Inc., San Miguel Pure Foods Company, Inc., and Petron Corporation. He was previously a Chief of the Philippine National Police. He has undergone 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. was first elected as an independent director of the Corporation in 2017. He is also the chairman of the Related-Party Transactions Committee and a member of the Audit and Risk Committee. He is currently a member of the Board of Advisers of San Miguel Brewery Hongkong Ltd., and the Association of Retired Justices of the Supreme Court of the Philippines. He was the 166th member of the Supreme Court and served as a Supreme Court Justice from 2009 to 2016. He obtained his Bachelor of Laws degree from the Manuel L. Quezon University (MLQU) after completing a Bachelor of Science degree in Business Administration from De La Salle University.

Officers

The principal officers of the Company are as follows:

Name	Position	Age	Citizenship	
John Paul L. Ang	President and Chief Executive Officer	44	Filipino	
Manny C. Teng	General Manager and Chief Operating Officer	52	Filipino	
Monica L. Ang-Mercado	Chief Finance Officer and Treasurer, Executive Vice-President for Business Support Group	34	Filipino	
Jens Christian Enemark Lund	Manufacturing Transformation Director	67	Danish	

Manuel P. Daway	Vice President for Operations	77	Filipino	
Marlon P. Javarro	Assistant Corporate Secretary/Related Party Transaction Officer	44	Filipino	
Fabiola B. Villa	Compliance Officer / Data Protection Officer	59	Filipino	
Maria Farah Z. G. Nicolas-Suchianco	Corporate Secretary	54	Filipino	

Jens Christian Enemark Lund is the Corporation'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 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 Corporation since 2019

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

Fabiola B. Villa is the Corporation's Compliance Officer, Data Privacy Officer, and Head of Legal and Compliance. She is the Corporate Secretary of Solid North Mineral Corp. She was previously the Vice-President, Corporate Secretary and Head of Legal and Secretariat of United Overseas Bank Philippines. She was an Associate of Picazo Buyco Tan Fider and Santos Law Offices, and Tan Concepcion and Que Law Offices. She obtained her degrees in Bachelor of Arts and Bachelor of Laws from the University of the Philippines.

Maria Farah Z. G. Nicolas-Suchianco has been the Corporate Secretary of the Corporation since 2010. She is a Founding Partner of Gerodias Suchianco Estrella Law Firm, serving as its Managing Partner from 2016-2021. She is the Vice-Chairman and Treasurer of GSE Managed Solutions, Inc. She is the Chairman and President of Evander Holdings Corporation, Global Titan Leisure Holdings Corp., and Sunspear Holdings, Inc. She is the Treasurer of Countrybreeze Corporation, Escaler Realty Corporation, and Pedalmax Holdings, Inc. She currently serves as a Director and Corporate Secretary of Radio Philippines Network, Inc. She is the Corporate Secretary of numerous corporations, including KB Space Holdings, Inc., South Western Cement Corporation, Buildnet Construction, 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.

Nominees for Election as Members of the Board of Directors

Pursuant to the Corporation'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.

The nomination for election to the Board of Directors was held on 03 June 2024, during the meeting of the Corporate Governance Committee. The nominees for election to the Board of Directors are as follows:

1. Ramon S. Ang
2. John Paul L. Ang
3. Manny C. Teng
4. Monica L. Ang-Mercado
5. Mario K. Surio
6. Manuel P. Daway
7. Luis A. Vera Cruz, Jr.
8. Melinda Gonzales-Manto -Independent Director

9. Ricardo C. Marquez -Independent Director
10. Martin S. Villarama, Jr. -Independent Director
11. Teresita J. Leonardo-De Castro -Independent Director

Independent Directors

The nominees for election as independent directors of the Board of Directors on July 18, 2024 are as follows:

Nominee for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Melinda Gonzales-Manto*	Ramon S. Ang	None
Ricardo C. Marquez*	Ramon S. Ang	None
Martin S. Villarama, Jr.*	Ramon S. Ang	None
Teresita J. Leonardo-De Castro	Ramon S. Ang	None

**Incumbent independent director*

The business experience of the non-incumbent independent director nominee of the Corporation for the last five (5) years is set out below:

Teresita J. Leonardo-De Castro is currently an Independent Director of San Miguel Corporation (since 2020), the Philippine Stock Exchange, Inc. (since 2020), and the Securities Clearing Corporation of the Philippines (since 2020), and Top Frontier Investment Holdings Inc. (since 2019); and a Trustee of the Philippine Stock Exchange Foundation, Inc. (since 2021). She is the President of the UP Sigma Alpha Alumnae Association, Inc. (since 2018); a Member of the Association of Retired Supreme Court Justices (since 2018); a Member of the International Association of Women Judges (since 2018); and Associate Member of the Philippine Women Judges Association (2018 to present). She served as Chief Justice of the Supreme Court of the Philippines (2018), Associate Justice of the Supreme Court of the Philippines (2007-2018), Presiding Justice of the Sandiganbayan (2004-2007), and Associate Justice of the Sandiganbayan (1997-2004). She obtained her Bachelor of Laws degree from the University of the Philippines, College of Law. She has been attending various training and continuing education annually. On November 10, 2023, she attended the corporate governance training conducted by the Center for Global Best Practices.

The above-named nominees for independent directors have certified that they possess all the qualifications and none of the disqualifications provided for in the SRC. The Certifications of the nominees for independent directors and the Corporate Secretary are attached as ***Annexes "A-1", "A-2", "A-3", "A-4",*** and ***"A-5"***.

In approving the nominations for independent directors, the Corporate Governance Committee took into consideration the guidelines and procedures on the nomination of independent directors prescribed in SRC Rule 38 and the Manual for Corporate Governance of the Corporation.

Rule 38.8 of the Implementing Rules and Regulations of the SRC provides that the nominations of independent directors shall be conducted prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholder together with the acceptance and conformity by the would-be nominees.

The Corporate Secretary shall receive the recommendations for independent directors, which shall be properly signed by the nominating stockholder and shall contain the acceptance and conformity of the nominees. The nominations shall be forwarded to the Corporate Governance Committee, which shall pre-screen the qualifications of the nominees and approve the final list of nominees eligible for election. No other nominations shall be entertained after the final list of candidates is prepared.

The final list of nominees for election as independent directors of the Board of Directors on July 18, 2024, as approved by the Corporate Governance Committee, shall be contained in the Definitive Information Statement which shall be made available to stockholders through the Corporation's website.

All the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the law, the Corporation's by-laws, and its Manual for Corporate Governance.

Significant Employees

There are no persons who are not executive officers of the Corporation who are expected by the Corporation to make a significant contribution to the business.

Family Relationships

John Paul L. Ang and Monica L. Ang-Mercado are children of Ramon S. Ang. Manny C. Teng is a nephew of Ramon S. Ang and cousin of John Paul L. Ang and Monica L. Ang-Mercado. Other than that, there are no other family relationships up to the fourth civil degree, either by consanguinity or affinity, among the Corporation's directors, executive officers, or persons nominated or chosen by the Corporation to become its directors or executive officers.

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 Corporation) which are not in the Corporation's ordinary course of business.

The Corporation observes an arm's length policy in its dealings with related parties. Prices are determined by considering all relevant facts and circumstances available, including but not limited to the following:

1. The terms of the transaction, which should be fair and to the best interest of the Corporation and no less favorable than those generally available to non-related parties under the same or similar circumstances;

2. The aggregate value of the related party transaction; and

3. Availability of other sources of comparable products or services.

All of the Corporation's transactions are at arm's length. For further information on transactions with related parties as well as the nature of each, please refer to page 9 of the Corporation's Annual Report (SEC Form 17-A), or Note 18 of the Audited Financial Statements of the Corporation as of December 31, 2023, which is attached in this Information Statement as ***Annex "B"***.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best of the Corporation'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, suspending or limiting involvement in 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 Corporation.

Resignation/Disagreement

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

Compensation of Directors

Article III, Section 10 of the by-laws of the Corporation provides that by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

The aggregate compensation paid or incurred during the last two fiscal years, as well as those estimated to be paid in the ensuing fiscal year, to the Corporation's CEO and senior executive officers are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
CEO and the four (4) most highly compensated officers[1]	2024*	₱35.7 Million	₱12.4 Million	₱3.2 Million	₱51.3 Million
	2023	₱33.4 Million	₱11.6 Million	₱3.0 Million	₱48.0 Million
	2022	₱ 31.0 Million	₱ 8.6 Million	₱6.7 Million	₱46.3 Million
All other officers and Directors as a group unnamed	2024*	₱18.3 Million	₱8.0 Million	₱2.0 Million	₱28.3 Million
	2023	₱17.1 Million	₱7.5 Million	₱1.9 Million	₱26.5 Million
	2022	₱18.4 Million	₱6.2 Million	₱3.8 Million	₱28.4 Million
TOTAL	2024*	₱54.0 Million	₱20.4 Million	₱5.2 Million	₱79.6 Million
	2023	₱50.5 Million	₱19.1 Million	₱4.9 Million	₱74.5 Million
	2022	₱49.4 Million	₱14.8 Million	₱10.5 Million	₱74.7 Million

**Estimates to be updated.*

Each director receives a per diem of Thirty Thousand Pesos (₱30,000.00) per attendance at Board meetings of the Corporation. For the attendance at every Board Committee meeting, the Committee Chairperson receives Fifteen Thousand Pesos (₱15,000.00), while the Committee members received Ten Thousand Pesos (₱10,000.00) each.

There are 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 Corporation's President, named executive officers and all directors and officers as a group.

There were neither employment contracts nor compensatory plans or arrangements between the Corporation and any named executive officer.

Independent Public Accountants

The Corporation's independent public accountant is the accounting firm of Reyes Tacandong and Co. (RTCo.). The same accounting firm will be nominated for reappointment for the current fiscal year at the annual meeting of stockholders. The representatives of the principal accountant have always been present at prior years' meetings and are expected to be present at the current year's annual meeting of stockholders. They may also make a statement and respond to appropriate questions with respect to matters for which their services were engaged.

There have been no disagreements on any accounting financial disclosures. RTCo. has been the Corporation's external auditors since 2015. The current handling partner of RTCo. that has been engaged by the Corporation as of the 2023 fiscal year is Belinda B. Fernando. Since 2022, RTCo. changed the signing partner assigned to the Corporation, in accordance with SRC Rule 68 Part I (3)(B)(iv)(ix), as amended. The re-engagement of any signing partner or individual auditor is further subject to the two-year cooling off period required under the aforementioned provision of SRC Rule 68.

[1] The Chief Executive Officer and senior executive officers of the Corporation for 2022, 2023, and 2024 are John Paul L. Ang, Manny C. Teng, Monica L. Ang-Mercado, Manuel P. Daway, and Jens Christian Enemark Lund.

The members of the Audit and Risk Committee of the Corporation are as follows: (1) Melinda Gonzales-Manto (Chairperson), (2) Martin S. Villarama, Jr., (3) Luis A. Vera Cruz, Jr., (4) Winston A. Chan[2], and (5) Manny C. Teng.

ISSUANCE AND EXCHANGE OF SECURITIES

There were no issuance and exchange securities as of December 31, 2023.

ACTION WITH RESPECT TO REPORTS

The approval of the following will be considered and acted upon at the meeting:

1. Management Report of the Corporation for the year ended December 31, 2023;
2. Minutes of the 2023 Annual Stockholders' Meeting with the following items:

    a. Call to Order
    b. Proof of Notice and Determination of Quorum
    c. Approval and Ratification of the Minutes of the Annual Stockholder's Meeting held on June 23, 2022
    d. Presentation of the Annual Report
    e. Ratification of the Acts of the Board of Directors and Management
    f. Re-appointment of External Auditors
    g. Election of Members of the Board of Directors
    h. Adjournment

3. Ratification of all the acts of the Board of Directors and Officers since the 2023 Annual Stockholders' Meeting.
4. Re-appointment of External Auditor
5. Election of Members of the Board of Directors

The Minutes of the 2023 Annual Stockholders' Meeting is attached in this Information Statement as ***Annex "D",*** and will also be made available for download through the Company's website (https://www.eaglecement.com.ph/governance/disclosures/). Minutes of the 2023 Annual Stockholders' Meeting and resolutions of the Board of Directors since the date of the 2023 Annual Stockholders' Meeting will also be available for examination during office hours at the Office of the Corporate Secretary.

VOTING PROCEDURES

For the election of directors, the eleven (11) nominees with the greatest number of votes will be elected as directors. Shareholders will only cast votes through ballots or proxies submitted on or before July 08, 2024 at 5 PM, in accordance with the Procedure for Attending the Meeting Through Remote Communication set forth in this Information Statement, and approved by the majority of the shareholders present through remote communication or represented at the meeting as the method of voting for any or all of the proposals or matters submitted to a vote at the meeting.

In all proposals or matters for approval except for election of directors, each share of stock entitles its registered owner (who is entitled to vote on such particular matter) to one vote. In case of election of directors, cumulative voting as set out in page 5 *(Election of Directors)* of this Information Statement shall be adopted. Counting of the votes will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the independent auditors and the stock transfer agent of the Corporation.

FINANCIAL AND OTHER INFORMATION

Business Development

For information on Business Development, please refer to ***Annex "B".***

[2] Winston A. Chan was a member of the Audit and Risk Committee until his passing on 24 May 2024.

Brief Description of the General Nature and Business of the Corporation

Eagle Cement Corporation (the “Company” or the “Corporation”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 21, 1995. It is primarily engaged in the business of manufacturing, marketing, sale and distribution of cement products.

The Company was listed on the Philippine Stock Exchange (PSE) in May 2017. In December 2022, San Miguel Equity Investments, Inc. (SMEII) became the owner of 99.9581% of the common shares in the Company by way of share purchase and tender offer of shares. SMEII is a wholly-owned subsidiary of San Miguel Corporation (SMC).

Following SMEII’s acquisition of 99.9581% equity interest in the Company, the latter filed a petition for voluntary delisting of its common shares listed on the main board of the PSE. In January 2023, the PSE approved the delisting of the Company effective end of business on February 28, 2023.

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:

1. South Western Cement Corporation (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. The Company acquired 100% equity interest in SWCC in December 2016. To date, SWCC has not commenced commercial operations.

2. Solid North Mineral Corporation (SNMC) was incorporated in the Philippines on July 19, 1995. It is engaged in the business of mining and quarrying, and is authorized to manufacture and distribute cement products and other minerals. It was acquired by the Company on November 4, 2021

3. Armstrong Flyash and Logistics Company, Inc. (AFALCI) was incorporated in the Philippines on June 2, 2015. It is engaged in the business of manufacturing, processing, sale and distribution of fly-ash, bottom ash, hi-carbon and other by-products. The Company acquired 100% equity interest in AFALCI in December 2022.

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

The Group has never been the subject of a bankruptcy, receivership, or any material pending legal proceedings during the past five (5) years.

Business of Eagle Cement

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 one of the largest players in the Philippine cement industry and has the fastest growing market share amongst all competitors in the industry since it started its commercial operations in 2010.

The competitive strength of the Company 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. 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.

About sixty-three percent (63%) of the country’s total cement demand come from Luzon region. Eagle Cement currently distributes its products in National Capital Region (NCR), Region I (Pangasinan), Region II (Cagayan, Isabela, and Nueva Vizcaya), Region III (Nueva Ecija, Bulacan, Pampanga, Tarlac, Bataan and Zambales), and Region IVA (Cavite, Laguna, Batangas, Occidental Mindoro, Oriental Mindoro and

Quezon). As of 2023, 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 28% in Luzon, based on internal market survey.

SNMC, a subsidiary of the Company, is operating a limestone, shale and pozzolan quarry and 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 raw materials in the Company's cement production and are supplied to power companies.

AFALCI, another subsidiary of the Company, is operating a Flyash Separator Plant that processes waste flyash into product usable for ready mixed concrete and cement production.

Products and Brands

The Company offers Blended (Type 1P/Type 1T) 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/Type 1T) is a 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) 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.

Distribution Methods

Eagle Cement has four (4) distribution centers located in Parañaque in the NCR, Cavite and Batangas in Region IVA and Pangasinan in Region 1. These are complemented by a fleet of more than 500 cargo trucks, trailers, and 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 100 dealers and sub-dealers all over NCR and Region IVA.

Competition

Current Domestic Supply

As of December 2023, the Philippine cement industry has an estimated annual cement capacity of 50 Million MT based on nameplate capacities of integrated cement manufacturing and grinding plants in the country. The top four (4) industry players (Holcim Philippines, Inc., Cemex Holdings Philippines, Inc., Republic Cement and Building Materials, Inc., and Eagle Cement Corp.) account for about 74% of cement domestic production.

In the Luzon region, the top four industry players account for about 66% share of the market. While the Company has 28% share of the Luzon market, it has an estimated market share of 26%, 57% and 31% in NCR, Region 3 and Region 4A, 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.

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.

Imports

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. In March 2023, the Bureau of Customs issued Customs Memorandum Order No. 05-2023 (to implement Department of Trade and industry Administrative Order No. 2-01) imposing definitive anti-dumping measure against importations of ordinary Portland cement (Type 1) and blended cement (Type 1P) to protect the local cement industry.

Sources and availability of raw materials

Raw materials such as limestone, shale and pozzolan are sourced primarily from the Group'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.

The Company also procures gypsum, silica, and other raw materials from local and foreign suppliers.

Customers

Eagle Cement has a diverse customer base and is not dependent on any single customer. No single customer accounts for 20% or more of the total revenues of the Company. For further information on the Company's products, services, and other relevant business conditions, please refer to ***Annex "B"***.

Employees

As of March 31, 2024, the Company employs 612 individuals. None of the employees belong to a union. The Company anticipates to have approximately 649 employees or an additional 37 employees by end of 2024. The breakdown of the employees based on their classifications is as follows:

Type of employee	As of 31 March 2024	As of 31 December 2024 (estimate)
Management Committee	7	6
Managers	26	26
Superintendents/ Heads	37	39
Supervisors	204	214
Rank-and-File	338	364
TOTAL	**612**	**649**

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. The Company also provides other benefits for the increased security of its employees.

PROPERTIES

The Company has three (3) integrated cement lines in its Bulacan Cement Plant, which include 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. It owns the lands on which those facilities and equipment are located. It 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 a grinding and packaging facility in Limay, Bataan.

Its subsidiary, SNMC, owns lands and other equipment, buildings and improvements in San Ildefonso, Bulacan, which include, among others, a Limestone Pulverizing Plant, staff housing units, and a warehouse.

AFALCI owns a Flyash Separator Plant in San Ildefonso, Bulacan. SWCC owns parcels of land in Malabuyoc and Ginatilan, Cebu.

The Company currently rents the following properties, all of which with option to renew:

Property Type	Contract Expiration	Gross Amount (in PhP)
Warehouse 1	30/04/2025	250,000.00
Warehouse 2	21/12/2028	607,359.36
Warehouse 3	14/09/2024	153,820.80
Warehouse 4	31/12/2025	350,865.49
Office Building	31/12/2026	73,296.16
Office Building	14/10/2026	638,408.10

There are no limitations on the usage of the properties listed above, other than the lease term. Acquisitions of material properties in the next twelve (12) months, if any, will be funded by internally generated funds of the Company.

Intellectual Properties

All marks, names and other related intellectual property rights used by the Company are registered in its nae and are valid to date, such as the names/marks “Eagle”, “Eagle Cement”, “Eagle Cement Exceed”, “Eagle Cement Strongcem”, Eagle Cement High sa Tibay”, among others.

Financial Statements

The SEC Form 17-A or the results of the financial position of the Corporation as of December 31, 2023 and the Audited Consolidated Financial Statements of the Corporation as of December 31, 2023, including the Corporation’s Statement of Management’s Responsibility, is attached to this Information Statement as ***Annex “B”*.**

Management’s 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.

RESULTS OF OPERATIONS FOR THREE MONTHS ENDED MARCH 31, 2024 and MARCH 31, 2023

The Group posted consolidated revenues of ₱6.30 billion during the first three months of the year, 10% lower against the ₱7.01 billion during the same period last year primarily due to the significant decline in selling price.

Cost of sales decreased by 9% to ₱4.24 billion from ₱4.67 billion as a result of the improvement of major input cost mainly power and fuel.

Thus, the gross profit dropped by 12% to ₱2.06 billion with no change in gross profit margin at 33%.

Operating expenses (OPEX) decreased by 2% to ₱761.77 million from ₱777.53 million substantially due to lower distribution costs of SNMC.

Finance costs declined by 97% to ₱1.70 million from ₱60.88 million last year due to the full prepayment of the Term Loan Facility and Security Agreement (TLFSA) last May 2023.

Interest income increased by 28% to ₱166.51 million due to higher yield from short-term investments following the interest hike by BSP.

Other income (loss) decreased by 103% to (₱1.47) million, as a result of the redemption of the ₱4.00 billion SMC perpetual shares.

The income tax provision decreased by 17% to ₱247.24 million from ₱297.95 million as a result of lower taxable income this period as against the same period last year.

Net income after tax (NIAT) dropped by 12% to ₱1.21 billion from ₱1.37 billion last year. This translated to earnings per share (EPS) of ₱0.24, lower than last year's ₱0.27 by 11%.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) consequently decreased by 14% to ₱1.68 billion from ₱1.96 billion, EBITDA margin registered at 21%.

The table below summarizes the unaudited interim consolidated results of operations of the Group for the three months ended March 31, 2024 and 2023.

	For the Three Months Ended March 31 *(in Millions of Philippine Pesos, except percentages)*			
	2024	**2023**	**Change**	**% of Change**
Net Sales	6,298	7,006	(708)	-10%
Cost of Goods Sold	4,240	4,672	(432)	-9%
Gross Profit	2,058	2,334	(276)	-12%
Operating Expenses	762	777	(15)	-2%
Income from Operations	1,296	1,557	(261)	-17%
Finance costs	2	61	59	-97%
Interest Income	167	130	37	28%
Other income (loss) – net	(1)	42	(43)	-103%
Income Before Income Tax	1,460	1,668	(208)	-13%
Income Tax Expense	247	298	(51)	-17%
Net Income	1,213	1,370	(157)	-12%

Calculation of EBITDA

	For the three months ended	
	March 31, 2024	**March 31, 2023**
Net income	₱1,213	₱1,370
Add:		
Income tax expense	247	298
Depreciation and amortization	366	360
Finance costs	2	61
Foreign exchange losses (net)	14	–
Less:		
Interest income	167	130
EBITDA	₱1,675	₱1,959

FINANCIAL CONDITION

Comparative balances for March 31, 2024 and December 31, 2023

The financial position of the Company for the period ended March 31, 2024 remains stable with total assets increasing by 3% to ₱51.62 billion from ₱50.12 billion as at end of 2023.

Current assets increased by 9% to ₱18.67 billion.

Cash and cash equivalents increased by 16% to ₱12.42 billion mainly due to higher cash generated from operations and ₱500.00 million maturity of investment in bonds.

Noncurrent assets slightly dropped to ₱32.95 billion from ₱33.04 billion as at end of 2023 mainly because of depreciation of property, plant and equipment.

Current liabilities is up by 27% to ₱6.12 billion largely attributable to the ₱1.00 billion dividends payable to common shareholders.

Noncurrent liabilities is the same as end-2023 level of ₱1.65 billion.

Total liabilities stood at ₱7.77 billion, 20% higher than the ₱6.49 billion registered last year.

After accounting for net income, cash dividends declaration and other equity reserves, consolidated stockholders' equity increased by 0.5% to ₱43.85 billion.

The Company's debt-to-equity ratio registered at 0.18x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.05x while return on equity ended at 3%.

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2024	December 31, 2023	Increase/ (Decrease)	Percentage of Change
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	18,672	17,087	1,585	9%
Noncurrent Assets	32,949	33,037	(88)	-0%
Total Assets	**51,621**	**50,124**	**1,497**	**3%**
Current Liabilities	6,123	4,833	1,290	27%
Noncurrent Liabilities	1,649	1,654	(5)	-0%
Total Liabilities	**7,772**	**6,487**	1,285	20%
Equity	**43,849**	**43,637**	212	0%
Total Liabilities and Equity	**51,621**	**50,124**	**1,497**	**3%**

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	Definition	2024	2023
Current/liquidity ratio*	$\frac{\text{Current assets}}{\text{Current liabilities}}$	3.05	3.54

Financial KPI	Definition	2024	2023
Solvency ratio**	$\dfrac{\text{Net income before depreciation}}{\text{Total liabilities}}$	0.20	0.17
Debt-to-equity ratio*	$\dfrac{\text{Total liabilities}}{\text{Total equity}}$	0.18	0.15
Asset-to-equity ratio*	$\dfrac{\text{Total assets}}{\text{Total equity}}$	1.18	1.15
Return on asset ratio**	$\dfrac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	0.02	0.03
Return on equity ratio**	$\dfrac{\text{Net income}}{\text{Average total equity}}$	0.03	0.03

**Comparative balance for 2023 is as at December 31, 2023.*
***Comparative balance for 2023 is as at and for the three months ended March 31, 2023.*

The SEC Form 17-Q or the quarterly report of the Corporation as at and for the period ended March 31, 2024 is attached to this Information Statement as ***Annex "C".***

Capital Expenditure

The total capital expenditure of the Company for the three months ended March 31, 2024 amounted to ₱174.52 million. Of that amount, 83% was spent for plant building, machinery and equipment, 16% was accounted for land, while the remaining 1% was spent for transportation equipment, furniture, fixtures and office equipment.

Liquidity and Capital Resources

Cash Flows
The primary sources and uses of cash of the Group for the three months ended March 31, 2024 and 2023 are summarized below.

	For the three months ended March 31,	
	2024	2023
	(in Millions of Philippine Pesos)	
Net cash provided by operating activities	**₱1,481**	₱1,610
Net cash provided by (used in) investing activities	**196**	(310)
Net cash used in financing activities	**(4)**	(374)
Net increase (decrease) in cash and cash equivalents	**1,673**	926
Effects of exchange rate changes	**2**	(2)
Cash and cash equivalents at beginning of period	**10,747**	9,547
Cash and cash equivalents at end of period	**₱12,422**	₱10,471

Cash Flows From Operating Activities
Internal cash generation from operations this period amounted to ₱1.48 billion. This was primarily the result of net income before taxes of ₱1.46 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱366.74 million and interest received of ₱158.69 million.

Cash Flow From Investing Activities
Cash generated from investing activities amounted to ₱196.21 million. This was mainly received from the maturity of ₱500.00 million investment in bond partially negated by the amount spent on the acquisition of property, plant and equipment and intangible assets.

Cash Flow From Financing Activities

Cash utilized for financing activities totaled ₱4.04 million.

Consolidated ending cash closed at ₱12.42 billion, 19% increase from beginning balance of ₱10.47 billion.

RESULTS OF OPERATIONS (2023 VS. 2022)

The Group posted a full-year consolidated revenues of ₱25.44 billion, 4% lower against the ₱26.38 billion in previous year primarily due to the lower sales volume and decline in selling price.

Cost of sales decreased by 9% to ₱16.55 billion from ₱18.14 billion as a result of the lower sales volume and together with the improvement of major input cost mainly fuel and power.

Thus, the gross profit grew by 8% to ₱8.89 billion showing an upswing on gross profit margin from 31% last year to 35%.

OPEX increased by 8% to ₱3.05 billion from ₱2.83 billion. Cement segment's OPEX increased by 11% to ₱2.88 billion from ₱2.60 billion substantially due to increase in advertising, and distribution costs.

Finance costs was reduced by 31% to ₱202.89 million from ₱293.06 million last year due to the full prepayment of TLFSA last May 2023 incurring ₱97.87 million of pre-termination fees.

Interest income increased by 137% to ₱648.40 million due to higher yield from short-term investments following the interest hike by BSP.

Other income (loss) decreased by 193% to (₱897.07) million, as a result of the disposal of assets and liabilities held for sale.

The income tax provision increased by 9% to ₱1.07 billion from ₱983.91 million due to the lapse of the ITH with the BOI last April 2022.

NIAT dropped by 20% to ₱4.32 billion from ₱5.38 billion last year. This translated to EPS of ₱0.86, lower than last year's ₱1.08 by 20%.

For the fourth quarter alone, the Group reported net sales of ₱5.78 billion, 8% behind relative to the same quarter in the prior year. Gross profit is up by 22% to ₱1.88 billion while EBITDA and NIAT dropped by 13% to ₱1.47 billion and 14% to ₱995.68 million respectively.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2023 and 2022.

	For the Year Ended December 31 *(in Millions of Philippine Pesos, except percentages)*			
	2023	**2022 – as restated**	**Change**	**% of Change**
Net Sales	25,443	26,384	(941)	-4%
Cost of Goods Sold	16,554	18,138	(1,584)	-9%
Gross Profit	8,889	8,247	642	8%
Operating Expenses	3,046	2,832	214	8%
Income from Operations	5,843	5,415	428	8%
Finance costs	203	293	(90)	-31%
Interest Income	648	273	375	137%
Other income (loss) – net	(897)	967	(1,864)	-193%
Income Before Income Tax	5,391	6,362	(971)	-15%
Income Tax Expense	1,069	984	85	9%
Net Income	4,322	5,378	(1,056)	-20%

Calculation of EBITDA

	For the year ended	
	December 31, 2023	**December 31, 2022**
Net income	₱4,322	₱5,378
Add:		
Income tax expense	1,069	984
Depreciation and amortization	1,474	1,332
Finance costs	203	293
Less:		
Interest income	648	273
EBITDA	₱6,420	₱7,714

FINANCIAL CONDITION

Comparative balances as of December 31, 2023 and December 31, 2022

The financial position of the Company for the year ended December 31, 2023 remains stable even with total assets declining by 9% to ₱50.12 billion from ₱55.29 billion as at end of 2022.

Current assets declined by 22% to ₱17.09 billion primarily due to the disposal of asset held for sale. Cash and cash equivalents increased by 13% to ₱10.75 billion mainly due to higher cash generated from operations and ₱4.00 billion proceeds from redemption of perpetual shares negated by ₱5.60 billion dividend payments and full prepayment of the TLFSA.

Non-current assets slightly dropped by 1% to ₱33.04 billion mainly because of depreciation of property, plant and equipment.

Current liabilities and non-current liabilities bumped by 17% to ₱4.83 billion and 64% to ₱1.65 billion, respectively, mainly due to the full prepayment of the TLFSA.

Total liabilities stood at ₱6.49 billion, significantly decreased by 37% from ₱10.35 billion registered last year.

After accounting for net income, cash dividends payments and other equity reserves, consolidated stockholders' equity decreased by 3% to ₱43.64 billion.

The Company's debt-to-equity ratio registered at 0.15x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.54x while return on equity ended at 10%.

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31			
	2023	**2022 – as restated**	**Increase/ (Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	17,087	22,029	(4,942)	-22%
Noncurrent Assets	33,037	33,262	(225)	-1%
Total Assets	**50,124**	**55,291**	**(5,167)**	**-9%**
Current Liabilities	4,833	5,817	(984)	-17%
Noncurrent Liabilities	1,654	4,536	(2,882)	-64%
Total Liabilities	**6,487**	**10,353**	(3,866)	-37%

Equity	**43,637**	**44,938**	(1,301)	-3%
Total Liabilities and Equity	**50,124**	**55,291**	**(5,167)**	**-9%**

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	2023	2022	2021
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	**3.54**	3.79	3.61
Solvency ratio	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	**0.89**	0.65	0.65
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.15**	0.23	0.26
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.15**	1.23	1.26
Return on asset ratio	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	**0.09**	0.10	0.12
Return on equity ratio	$\frac{\text{Net income}}{\text{Average total equity}}$	**0.10**	0.12	0.15

Capital Expenditure

The total capital expenditure of the Company in 2023 amounted to ₱1.2 billion. Of that amount, 91% was spent for plant machinery and equipment, while the remaining 9% was accounted for land, building and improvement, transportation equipment, furniture, fixtures and office equipment.

Liquidity and Capital Resources

Cash Flows

The primary sources and uses of cash of the Group for calendar years 2023, 2022 and 2021 were as follows:

	For the years ended December 31		
	2023	**2022**	**2021**
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	7,240	5,864	8,783
Cash flows provided by (used in) investing activities	3,929	(2,366)	(3,886)
Cash flows used in financing activities	(9,954)	(5,497)	(4,719)
Net effect of exchange rate changes on cash and cash equivalents	(15)	19	
Net increase (decrease) in cash and cash equivalents	1,200	(1,980)	179
Cash and cash equivalents at beginning of year	9,547	11,645	11,466

Cash and cash equivalents at end of year	10,747	9,547	11,645

Cash Flows From Operating Activities
Internal cash generation from operations this year amounted to ₱7.24 billion. This was primarily the result of net income before taxes of ₱5.39 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.47 billion, finance costs of ₱202.89 million, income taxes paid of ₱693.63 million and interest received of ₱585.90 million.

Cash Flow From Investing Activities
Cash generated from investing activities amounted to ₱3.93 billion. This was mainly received from the redemption of perpetual shares of ₱4.00 billion, maturity of ₱500.00 million long-term placements, proceeds from disposal of asset held for sale of ₱418.39 million, and cash dividends of ₱136.80 million, partially negated by the amount spent on the acquisition of property, plant and equipment and intangible assets.

Cash Flow From Financing Activities
Cash utilized for financing activities totaled ₱9.95 billion. This mainly comprised of cash dividend payments of ₱5.60 billion and full prepayment of TLFSA of ₱4.26 billion.

Consolidated ending cash closed at ₱10.75 billion, 13% increase from beginning balance of ₱9.55 billion.

RESULTS OF OPERATIONS (2022 VS. 2021)

The Group posted a full-year consolidated revenues of ₱26.38 billion, 23% better against the ₱21.40 billion in previous year. Cement operation generated ₱25.78 billion revenue, 21% increase over prior year's ₱21.30 billion, coming from higher sales volume and better selling price.

Cost of sales increased by 46% to ₱18.14 billion from ₱12.42 billion last year mainly due to higher volume sold combined with higher prices of power and fuel as a result of spike in energy global price following the escalated tension in Europe that caused global supply imbalance.

Thus, the gross profit dipped by 8% to ₱8.25 billion showing a downswing on gross profit margin from 42% last year to 31%.

OPEX increased by 22% to ₱2.83 billion from ₱2.32 billion. Cement segment's OPEX increased by 13% to ₱2.60 billion from ₱2.29 billion substantially due to increase in freight and trucking, advertising and warehousing driven by growth in sales volume and the inflationary effect of soaring fuel price. Meanwhile, other business OPEX, comprised mostly of delivery expenses, amounted to ₱238.52 million.

Finance costs was reduced by 19% to ₱293.06 million from ₱360.33 million last year due to continuous repayment of TLFSA. To note, interest-bearing loans declined by 23% to ₱4.04 billion from ₱5.24 billion last year.

Interest income increased by 28% to ₱273.27 million due to higher yield from short-term investments following the interest hike by BSP.

Other income increased by 201% to ₱967.38 million from ₱320.80 million in the previous year, as a result of the ₱701.25 million gain on fair value remeasurement related to the acquisition of AFALCI.

The income tax provision increased by 22% to ₱983.91 million from ₱804.31 million due to the lapse of the BOI ITH incentive last April 2022.

NIAT dropped by 11% to ₱5.38 billion from ₱6.03 billion last year. This translated to EPS of ₱1.08, lower than last year's ₱1.21 by 11%.

For the fourth quarter alone, the Group reported net sales of ₱6.31 billion, 22% ahead relative to the same quarter in the prior year. Gross profit contracted by 9% to ₱1.53 billion while EBITDA and NIAT increased by 15% to ₱1.69 billion and 21% to ₱1.16 billion respectively.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2022 and 2021.

	For the Year Ended December 31 *(in Millions of Philippine Pesos, except percentages)*			
	2022 – as restated	**2021**	**Change**	**% of Change**
Net Sales	26,384	21,397	4,987	23%
Cost of Goods Sold	18,138	12,423	5,715	46%
Gross Profit	8,247	8,974	(727)	-8%
Operating Expenses	2,832	2,318	514	22%
Income from Operations	5,415	6,656	(1,241)	-19%
Finance costs	293	360	(67)	-19%
Interest Income	273	213	60	28%
Other income (loss) – net	967	321	646	201%
Income Before Income Tax	6,362	6,830	(468)	-7%
Income Tax Expense	984	804	180	22%
Net Income	5,378	6,026	(648)	-11%

Calculation of EBITDA

	For the year ended	
	December 31, 2022	**December 31, 2021**
Net income	₱5,378	₱6,026
Add:		
Income tax expense	984	804
Depreciation and amortization	1,332	1,166
Finance costs	293	360
Less:		
Interest income	273	213
EBITDA (in millions)	₱7,714	₱8,143

FINANCIAL CONDITION

The financial position of the Company for the year ended December 31, 2022 remains solid and stable, with total assets growing by 4% to ₱55.29 billion from ₱53.23 billion as at end of 2021.

Current assets grew by 8% to ₱22.03 billion primarily due to the reclassification of Investment Properties to Assets held for Sale as a result of the board approval to sell KB Space Holdings, Inc. Cash and cash equivalents decrease by 18% to ₱9.55 billion mainly due to lower cash generated from operations and higher cash dividend payment.

Non-current assets slightly declined by 1% to ₱33.26 as the reclassification of Investment Properties to current assets mentioned above were offset by additional expenditures on Capital Assets.

Current liabilities slightly bumped by 3% to ₱5.82 billion mainly due to the timing of settlement of trade and other payables.

Non-current liabilities decreased by 16% to ₱4.54 billion primarily due to principal repayment of the long-term debt related to TLFSA.

Total liabilities stood at ₱10.53 billion, slightly decreased by 6% from ₱11.03 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 6% to ₱44.94 billion.

The Company remains compliant with its loan covenants, with debt-to-equity ratio registering at 0.23x while financial debt to equity ratio stood at 0.09x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.79x while return on equity ended at 11%.

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31			
	2022 – as restated	**2021**	**Increase/ (Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	22,029	20,394	1,635	8%
Noncurrent Assets	33,262	32,840	422	1%
Total Assets	**55,291**	**53,234**	**2,057**	**4%**
Current Liabilities	5,817	5,655	162	3%
Noncurrent Liabilities	4,536	5,375	(839)	-16%
Total Liabilities	**10,353**	**11,030**	(677)	-6%
Equity	**44,938**	**42,204**	2,734	6%
Total Liabilities and Equity	**55,291**	**53,234**	**2,057**	**4%**

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	2022	2021	2020
Current/liquidity ratio	Current assets / Current liabilities	**3.79**	**3.61**	4.14
Solvency ratio	Net income before depreciation / Total liabilities	**0.65**	**0.65**	0.41
Debt-to-equity ratio	Total liabilities / Total equity	**0.23**	**0.26**	0.28
Asset-to-equity ratio	Total assets / Total equity	**1.23**	**1.26**	1.28
Return on asset ratio	Net income before interest expense after tax / Average total assets	**0.10**	**0.12**	0.08
Return on equity ratio	Net income / Average total equity	**0.12**	**0.15**	0.09

Capital Expenditure

The total capital expenditure of the Company in 2022 amounted to ₱1.50 billion. Of that amount, 93% was spent for plant machinery and equipment, while the remaining 7% was accounted for land, building and improvement, transportation equipment, furniture, fixtures and office equipment.

Liquidity and Capital Resources

Cash Flows
The primary sources and uses of cash of the Group for calendar years 2022, 2021 and 2020 were as follows:

	For the years ended December 31		
	2022	2021	2020
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	5,864	8,783	4,919
Cash flows used in investing activities	(2,366)	(3,886)	(5,773)
Cash flows used in financing activities	(5,497)	(4,719)	(4,602)
Net effect of exchange rate changes on cash and cash equivalents	19		(16)
Net increase (decrease) in cash and cash equivalents	(1,980)	179	5,456
Cash and cash equivalents at beginning of year	11,645	11,466	16,938
Cash and cash equivalents at end of year	9,547	11,645	11,466

Cash Flows From Operating Activities
Internal cash generation from operations this year amounted to ₱5.86 billion. This was primarily the result of net income before taxes of ₱5.66 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.33 billion, finance costs of ₱273.27 million, income taxes paid of ₱974.10 million and interest received of ₱261.01 million.

Cash Flow From Investing Activities
Cash utilized for investing activities amounted to ₱2.37 billion. This was mainly spent for the purchase of SNMC shares of ₱420.08 million, capital expenditures of ₱1.24 billion, deposits on asset purchase amounting to ₱171.63 million and ₱250.00 million additional investment in bonds, partially negated by cash dividends received and ₱208.46 million and ₱56.32 million respectively.

Cash Flow From Financing Activities
Meanwhile, cash utilized for financing activities totaled ₱5.50 billion. This mainly comprised of cash dividend payment of ₱4.00 billion and TLFSA debt servicing of ₱1.48 billion.

After substantial cash requirement for the purchase of subsidiary of ₱420.08 million, capex of ₱1.24 billion and cash dividend payment of ₱4.04 billion, the remaining cash decrease by ₱2.00 billion.

Consolidated ending cash closed at ₱9.55 billion, 18% decrease from beginning balance of ₱11.65 billion.

Restatement of Accounts

In August 2022, the Company converted its investment in AFALCI's preferred shares to common shares amounting to ₱75.0 million. Further, in December 2022, the Company acquired the remaining common shares from the individual shareholders for a consideration of ₱508.0 million. The acquisition is a strategic move by the Group to ensure sustainable supply of raw materials for its operations. As at December 31, 2022, the fair values of net identifiable assets acquired and the consideration are based on a provisional assessment pending the completion of an independent valuation. The independent valuation had not yet been completed by the date the 2022 financial statements were approved for issuance by the BOD.

In 2023, the independent valuation was completed and the acquisition date fair value of the consideration was ₱1.29 billion. The increase in the acquisition date fair value of the consideration amounting to ₱701.3 million, mainly arising from the fair valuation of common shares acquired through conversion of previously-held preferred shares in AFALCI, was recognized as a gain on remeasurement of previously-held equity interest in AFALCI in the consolidated statements of comprehensive income. As a result, there was a corresponding increase in goodwill of the same amount, for a total goodwill of ₱927.4 million arising on the acquisition of AFALCI. The 2022 comparative information was restated to reflect the adjustment to the provisional amounts.

The excess of consideration over the fair value amounting to ₱927.4 million represents goodwill, which is the fair value of the expected synergies arising from the acquisition of the business.

The assets and liabilities of AFALCI as at December 31, 2022 were included in the Group's 2022 consolidated financial statements

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the Corporation's 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:

	2023	2022	2021
Audit and other audit related fees	**₱3,800,000**	₱4,780,000	₱3,850,000
Tax fees	**360,000**	360,000	2,104,796
Others	-	-	335,000

Prior to the commencement of the audit, the Audit and Risk Committee evaluates the annual audit plan and discusses with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. The Audit and Risk Committee evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The appointment, reappointment, removal, and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders, in accordance with the Manual of Corporate Governance and in the Audit and Risk Committee Charter.

Governmental Approval of Principal Products or Services

The Corporation holds various permits and licenses for its business operations, which include but are not limited to, the following:

1. Business Permits
2. Trademark License
3. Import License
4. Product license for type-1 portland cement
5. Product license for type-1P blended cement

LEGAL PROCEEDINGS

The Company is a plaintiff in one civil case for Fraud, instituted on 17 June 2011, and pending before the Regional Trial Court of Mandaluyong, Branch 211. It sought to enjoin defendants Exclusive Precinct Int. (M) Sdn Bhd, PT Hasta Yasa Semsta, an Indonesian entity, QY Asia Marketing & Services Sdn Bhd, a Malaysian entity, and Malayan Bank Berhad , from claiming under a Letter of Credit in the amount of Nine Hundred Four Thousand US Dollars (US$904,000.00), and defendant Bank of Commerce from releasing payment under the said Letter of Credit.

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

As of December 31, 2023, the trial of the case is continuously being held.

Effect of Existing or Probable Governmental Regulations on the Business

The business and operations of the Corporation are subject to a number of health, safety, security and environmental laws, rules and regulations governing the cement industry in the Philippines. These laws and regulations impose requirements relating to raw materials sourcing, cement manufacturing, and other aspects of the business of the Corporation. The Corporation is also subject to extensive regulation by the Securities and Exchange Commission, Department of Environment and Natural Resources, Department of Energy, and local government units.

Environmental Laws

Under the Philippine Environmental Impact Statement System (P.D. 1586), raw material sourcing and cement manufacturing are considered environmentally critical activities for which an Environmental Impact Study and an Environmental Compliance Certificate (ECC) are mandatory. A Certificate of Compliance from the Energy Regulatory Commission to operate facilities used in the generation of electricity (including self-generation facilities) is required considering that the generation of electricity is done in the course of cement manufacturing. In addition, Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (R.A. No. 6969), Philippine Clean Water Act of 2004 (R.A. No. 9275), and Philippine Clean Air Act of 1999 (R.A. No. 8749) are likewise applicable to the operations of the Corporation. The Extended Producer Responsibility Act of 2022 (R.A. No. 11898) institutionalizing the extended responsibility on plastic packaging also applies to the Corporation.

Environmental laws and regulations in the Philippines have become increasingly stringent and it is possible that these laws and regulations will become significantly more stringent in the future. The adoption of new laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require additional capital expenditures or the incurrence of additional operating expenses in order to comply with such laws and to maintain current operations as well as all costs related to f implementation of the same.

Taxation Laws

Pursuant Republic Act No. 8424, or the Tax Reform Act of 1997, as amended (the “Tax Code”), an entity doing business in the Philippines must register with the appropriate revenue district office of the Bureau of Internal Revenue (“BIR”) having jurisdiction over the principal place of business of the Philippine entity on or before the commencement of business. A person maintaining a head office, branch or facility shall register with the revenue district office having jurisdiction over the head office, branch or facility.

Every person or entity required to register with the BIR shall register each type of internal revenue tax applicable to it and for which it shall be obligated to file a return and pay the taxes, as appropriate. The entity doing business in the Philippines is required to report, file appropriate tax returns and pay the proper amount of tax (in accordance with the Tax Code and its implementing rules, regulations and circulars) for all of its taxable transactions in the course of its operations in the Philippines.

Due to the passage of Republic Act No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Act”, and signed by President Duterte on March 26, 2021, the Company is now subject to a reduced income tax rate of 25%, effective July 01, 2020. CREATE is the second package of the CTRP, and is is expected to have a greater impact on the business of the Corporation as it covers provisions affecting corporate income tax rates and modernizes fiscal incentives to investors.

Health and Safety

The Occupational Health and Safety Standards promulgated by the Department of Labor and Employment provides for the standards applicable to all places of employment to protect employees against the dangers of injury, sickness or death through safe and healthful working conditions. These standards provide for the training of personnel and employees in occupational health and safety, establishment of a health and safety committee, requirement of notification and record-keeping of accidents and/or occupational illnesses, required health and safety standards in the premises of the establishment, occupational health and environmental control, requirement of personal protective equipment and devices, rules for handling hazardous materials, gas and electric welding and cutting operations, hazardous work processes, explosives and general handling of materials and storage, electricity safety, construction safety, fire protection and control and occupational health services.

Labor Related Laws

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 ("R.A. No. 8282"), the National Health Insurance Act of 1995 ("R.A. No. 7875"), as amended, and the Home Development Mutual Fund Law of 2009 ("R.A. No. 9679").

Local Laws

A Mayor's Permit (local business permit) from the local government unit having jurisdiction over the area where an entity is operating is required to be secured before doing business in the respective city or municipality. A Mayor's Permit is issued only after compliance with certain local government requirements, including, but not limited to, obtaining the Sanitary Permit, Certificate of Electrical Inspection, Fire Safety Inspection, Locational Clearance, Barangay Business Clearance and payment of the required fees. These ancillary permits are valid for one year and must be renewed before the Mayor's Permit is issued. Failure to obtain a mayor's permit may expose an entity to fines and penalties, and even suspension or closure of its business.

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 ₱39.94 million, ₱233.9 million, and ₱116.08 million in 2023, 2022 and 2021, representing 0.2%, 0.9%, and 0.5% of total net sales, respectively.

Major Risks Involved

Risk Management Framework and Process

The Company follows an enterprise-wide risk management framework for identifying, mapping and addressing the risk factors that affect or may affect its businesses.

The Company's risk management process is a bottom-up approach, with each department mandated to conduct regular assessment of its risk profile and formulate action plans for managing identified risks.

The Internal Audit Department is tasked with the implementation of a risk-based auditing.

Major Risks

The Company classifies a risk as a major risk if it assesses the risk event to both have a relatively high probability of occurring and a substantial adverse impact on the Company if the risk would occur. The major risks that the Company managed were the following:

Exposure to foreign exchange risks arises from US dollar-denominated purchases, principally of coal and other raw materials, spare parts, machineries and equipment.

The risk of substantial disruptions in the Company's operations caused by accidents, process or machinery failure, human error or adverse events outside of human control. This risk could also include delays in the implementation of capital expansion activities. These disruptions may result in injury or loss of life, as well as financial losses should these disruptions lead to product run-outs, facility shutdown, equipment repair or replacement, insurance cost escalation and/or unplanned inventory build-up.

Regulatory risk, arising from changes in national and local government policies and regulations that may result in substantial financial and other costs for the Company, either directly or indirectly.

Except as covered by the above-mentioned specific risks, the Company has determined that none of the risk factors faced by any of its subsidiaries would be a major risk. These risk factors either have a low probability of occurring or have an insignificant potential impact. Thus, while subsidiary-specific risks were considered in the risk management process, these are considered relatively minor.

Management of Major Risks

Foreign exchange risk

The Company hedges its dollar-denominated liabilities using forwards and other derivative instruments. It avoids the creation of risk from derivative speculation by limiting the use of derivative instruments up to 50% of the value of the underlying dollar-denominated liabilities net of dollar-denominated assets.

Dollar-denominated assets and liabilities and the resulting potential foreign exchange losses are recorded on a daily basis through an enterprise resource planning software that monitors financial transactions. This allows real-time awareness and response to contain losses posed by foreign exchange exposure.

Risk of operational disruptions

The Company has a corporate-wide health, safety and environment program that likewise addresses the risk of operational disruptions.

Regulatory risk

The Company maintains strong lines of communication with its various counterparties in government and in the public arena, in both local and national levels. The Company uses these lines of communication to identify potential risk factors and respond to these in a proactive manner.

The Company remains compliant with the various environmental standards set by the government.

Market Price of and Dividends on the Company's Common Equity and Related Stockholder Matters

The delisting of the Company's 5,000,000,005 common shares was approved by the PSE and became effective as of close of business on 28 February 2023.

Stock Prices	High	Low
Listing Date 29 May 2017	₱16.12	₱15.20
2nd Quarter of 2017	₱16.60	₱15.40
3rd Quarter of 2017	₱16.00	₱14.76
4th Quarter of 2017	₱15.18	₱14.10
1st Quarter of 2018	₱15.72	₱13.90
2nd Quarter of 2018	₱16.30	₱14.20
3rd Quarter of 2018	₱16.24	₱15.12
4th Quarter of 2018	₱15.66	₱14.62
1st Quarter of 2019	₱16.38	₱15.00
2nd Quarter of 2019	₱16.22	₱15.60
3rd Quarter of 2019	₱15.84	₱14.00
4th Quarter of 2019	₱15.60	₱14.06
1st Quarter of 2020	₱14.78	₱5.90
2nd Quarter of 2020	₱10.88	₱7.35
3rd Quarter of 2020	₱14.60	₱9.79
4th Quarter of 2020	₱16.10	₱14.40
1st Quarter of 2021	₱14.50	₱10.44
2nd Quarter of 2021	₱15.30	₱10.60
3rd Quarter of 2021	₱15.70	₱14.00
4th Quarter of 2021	₱15.26	₱13.66
1st Quarter of 2022	₱14.88	₱12.70

The approximate number of registered shareholders as of March 31, 2024 is 47. The Company is currently in the process of ascertaining the remaining number of beneficial shareholders.

Top Twenty (20) Stockholders (Common)*

	Name of Stockholder	No. of Shares	Percentage of ownership
1	San Miguel Equity Investments Inc.	4,997,903,671	99.96%
2	PCD Nominee Corp – Non-Filipino	1,075,200	0.02%
3	PCD Nominee Corp - Filipino	771,304	0.01%
4	Pete Erwin B. Lim	100,800	0.00%

	Name of Stockholder	No. of Shares	Percentage of ownership
5	Raul S. Hernandez	35,000	0.00%
6	Mariano R. Lacambacal Jr.	27,000	0.00%
7	Renato O. Chiu	20,000	0.00%
8	Katherine G. Mahawan	15,400	0.00%
9	Shirley Go Tan or Joseph Allen Sy Suan Tan	10,000	0.00%
10	Daniel M. Isla	6,600	0.00%
11	Vicente L. Rabo and/or Vlamir S. Rabo	6,500	0.00%
12	Jupiter R. Junio	4,700	0.00%
13	Jonathan P. Geminiano	4,200	0.00%
14	Anita Q. Estioko	3,300	0.00%
15	Manolette S. Cruz	3,000	0.00%
16	Jonathan J. Cordova	2,100	0.00%
17	Renato D. Munez	2,000	0.00%
18	Lolita Siao-Ignacio	1,600	0.00%
19	Romeo A. Dela Victoria	1,500	0.00%
20	Rhea G. Arguelles	1,500	0.00%
TOTAL		**4,999,995,375**	**99.99%**

Other than the foregoing, there are no securities being sold by the Corporation which were not registered in accordance with the Securities Regulation Code.

Dividend Declaration – Common Shares

On April 07, 2021, the Board of Directors approved the amendment of the existing Dividend Policy of the Company, increasing the amount of dividend that may be declared by the Board from 50% to up to 100% of the audited net income of the previous year.

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

Date of Declaration	Class of Shares	Rate per share (₱)	Total Amount (₱)	Record Date
May 12, 2022	Common	0.40	2,000,000,002.00	May 26, 2022
August 04, 2022	Common	0.40	2,000,000,002.00	August 18, 2022
July 19, 2023	Common	0.56	2,800,000,002.80	August 2, 2023
November 14, 2023	Common	0.56	2,800,000,002.80	December 11, 2023

Compliance with Best Practices on Corporate Governance

The evaluation by the Company to measure and determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance (“Manual”) is vested by the Board of Directors on the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual. The Compliance Officer has certified that the Company has substantially adopted the provisions of the Manual. Pursuant to its commitment to good governance and business practice, the Company continues to review and strengthen its policies and procedures, giving due consideration to developments in corporate governance which it determines to be in the best interests of the Company and its stockholders.

The Board of Directors, Committees and Management of the Company are committed to the principles of transparency, accountability, fairness and integrity in directing and running the Company. To this end, the Board adopted and approved the ECC Manual on Corporate Governance on 13 February 2017 following practices, programs and policies on good corporate governance. The Board and the Management regularly adopt and/or update company policies and practices to comply with the relevant rules and regulations of the SEC and other regulatory bodies, and to align with the recommendations and principles under the ASEAN Corporate Governance Scorecard. The Integrated-Annual Corporate Governance Report of the Company for the year 2022 was filed on May 30, 2023. In accordance with SEC Memorandum Circular No. 24, Series of 2019 and SEC Memorandum Circular No. 19, Series of 2020, the Annual Corporate Governance Report (ACGR) of the Company for 2023 shall be filed on or before 30 June 2024.

The directors' attendance in meetings of the Board Committees and the Board of Directors in 2023 are set out in the attached ***Annex "E"***.

Annual Continuing Training for Directors

To ensure that the Company is headed by competent working board and management, the Board of Directors and key officers of the Company participated in Corporate Governance Training conducted by either the Center for Global Best Practices, Ateneo De Manila University Center for Continuing Education, or SGV & Co., SEC-accredited Corporate Governance training providers.

Corporate Governance Performance Assessments

In compliance with the Code of Corporate Governance for Public Companies and Registered Issuers and the Annual Corporate Governance Report, the Company, through the Office of Compliance Officer, conducted the annual self-assessment of the performance and the effectiveness of the Board, the committees and the key officers of the Company for the year 2023. The self-assessment forms were distributed to all directors and key officers on March 2023, and completed forms were received by the Compliance Officer also in March 2023. Overall, the directors, committee members and key officers believe that they have, individually and collectively, performed well and effectively.

UNDERTAKING

The Company will post and make available for download the full version of this SEC Form 20-IS (Definitive Information Statement), together with all its annexes including the 2023 consolidated audited financial statements of the Company and the SEC form 17-Q for the period ended March 31, 2024 on the company website www.eaglecement.com.ph, upon its approval by the Securities and Exchange Commission.

The Corporation shall provide to the stockholders, without charge, on written request, a printed or electronic copy of SEC Form 17-A. All such written requests for a copy of the Annual Report shall be directed to:

The Corporate Secretary
EAGLE CEMENT CORPORATION
Suite 2801 Discovery Center, 25 ADB Avenue
Ortigas Center, Pasig City
corporatesecretary@eagle-cement.com.ph

or

loydeleon@gselawfirm.com
juliantorcuator@gselawfirm.com

SIGNATURE

After reasonable inquiry and to the best of my knowledge and on behalf of the Corporation, I certify that the information set forth in this report is true, complete and correct. This report is signed in Pasig City on June 25, 2024.

EAGLE CEMENT CORPORATION

By:

MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTORS

(ANNEXES A-1 to A-5)

FOR SUBMISSION WITH THE DEFINITIVE INFORMATION STATEMENT

ANNEX A-1

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MELINDA GONZALES-MANTO**, Filipino, of legal age and a resident of 45 Barcelona Street, Merville Park, Paranaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **EAGLE CEMENT CORPORATION** and have been its independent director since 22 December 2016.

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
RSA Foundation, Inc.	Independent Trustee	2020 to present
Petrogen Insurance Corporation	Independent Director	2018 to present
Bank of Commerce	Director	2013 to present
Linferd & Company, Inc.	Vice-President/Director	2010 to present
ACB Corabern Holdings Corporation	Vice-President/Director	2009 to present
Compsych Philippines, Inc.	Treasurer	2015 to present
Wholesale Electric Asia (Philippines), Inc.	Resident Agent	2019 to present
ISG Information Services Group Americas, Inc.	Resident Agent	2011 to present
Kenexa Singapore Pte. Ltd. – Philippine Branch	Resident Agent	2015 to present
GSIS Family Bank	Independent Member	2011 to 2016
Philippine Retailers Association	Board Member	2000 to 2009
SGV & Co.	Partner	1974 to 2009

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of EAGLE CEMENT CORPORATION, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR), and other issuances of the Securities and Exchange Commission (SEC).

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of EAGLE CEMENT CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 24 2024 in Pasig City.

Melinda Gonzales-Manto

MELINDA GONZALES-MANTO
Affiant

SUBSCRIBED AND SWORN to before me this JUN 24 2024 in Pasig City, affiant having exhibited to me her Philippine Passport no. P5768594A issued by DFA-NCR South and valid until 25 January 2028, as well as competent evidence of her identity in the form of Taxpayer's Identification Card with No. 123-305-056.

Doc. No. 445;
Page No. 90;
Book No. I;
Series of 2024.

ANNE DENISE Q. MUÑOZ
Notary Public for the City of Pasig And Municipality of Pateros
Commission until 31 December 2025
2001 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
APPT. No. 158 (2024-2025)-Roll No. 86698
PTR No.1738677; 01-10-2024; Pasig City
IBP No. 302999; 01-15-2024; Manila III
MCLE Compliance N/A (Admitted to the Bar in 2023)

ANNEX A-2

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RICARDO C. MARQUEZ,** Filipino, of legal age and a resident of 14 R. Kangleon Street, Phase 4 AFPOVAI, Fort Bonifacio, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an incumbent independent director of **EAGLE CEMENT CORPORATION** and have been its independent director since 13 February 2017.

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Petron Corporation	Independent Director	May 2022 – present
Top Frontier Investment Holdings, Inc.	Independent Director	March 2022 – present
San Miguel Food and Beverage, Inc	Independent Director	March 2017 – present
Public Safety Mutual Benefit Fund, Inc.	Trustee	July 2015 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of EAGLE CEMENT CORPORATION, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of Eagle Cement Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am neither in government service nor affiliated with a government agency or government-owned and -controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of EAGLE CEMENT CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 24 2024 in Pasig City.

RICARDO C. MARQUEZ
Affiant

SUBSCRIBED AND SWORN to before me this JUN 24 2024 in Pasig City, affiant having exhibited to me his Philippine Passport no. P8150038B issued by DFA Manila and valid until 11 November 2031, as well as competent evidence of his identity in the form of Taxpayer's Identification Card with No. 150-378-662.

Doc. No. 446;
Page No. 91;
Book No. I;
Series of 2024.

ANNE DENISE C. MUÑOZ
Notary Public for the City of Pasig And Municipality of Pateros
Commission until 31 December 2025
2801 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
APPT. No. 158 (2024-2025)-Roll No. 86698
PTR No.1738677; 01-10-2024; Pasig City
IBP No. 307593; 01-15-2024; Manila III
MCLE Compliance N/A (Admitted to the Bar in 2023)

ANNEX A-3

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARTIN S. VILLARAMA JR.,** Filipino, of legal age and a resident of 22 Golden Street, Gloria 1 Subdivision, Tandang Sora, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **EAGLE CEMENT CORPORATION** and have been its independent director since 13 February 2017.

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Uniwide Group of Companies	Court-Appointed Liquidator	2018 to present (Resigned, effective July 07, 2023)
San Miguel Brewery Hongkong Ltd.	Member, Board of Advisors	2017 to present
SLEX Inc.	Independent Director	2022 to present
SMC Tollways Inc.	Independent Director	2022 to present
Ginebra San Miguel Inc.	Independent Director	2022 to present
Association of Retired Justices of the Supreme Court of the Philippines (ARJSCP)	Member	2016 to present
BIR Tennis Club, Agham Road, Q.C.	Member	1983 to present
Supreme Court of the Philippines	Associate Justice	2009 to 2016
Court of Appeals	Justice	1998 to 2009
Philippine Judicial Academy	Lecturer	2007 to 2009

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of EAGLE CEMENT CORPORATION, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am a co-respondent in a case for Theft entitled "*Jimmy N. Gow, representing Uniwide Group of Companies, et. Al. vs. Martin S. Villarama, Jr., et. al.*" before the Parañaque City Prosecutor's Office docketed as "NPS No. XV-12-INV-21-B-0221" to which I filed my Counter-Affidavit on April 19, 2021 and which case is still pending resolution by the said office.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its

Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of EAGLE CEMENT CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 2 5 2024 in Pasig City.

MARTIN S. VILLARAMA JR.
Affiant

SUBSCRIBED AND SWORN to before me this JUN 2 5 2024 in Pasig City, affiant having exhibited to me competent evidence of his identity in the form of Taxpayer's Identification Card with No. 124-314-240.

Doc. No. 411;
Page No. 92;
Book No. IV;
Series of 2024.

BENIGNO P. ENCISO
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateres
Commission until 31 December 2024
2001 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
APPT. No. 268 (2023-2024) – Roll No. 81896
PTR No. 1738674; 01-10-2024; Pasig City
IBP No. 392872; 01-16-2024; Tarlac
MCLE Compliance N/A; (Admitted to the Bar in 2022)

ANNEX A-5

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

CERTIFICATE

I, **MARIA FARAH Z.G. NICOLAS-SUCHIANCO**, of legal age, Filipino, and with office address at Suite 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City, after having been duly sworn in accordance with law, state that:

1. I am the duly elected Corporate Secretary of **EAGLE CEMENT CORPORATION** (Corporation), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at 2/F SMITS Corporate Center, 155 EDSA, Barangay Wack-Wack, Mandaluyong City.

2. No director or officer of the Corporation is currently in the government service or is affiliated with any government agencies or its instrumentalities.

3. This Certification is being issued for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have affixed my signature this 21st day of June 2024 in Pasig City.

MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 21st day of June 2024 in Pasig City, affiant having exhibited to me the competent evidence of her identity in the form of Taxpayer's Identification Card with No. 165-102-272.

Doc. No. 442;
Page No. 90;
Book No. IV;
Series of 2024.

BENIGNO P. ENCISO
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2024
2801 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
APPT. No. 268 (2023-2024) – Roll No. 81896
PTR No. 1738674; 01-10-2024; Pasig City
IBP No. 302972; 01-15-2024; Tarlac
MCLE Compliance N/A; (Admitted to the Bar in 2022)

SEC FORM 17-A
ANNUAL REPORT WITH AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(ANNEX B)

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, 2023
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	17-A	07	19
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)		For the year ended 31 December 2023	(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

20	-	-
Total No. of Stockholders	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, 2023**
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, 2023 are:
Common 5,000,000,005

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

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

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 (the "Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 21, 1995. It is primarily engaged in the business of manufacturing, marketing, sale and distribution of cement products.

The Company was listed on the Philippine Stock Exchange (PSE) in May 2017. In December 2022, San Miguel Equity Investments, Inc. (SMEII) became the owner of 99.9581% of the common shares in the Company by way of share purchase and tender offer of shares. SMEII is a wholly-owned subsidiary of San Miguel Corporation (SMC).

Following SMEII's acquisition of 99.958% equity interest in the Company, the latter filed a petition for voluntary delisting of its common shares listed on the main board of the PSE. In January 2023, the PSE approved the delisting of the Company effective end of business on February 28, 2023.

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

The Company has three (3) subsidiaries:

1. South Western Cement Corporation (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. The Company acquired 100% equity interest in SWCC in December 2016. To date, SWCC has not commenced commercial operations.

2. Solid North Mineral Corporation (SNMC) was incorporated in the Philippines on July 19, 1995. It is engaged in the business of mining and quarrying, and is authorized to manufacture and distribute cement products and other minerals. It was acquired by the Company on November 4, 2021.

3. Armstrong Flyash and Logistics Inc. (AFALCI) was incorporated in the Philippines on June 2, 2015. It is engaged in the business of manufacturing, processing, sale and distribution of fly-ash, bottom ash, hi-carbon and other by-products. The Company acquired 100% equity interest in AFALCI in December 2022.

The Company and its subsidiaries are 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 one of the largest players in the Philippine cement industry and has 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-theart, 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. It is strategically located near demand-centric areas and in close proximity to rich limestone, pozzolan and shale reserves covered by exclusive mineral rights of the Group.

About sixty-three percent (63%) of the country's total cement demand come from Luzon region. Eagle Cement currently distributes its products in National Capital Region (NCR), Region I (Pangasinan), Region II (Cagayan, Isabela, and Nueva Vizcaya), Region III (Nueva Ecija, Bulacan, Pampanga, Tarlac, Bataan and Zambales), and Region IVA (Cavite, Laguna, Batangas, Occidental Mindoro, Oriental Mindoro and Quezon). As of 2023, 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 28% in Luzon, based on internal market survey.

SNMC, a subsidiary of the Company, operates a limestone, shale and pozzolan quarry, and 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 raw materials in the Company's cement production and are supplied to power companies.

AFALCI, another subsidiary of the Company, is operating a Flyash Separator Plant that processes waste flyash into product usable for ready mixed concrete and cement production.

Products and Brands

The Company offers Blended (Type 1P/Type 1T) 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/Type 1T) is a 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) 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.

Distribution Methods

Eagle Cement has four (4) distribution centers located in Parañaque in the NCR, Cavite and Batangas in Region IVA, and Pangasinan in Region 1. These are complemented by a fleet of more than 500 cargo trucks, trailers, and 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 100 dealers and sub-dealers all over NCR and Region IVA.

Competition

Current Domestic Supply

As of December 2023, the Philippine cement industry has an estimated annual cement capacity of 50 Million MT based on nameplate capacities of integrated cement manufacturing and grinding plants in the country. The top four (4) industry players (Holcim Philippines, Inc., Cemex Holdings Philippines, Inc., Republic Cement and Building Materials, Inc., and Eagle Cement Corp.) account for about 74% of cement domestic production.

In Luzon region, the top four industry players account for about 66% share of the market. While the Company has 28% share of the Luzon market, it has an estimated market share of 26%, 57% and 31% in NCR, Region 3 and Region 4A, respectively. The Company has been considered as one of the leading cement players in areas with the highest economic activities in the Philippines.

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.

Imports

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. In March 2023, the Bureau of Customs issued Customs Memorandum Order No. 05-2023 (to implement Department of Trade and Industry Administrative Order No. 23-01) imposing definitive anti-dumping measure against importations of ordinary portland cement (Type 1) and blended ccement (Type 1P) from Vietnam.

Sources and availability of raw materials

Raw materials such as limestone, shale and pozzolan are sourced primarily from the Group's own reserves pursuant to its mineral rights. The reserves are co-located or within proximity of the Bulacan Cement Plant to minimize transportation and hauling costs.

The Company also procures gypsum, silica, and other raw materials from local and foreign suppliers.

Employees and Labor Relations

As of December 31, 2023, the Company has a total of 572 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. The Company also provides other benefits for the increased security of its employees.

Transactions with Related Parties

For transactions with or involving related parties, please refer to Note 18 (Related Party Transactions) of the Consolidated Financial Statements as of year ended December 31, 2023 in the accompanying Audited Financial Statements.

The Related Party Transactions (RPT) and Audit Committees of the Company ensure that RPTs are in the ordinary course of business, under reasonable terms, and do not include financial assistance or loans to Board Directors, affiliates or related entities.

Intellectual Properties

All marks, names and other related intellectual property rights used by the Company are registered in its name and are valid to date, such as the names/marks "Eagle", "Eagle Cement", "Eagle Cement Exceed", "Eagle Cement Strongcem", Eagle Cement High sa Tibay", among others.

Compliance with Regulatory and Environmental Laws

The Company complies with all applicable laws and regulations relating to the protection of the environment, health and safety, including those governing air emissions, water and wastewater discharges, and odor emissions and the management and disposal of hazardous materials.

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 has the necessary permits, clerances and licenses for its business, products, and projects.

ITEM 2. PROPERTIES

The Company has three (3) integrated cement lines, which include 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, in its Bulacan Cement Plant. It owns the lands on which those facilities and equipment are located. It 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 a grinding and packaging facility in Limay, Bataan.

Its subsidiary, SNMC, owns lands and other equipment, buildings and improvements in San Ildefonso, Bulacan, which include, among others, a Limestone Pulverizing Plant, staff housing units, and a warehouse.

AFALCI owns a Flyash Separator Plant in San Ildefonso, Bulacan. SWCC owns parcels of land in Malabuyoc and Ginatilan, Cebu.

ITEM 3. LEGAL PROCEEDINGS

The Company is a plaintiff in a civil case for Fraud. It sought to enjoin defendants from claiming under a Letter of Credit in the amount of Nine Hundred Four Thousand US Dollars (US$904,000.00), and defendant bank from releasing payment under the said Letter of Credit.

A writ of preliminary injunction was issued by the Regional Trial Court of Mandaluyong, Branch 211, enjoining defendants from claiming payment from the defendant bank.

As of December 31, 2023, 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, through the solicitation of proxies or otherwise, other than those items taken up during the Annual Meeting of the Stockholders on July 19, 2023. The Company did not solicit proxies and the board of directors of the previous year was reelected in its entirety.

PART II - FINANCIAL INFORMATION

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

Market Information

The Company's common equity is no longer traded in the Philippine Stock Exchange (PSE). In January 2023, the PSE approved the Petition for Delisting of the Company's shares effective end of business on February 28, 2023.

As of December 31, 2023 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, 2023 are as follows:

	Name of Stockholder	Nationality	No. of Shares	Percentage to total O/S (%)
1	San Miguel Equity Investments Inc.	Filipino	4,997,903,671	99.9581%
2	PCD Nominee Corp. – Non Filipino	Non-Filipino	1,153,600	0.02%
3	PCD Nominee Corp. – FIlipino	Filipino	939,004	0.02%
4	Renato D. Munez	Filipino	2,000	0.000040%

	Name of Stockholder	Nationality	No. of Shares	Percentage to total O/S (%)
5	Lolita Siao-Ignacio	Filipino	1,600	0.000032%
6	Victor Co and/or Alian Co	Filipino	100	NIL
7	Rosauro Panergo Babia	Filipino	10	NIL
8	Gerardo L. Salgado	Filipino	8	NIL
9	Ramon S. Ang	Filipino	1	NIL
10	John Paul L. Ang	Filipino	1	NIL
11	Manny C. Teng	Filipino	1	NIL
12	Monica L. Ang-Mercado	Filipino	1	NIL
13	Mario K. Surio	Filipino	1	NIL
14	Manuel P. Daway	Filipino	1	NIL
15	Luis A. Vera Cruz, Jr.	Filipino	1	NIL
16	Melinda Gonzales-Manto	Filipino	1	NIL
17	Ricardo C. Marquez	Filipino	1	NIL
18	Martin S. Villarama, Jr.	Filipino	1	NIL
19	Jose P. Perez	Filipino	1	NIL
20	Joselito Tanwangco Bautista	Filipino	1	NIL
	Total		**5,000,000,005**	**100%**

Cash Dividends

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

Date of Declaration	Class of Shares	Rate per share (₱)	Total Amount (₱)	Record Date
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
May 12, 2022	Common	0.40	2,000,000,002.00	May 26, 2022
August 04, 2022	Common	0.40	2,000,000,002.00	August 18, 2022
July 19, 2023	Common	0.56	2,800,000,002.80	August 2, 2023
November 14, 2023	Common	0.56	2,800,000,002.80	December 11, 2023

Recent Sale of Unregistered or Exempt Securities

There were no sales of unregistered or exempt securities as of December 31, 2023.

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).

The financial information 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.

RESULTS OF OPERATIONS (2023 VS. 2022)

The Group posted a full-year consolidated revenues of ₱25.44 billion, 4% lower against the ₱26.38 billion in previous year primarily due to the lower sales volume and decline in selling price.

Cost of sales decreased by 9% to ₱16.55 billion from ₱18.14 billion as a result of the lower sales volume and together with the improvement of major input cost mainly fuel and power.

Thus, the gross profit grew by 8% to ₱8.89 billion showing an upswing on gross profit margin from 31% last year to 35%.

Operating expenses (OPEX) increased by 8% to ₱3.05 billion from ₱2.83 billion. Cement segment's OPEX increased by 11% to ₱2.88 billion from ₱2.60 billion substantially due to increase in advertising, and distribution costs.

Finance costs were reduced by 31% to ₱202.89 million from ₱293.06 million last year due to the full prepayment of TLFSA last May 2023 incurring ₱97.87 million of pre-termination fees.

Interest income increased by 137% to ₱648.40 million due to higher yield from short-term investments following the interest hike by BSP.

Other income (loss) decreased by 193% to (₱897.07) million, as a result of the disposal of assets and liabilities held for sale.

The income tax provision increased by 9% to ₱1.07 billion from ₱983.91 million due to the lapse of the Income Tax Holiday (ITH) with the Board of Investments (BOI) last April 2022.

Net income after tax (NIAT) dropped by 20% to ₱4.32 billion from ₱5.38 billion last year. This translated to earnings per share (EPS) of ₱0.86, lower than last year's ₱1.08 by 20%.

For the fourth quarter alone, the Group reported net sales of ₱5.78 billion, 8% behind relative to the same quarter in the prior year. Gross profit is up by 22% to ₱1.88 billion while EBITDA and NIAT dropped by 13% to ₱1.47 billion and 14% to ₱995.68 million respectively.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2023 and 2022.

	For the Year Ended December 31 *(in Millions of Philippine Pesos, except percentages)*			
	2023	**2022 – as restated**	**Change**	**% of Change**
Net Sales	25,443	26,384	(941)	-4%
Cost of Goods Sold	16,554	18,138	(1,584)	-9%
Gross Profit	8,889	8,247	642	8%
Operating Expenses	3,046	2,832	214	8%
Income from Operations	5,843	5,415	428	8%
Finance costs	203	293	(90)	-31%
Interest Income	648	273	375	137%
Other income (loss) – net	(897)	967	(1,864)	-193%
Income Before Income Tax	5,391	6,362	(971)	-15%
Income Tax Expense	1,069	984	85	9%
Net Income	4,322	5,378	(1,056)	-20%

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

	For the year ended	
	December 31, 2023	**December 31, 2022**
Net income	₱4,322	₱5,378
Add:		
Income tax expense	1,069	984
Depreciation and amortization	1,474	1,332
Finance costs	203	293

Less:		
Interest income	648	273
EBITDA	₱6,420	₱7,714

FINANCIAL CONDITION

Comparative balances as of December 31, 2023 and December 31, 2022

The financial position of the Company for the year ended December 31, 2023 remains stable even with total assets declining by 9% to ₱50.12 billion from ₱55.29 billion as at end of 2022.

Current assets declined by 22% to ₱17.09 billion primarily due to the disposal of asset held for sale. Cash and cash equivalents increased by 13% to ₱10.75 billion mainly due to higher cash generated from operations and ₱4.00 billion proceeds from redemption of perpetual shares negated by ₱5.60 billion dividend payments and full prepayment of the TLFSA.

Non-current assets slightly dropped by 1% to ₱33.04 billion mainly because of depreciation of property, plant and equipment.

Current liabilities and non-current liabilities bumped by 17% to ₱4.83 billion and 64% to ₱1.65 billion, respectively, mainly due to the full prepayment of the TLFSA.

Total liabilities stood at ₱6.49 billion, significantly decreased by 37% from ₱10.35 billion registered last year.

After accounting for net income, cash dividends payments and other equity reserves, consolidated stockholders' equity decreased by 3% to ₱43.64 billion.

The Company's debt-to-equity ratio registered at 0.15x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.54x while return on equity ended at 10%.

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31			
	2023	**2022 – as restated**	**Increase/ (Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	17,087	22,029	(4,942)	-22%
Noncurrent Assets	33,037	33,262	(225)	-1%
Total Assets	**50,124**	**55,291**	**(5,167)**	**-9%**
Current Liabilities	4,833	5,817	(984)	-17%
Noncurrent Liabilities	1,654	4,536	(2,882)	-64%
Total Liabilities	**6,487**	**10,353**	(3,866)	-37%
Equity	**43,637**	**44,938**	(1,301)	-3%
Total Liabilities and Equity	**50,124**	**55,291**	**(5,167)**	**-9%**

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	2023	2022	2021
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	**3.54**	3.79	3.61
Solvency ratio	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	**0.89**	0.65	0.65
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.15**	0.23	0.26
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.15**	1.23	1.26
Return on asset ratio	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	**0.09**	0.10	0.12
Return on equity ratio	$\frac{\text{Net income}}{\text{Average total equity}}$	**0.10**	0.12	0.15

Capital Expenditure

The total capital expenditure of the Company in 2023 amounted to ₱1.2 billion. Of that amount, 91% was spent for plant machinery and equipment, while the remaining 9% was accounted for land, building and improvement, transportation equipment, furniture, fixtures and office equipment.

Liquidity and Capital Resources

Cash Flows

The primary sources and uses of cash of the Group for calendar years 2023, 2022 and 2021 were as follows:

	For the years ended December 31		
	2023	2022	2021
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	7,240	5,864	8,783
Cash flows provided by (used in) investing activities	3,929	(2,366)	(3,886)
Cash flows provided by (used in) financing activities	(9,954)	(5,497)	(4,719)
Net effect of exchange rate changes on cash and cash equivalents	(15)	19	
Net increase (decrease) in cash and cash equivalents	1,200	(1,980)	179
Cash and cash equivalents at beginning of year	9,547	11,645	11,466
Cash and cash equivalents at end of year	10,747	9,547	11,645

Cash Flows From Operating Activities
Internal cash generation from operations this year amounted to ₱7.24 billion. This was primarily the result of net income before taxes of ₱5.39 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.47 billion, finance costs of ₱202.89 million, income taxes paid of ₱693.63 million and interest received of ₱585.90 million.

Cash Flow From Investing Activities
Cash generated from investing activities amounted to ₱3.93 billion. This was mainly received from the redemption of perpetual shares of ₱4.00 billion, maturity of ₱500.00 million long-term placements, proceeds from disposal of asset held for sale of ₱418.39 million, and cash dividends of ₱136.80 million, partially negated by the amount spent on the acquisition of property, plant and equipment and intangible assets.

Cash Flow From Financing Activities
Cash utilized for financing activities totaled ₱9.95 billion. This mainly comprised of cash dividend payments of ₱5.60 billion and full prepayment of TLFSA of ₱4.26 billion.

Consolidated ending cash closed at ₱10.75 billion, 13% increase from beginning balance of ₱9.55 billion.

RESULTS OF OPERATIONS (2022 VS. 2021)

The Group posted a full-year consolidated revenues of ₱26.38 billion, 23% better against the ₱21.40 billion in previous year. Cement operation generated ₱25.78 billion revenue, 21% increase over prior year's ₱21.30 billion, coming from higher sales volume and better selling price. Meanwhile, the limestone business contributed ₱600.73 million in revenue.

Cost of sales increased by 46% to ₱18.14 billion from ₱12.42 billion last year mainly due to higher volume sold combined with higher prices of power and fuel as a result of spike in energy global price following the escalated tension in Europe that caused global supply imbalance.

Thus, the gross profit dipped by 8% to ₱8.25 billion showing a downswing on gross profit margin from 42% last year to 31%.

Operating expenses (OPEX) increased by 22% to ₱2.83 billion from ₱2.32 billion. Cement segment's OPEX increased by 13% to ₱2.60 billion from ₱2.29 billion substantially due to increase in freight and trucking, advertising and warehousing driven by growth in sales volume and the inflationary effect of soaring fuel price. Meanwhile, other business OPEX, comprised mostly of delivery expenses, amounted to ₱238.52 million.

Finance costs was reduced by 19% to ₱293.06 million from ₱360.33 million last year due to continuous repayment of TLFSA. To note, interest-bearing loans declined by 23% to ₱4.04 billion from ₱5.24 billion last year.

Interest income increased by 28% to ₱273.27 million due to higher yield from short-term investments following the interest hike by BSP.

Other income increased by 202% to ₱967.38 million from ₱320.80 million in the previous year, as a result of the ₱701.25 million gain on fair value remeasurement related to the acquisition of AFALCI.

The income tax provision increase by 22% to ₱983.91 million from ₱804.31 million due to the lapse of the BOI ITH incentive last April 2022.

Net income after tax (NIAT) dropped by 11% to ₱5.38 billion from ₱6.03 billion last year. This translated to earnings per share (EPS) of ₱1.08, lower than last year's ₱1.21 by 11%.

For the fourth quarter alone, the Group reported net sales of ₱6.31 billion, 22% ahead relative to the same quarter in the prior year. Gross profit contracted by 9% to ₱1.53 billion while EBITDA and NIAT increased by 15% to ₱1.69 billion and 21% to ₱1.16 billion respectively.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2022 and 2021.

	For the Year Ended December 31 *(in Millions of Philippine Pesos, except percentages)*			
	2022 – as restated	**2021**	**Change**	**% of Change**
Net Sales	26,384	21,397	4,986	23%
Cost of Goods Sold	18,138	12,423	5,715	46%
Gross Profit	8,247	8,974	-724	-8%
Operating Expenses	2,832	2,318	514	22%
Income from Operations	5,415	6,656	-1,241	-19%
Finance costs	293	360	-67	-19%
Interest Income	273	213	60	28%
Other income – net	967	321	646	201%
Income Before Income Tax	6,362	6,830	-468	-7%
Income Tax Expense	984	804	180	22%
Net Income	5,378	6,026	-648	-11%

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

	For the year ended	
	December 31, 2022	**December 31, 2021**
Net income	₱5,378	₱6,026
Add:		
Income tax expense	984	804
Depreciation and amortization	1,332	1,166
Finance costs	293	360
Less:		
Interest income	273	213
EBITDA	₱7,714	₱8,143

FINANCIAL CONDITION

Comparative balances as of December 31, 2022 and December 31, 2021

The financial position of the Company for the year ended December 31, 2022 remains stable, with total assets growing by 4% to ₱55.29 billion from ₱53.23 billion as at end of 2021.

Current assets grew by 8% to ₱22.03 billion primarily due to the reclassification of Investment Properties to Assets held for Sale as a result of the board approval to sell KB Space Holdings, Inc. Cash and cash equivalents decrease by 18% to ₱9.55 billion mainly due to lower cash generated from operations and higher cash dividend payment.

Non-current assets slightly declined by 1% to ₱33.26 billion as the reclassification of Investment Properties to current assets mentioned above were offset by additional expenditures on Capital Assets.

Current liabilities slightly bumped by 3% to ₱5.82 billion mainly due to the timing of settlement of trade and other payables.

Non-current liabilities decreased by 16% to ₱4.54 billion primarily due to principal repayment of the long-term debt related to TLFSA.

Total liabilities stood at ₱10.35 billion, slightly decreased by 6% from ₱11.03 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 6% to ₱44.94 billion.

The Company remains compliant with its loan covenants, with debt-to-equity ratio registering at 0.23x while financial debt to equity ratio stood at 0.09x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.79x while return on equity ended at 11%.

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31			
	2022 – as restated	**2021**	**Increase/ (Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	22,029	20,394	1,635	8%
Noncurrent Assets	33,262	32,840	422	1%
Total Assets	**55,291**	**53,234**	**2,057**	**4%**
Current Liabilities	5,817	5,655	162	3%
Noncurrent Liabilities	4,536	5,375	(839)	-16%
Total Liabilities	**10,353**	**11,030**	(677)	-6%
Equity	**44,938**	**42,204**	2,734	6%
Total Liabilities and Equity	**55,291**	**53,234**	**2,057**	**4%**

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	2022	2021	2020
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	3.79	3.61	4.14
Solvency ratio	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	0.65	0.65	0.41
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.23	0.26	0.28
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.23	1.26	1.28
Return on asset ratio	Net income before interest expense after tax	0.10	0.12	0.08

	Average total assets			
Return on equity ratio	Net income / Average total equity	0.12	0.15	0.09

Capital Expenditure

The total capital expenditure of the Company in 2022 amounted to ₱1.50 billion. Of that amount, 93% was spent for plant machinery and equipment, while the remaining 7% was accounted for land, building and improvement, transportation equipment, furniture, fixtures and office equipment.

Liquidity and Capital Resources

Cash Flows

The primary sources and uses of cash of the Group for calendar years 2022, 2021 and 2020 were as follows:

	For the years ended December 31		
	2022	**2021**	**2020**
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	5,864	8,783	4,919
Cash flows used in investing activities	(2,366)	(3,886)	(5,773)
Cash flows provided by (used in) financing activities	(5,497)	(4,719)	(4,602)
Net effect of exchange rate changes on cash and cash equivalents	19		(16)
Net increase (decrease) in cash and cash equivalents	(1,980)	179	5,456
Cash and cash equivalents at beginning of year	11,645	11,466	16,938
Cash and cash equivalents at end of year	9,547	11,645	11,466

Cash Flows From Operating Activities

Internal cash generation from operations this year amounted to ₱5.86 billion. This was primarily the result of net income before taxes of ₱5.66 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.33 billion, finance costs of ₱273.27 million, income taxes paid of ₱974.10 million and interest received of ₱261.01 million.

Cash Flow From Investing Activities

Cash utilized for investing activities amounted to ₱2.37 billion. This was mainly spent for the purchase of AFALCI shares of ₱420.08 million, capital expenditures of ₱1.24 billion, deposits on asset purchase amounting to ₱171.63 million and ₱250.00 million additional investment in bonds, partially negated by cash dividends received and ₱208.46 million and ₱56.32 million respectively.

Cash Flow From Financing Activities

Cash utilized for financing activities totaled ₱5.50 billion. This mainly comprised of cash dividend payment of ₱4.00 billion and TLFSA debt servicing of ₱1.48 billion.

After substantial cash requirement for the purchase of subsidiary of ₱420.08 million, capex of ₱1.24 billion and cash dividend payment of ₱4.04 billion, the remaining cash decreased by ₱2.00 billion.

Consolidated ending cash closed at ₱9.55 billion, 18% decrease from beginning balance of ₱11.65 billion.

ITEM 7 – FINANCIAL STATEMENTS

The Group's Accompanying Audited Consolidated Financial Statements as at and for the year ended December 31, 2023 are filed as part of this Form 17-A (Annual Report) as Annex A.

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:

	2023	2022	2021
Audit and other audit related fees	₱3,800,000	₱4,780,000	₱3,850,000
Tax fees	360,000	360,000	2,104,796
Others	-	-	335,000

PART III- CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND OFFICERS

The present Board of Directors (Board) of Eagle Cement consists of eleven (11) directors, four (4) of whom are independent directors, as follows:

Name	Position	Age	Citizenship
Ramon S. Ang	Chairman	70	Filipino
John Paul L. Ang	President & Chief Executive Officer	44	Filipino
Manny C. Teng	General Manager & Chief Operating Officer	51	Filipino
Monica L. Ang-Mercado	Chief Finance Officer/ Treasurer/ Executive Vice President for Business Support Group/ Risk Oversight Officer	34	Filipino
Mario K. Surio	Director	77	Filipino
Luis A. Vera Cruz, Jr.	Director	73	Filipino
Manuel P. Daway	Director	77	Filipino
Melinda Gonzales-Manto	Independent Director	72	Filipino
Ricardo C. Marquez	Independent Director	63	Filipino
Martin S. Villarama, Jr.	Independent Director	78	Filipino
Winston A Chan	Independent Director	68	Filipino

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 Properties, Inc., SEA Refinery Corporation, New NAIA Infra Corp., KB Space Holdings, Inc., and San Miguel Aerocity 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 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 a director of the Company since November 30, 2010, and is 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 is the Chairman of the Executive Committee. He is also the President and CEO of South Western Cement Corporation, Solid North Mineral Corp.and Armstrong Fly-Ash and Logistics Company, Inc. Mr. Ang holds directorships in other listed companies namely, Petron Corporation, San Miguel Food and Beverage, Inc., San Miguel Corporation, and Top Frontier Investment Holdings, Inc. He is the Chairman and President of San Miguel Equity Investments, Inc. He is also the Vice Chairman and Director of San Miguel Global Power Holdings Corp. since 2021. He is also a director of SMC SLEX Inc., Aerofuel Storage Management Inc., Argonbay Construction Company, Inc., Pacific Nickel Philippines, Inc., Philnico Industrial Corporation, KB Space Holdings, Inc., and Buildnet Construction, Inc. 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 has been a director of the Company since June 21, 1995. He is currently the General Manager and Chief Operating Officer of the Company, and is a member of the Executive, Audit and Risk, and Corporate Governance and Nomination Committees. He served as President of the Company from 2009 to 2016. Mr. Teng is also a director of South Western Cement Corp., KB Space Holdings, Inc., Solid North Mineral Corp. and Armstrong Fly-Ash and Logistics Company, Inc. He previously held positions as 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 has been a director of the Company since June 3, 2013. She is the Chief Finance Officer and Treasurer of the Company, and is concurrently the Executive Vice President for Business Support Group and the Risk Oversight Officer of the Company. She is a member of the Executive Committee. She is the Chairperson of Buildnet Construction, Inc,. and Director and Treasurer of South Western Cement Corporation, Solid North Mineral Corp., and Armstrong Fly-Ash and Logistics Company, Inc. She is also a director of 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 and 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 serves as 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 was also previously the Quality Control Head, Production Manager, and Plant Manager of Northern Cement Corporation; and 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 and Risk 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, and Bachelor of Laws degree and 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 positions of 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 and Risk Committee, and a member of the Related Party Transactions Committee. She is also an 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 a partner of SGV & Co., Assurance and Advisory Business Services Division from 1974 to 2009; Board Member of the Philippine Retailers Association from 2000 to 2009; and, Independent Director 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 Corporate Governance and Nomination Committee. He is currently a Director of the Public Safety Mutual Benefit Fund, Inc. and San Miguel Pure Foods Company, Inc. He held various positions in the Philippine National Police (PNP), and became the PNP Chief. He also served as 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 member of the Audit and Risk Committee. 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. 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, and Bachelor of Science degree in Business Administration from De La Salle University.

Winston A. Chan was elected as an independent director of the Company in June 23, 2022, and is a member of the Audit and Risk Committee. He serves as an Independent Director of other listed companies. Mr. Chan is a retired partner of SGV& Co. and was the managing partner of SGV Advisory Service Line. He obtained his Bachelor of Science Degree in Accountancy at Colegio de San Juan de Letran. He is a Certified Information Systems Manager, Certified Information Systems Auditor, and Certified Public Accountant. He completed the Advanced Management Program at the Harvard Business School, Advanced Business Strategy Course at INSEAD Singapore, and the Management Development Program at the Asian Institute of Management.

Term of Office

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 the 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	44	Filipino
Manny C. Teng	General Manager and Chief Operating Officer	51	Filipino
Monica L. Ang-Mercado	Chief Finance Officer/Treasurer/ Executive Vice-President for Business Support Group/Risk Oversight Officer	34	Filipino
Jens Christian Enemark Lund	Manufacturing Transformation Director	67	Danish
Manuel P. Daway	Vice-President for Operations	77	Filipino
Marlon P. Javarro	Assistant Corporate Secretary/Related Party Transaction Officer/AVP for Finance	45	Filipino
Fabiola B. Villa	SVP for Legal and Compliance/Compliance Officer/Data Protection Officer	59	Filipino
Mercedes V. Jorquia	Chief Audit Executive	59	Filipino
Maria Farah Z. G. Nicolas-Suchianco	Corporate Secretary	55	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 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 the Corporate Secretary of Solid North Mineral Corp. She was previously with United Overseas Bank Philippines as Vice-President, Corporate Secretary and Head of Legal and Secretariat. She was an Associate at Picazo Buyco Tan Fider and Santos Law Offices, and Tan Concepcion and Que Law Offices. 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 of the Company. She was previously a Senior Manager and Head of Internal Audit Department of other companies prior to joining the Company. She served 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 degree from the Polytechnic University of the Philippinesis.

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 Evander Holdings Corporation, Global Titan Leisure Holdings Corp., and Sunspear Holdings, Inc. She is the Treasurer of Countrybreeze Corporation, Escaler Realty Corporation, and Pedalmax Holdings, Inc. She currently serves as a Director and Corporate Secretary of Radio Philippines Network, Inc. She is the Corporate Secretary of numerous corporations, including, 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. The resignation or loss of any non-executive employee will not have any significant or adverse effect on the business of the Group.

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, 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, suspending or limiting involvement in 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	2023	₱33.4 Million	₱11.6 Million	₱3.0 Million	₱48.0 Million
	2022	₱31.0 Million	₱8.6 Million	₱6.7 Million	₱46.3 Million
	2021	₱30.8 Million	₱5.8 Million	₱2.4 Million	₱39.1 Million
All other officers and Directors as a group unnamed	2023	₱17.1 Million	₱7.5 Million	₱1.9 Million	₱26.5 Million
	2022	₱18.4 Million	₱6.2 Million	₱3.8 Million	₱28.4 Million
	2021	₱27.3 Million	₱5.9 Million	₱4.0 Million	₱37.2 Million
TOTAL	2023	₱50.5 Million	₱19.1 Million	₱4.9 Million	₱74.5 Million
	2022	₱49.4 Million	₱14.8 Million	₱10.5 Million	₱74.7 Million
	2021	₱58.1 Million	₱11.8 Million	₱6.4 Million	₱76.3 Million

Under the By-laws of the Company, each director is entitled to receive reasonable per diem for attendance at the meetings of the Board and the committees.

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, respectively.

There are 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

Beneficial Owners of more than five per cent (5%) of the Company's Voting Stock as of December 31, 2023 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	San Miguel Equity Investments Inc.	Ang, Ramon See Zobel, Inigo Urquijo	Filipino	4,997,903,671	99.96%

Security Ownership by Management as of December 31, 2023 is as follows:

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	1	Filipino	-
Common	Manny C. Teng	General Manager and Chief Operating Officer	1	Filipino	-
Common	Monica L. Ang-Mercado	Chief Finance Officer and Treasurer	1	Filipino	-
Common	Jens Christian Enemark Lund	Manufacturing Transformation Director	0	Filipino	-
Common	Manuel P. Daway	Vice-President for Operations	1	Filipino	-

OTHER DIRECTORS AND OFFICERS					
Common	Ramon S. Ang	Chairman	1	Filipino	-

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	-
Common	Winston A. Chan	Independent Director	100	Filipino	-
		TOTAL	**110**		

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

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

Changes in Control

San Miguel Equity Investments Inc. took control of the Company on 14 December 2022.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) which are not in the ordinary course of business. Please see Note 18 of the 2023 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 by the Board of Directors on February 13, 2017.

The Company's Annual Corporate Governance Report for the year 2023 will be filed wih the SEC on or before June 30, 2024 pursuant to SEC Memorandum Circular 13, Series of 2021 (Annual Corporate Governance Report for Public Companies and Registered Issuers).

PART V- EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS

a) Exhibits

ANNEX A – Consolidated Financial Statements as at and for the year ended December 31, 2023

ANNEX B – Independent Auditor's Report

b) Reports on SEC Form 17-C

The following is a list of reports filed by the Company in 2023:

Date	Title
May 18, 2023	Board Meeting Resolutions
July 24, 2023	Board Meeting Resolutions
November 14, 2023	Board Meeting Resolutions
December 4, 2023	Change of the Corporations Stock Transfer Agent

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 QUEZON CITY on the __th day of ____ 2024.

APR 29 2024

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

APR 29 2024

SUBSCRIBED AND SWORN to before me this _day of____2024, 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. 349;
Page No. 71;
Book No. 58;
Series of 2024.

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2024
PTR No. 5565783 / January 03, 2024 Q.C
IBP No. 399899 / January 04, 2024 Q.C
Roll No. 30457 / 05-09-1980
MCLE VII-0006994 / 09-21-2021
ADM. MATTER No. NP-021 (2024-2025)
TIN NO 131-942-754
Matalino Corner Malakas ST., Brgy. Central
District IV, Diliman Quezon City

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2023**	2022 (As restated - see Note 4)
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱10,746,976,158**	₱9,547,285,514
Financial assets at fair value through profit or loss (FVPL)	6	**1,011,642,206**	4,974,188,721
Trade and other receivables	7	**2,017,420,302**	537,380,234
Current portion of long-term placements	13	**150,000,000**	500,000,000
Inventories	8	**2,185,653,992**	2,299,118,264
Due from related parties	18	**328,915,938**	532,927,503
Other current assets	9	**646,355,360**	969,487,754
		17,086,963,956	19,360,387,990
Assets held for sale	18	**–**	2,668,267,163
Total Current Assets		**17,086,963,956**	22,028,655,153
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	10	**96,678,750**	100,012,500
Property, plant and equipment	11	**29,849,640,478**	30,026,713,907
Intangible assets	12	**2,593,896,808**	2,603,457,456
Net retirement asset	25	**30,382,564**	–
Other noncurrent assets	13	**466,742,006**	532,012,351
Total Noncurrent Assets		**33,037,340,606**	33,262,196,214
		₱50,124,304,562	₱55,290,851,367
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	**₱4,818,311,929**	₱4,510,593,639
Current portion of lease liabilities	24	**15,072,971**	10,684,751
Current portion of loans payable	15	**–**	1,241,357,832
		4,833,384,900	5,762,636,222
Liability of assets held for sale	18	**–**	54,298,327
Total Current Liabilities		**4,833,384,900**	5,816,934,549
Noncurrent Liabilities			
Net deferred tax liabilities	27	**1,566,564,232**	1,569,535,927
Other noncurrent liabilities	16	**86,763,882**	95,442,923
Net retirement liability	25	**631,230**	72,336,757
Loans payable -- net of current portion	15	**–**	2,799,022,986
Total Noncurrent Liabilities		**1,653,959,344**	4,536,338,593
Total Liabilities		**6,487,344,244**	10,353,273,142
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		**16,600,000,000**	16,000,000,000
Unappropriated		**11,069,490,159**	12,947,476,014
Other equity reserves		**4,441,964,056**	4,464,596,108
Treasury stock – at cost		**(3,000,000,000)**	(3,000,000,000)
Total Equity		**43,636,960,318**	44,937,578,225
		₱50,124,304,562	₱55,290,851,367

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2023**	2022 (As restated - see Note 4)	2021
NET SALES	19	**₱25,442,956,660**	₱26,384,364,032	₱21,396,891,131
COST OF GOODS SOLD	20	**16,554,363,464**	18,137,504,336	12,422,544,346
GROSS PROFIT		**8,888,593,196**	8,246,859,696	8,974,346,785
OPERATING EXPENSES	21	**(3,046,220,838)**	(2,832,061,347)	(2,318,036,461)
FINANCE COSTS	15	**(202,887,292)**	(293,058,253)	(360,333,838)
INTEREST INCOME	5	**648,395,163**	273,272,734	213,327,485
OTHER INCOME (LOSS) - Net	22	**(897,067,091)**	967,377,450	320,804,810
INCOME BEFORE INCOME TAX		**5,390,813,138**	6,362,390,280	6,830,108,781
INCOME TAX EXPENSE (BENEFIT)	27			
Current		**1,065,337,915**	994,579,751	805,282,609
Deferred		**3,461,072**	(10,667,731)	(967,933)
		1,068,798,987	983,912,020	804,314,676
NET INCOME		**4,322,014,151**	5,378,478,260	6,025,794,105
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent periods				
Remeasurement gains (loss) on net retirement benefit liability (net of deferred tax)	25	**(19,298,302)**	30,086,605	24,111,748
Unrealized gains (loss) on financial assets at FVOCI	10	**(3,333,750)**	(5,667,375)	2,600,325
Revaluation of land (net of deferred tax)	11	**–**	1,330,679,986	736,919,989
		(22,632,052)	1,355,099,216	763,632,062
TOTAL COMPREHENSIVE INCOME		**₱4,299,382,099**	₱6,733,577,476	₱6,789,426,167
Basic/Diluted Earnings Per Share (EPS)	31	**₱0.86**	₱1.08	₱1.21

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Note	Capital Stock – ₱1 par value: Common Stock	Capital Stock – ₱1 par value: Preferred Stock	Additional Paid-in Capital	Retained Earnings: Appropriated	Retained Earnings: Unappropriated, as restated	Other Equity Reserves: Revaluation Surplus (Net of Deferred Tax)	Other Equity Reserves: Cumulative Remeasurement Gains (Losses) on Net Retirement Benefits Liability (Net of Deferred Tax)	Other Equity Reserves: Cumulative Unrealized Gains (Losses) on Financial Assets at FVOCI	Treasury Stocks	Total Equity
Balances as at December 31, 2022, as restated		**₱5,000,000,005**	**₱3,000,000,000**	**₱6,525,506,098**	**₱16,000,000,000**	**₱12,947,476,014**	**₱4,387,067,333**	**₱77,528,775**	**₱–**	**(₱3,000,000,000)**	**₱44,937,578,225**
Net income		**–**	**–**	**–**	**–**	**4,322,014,151**	**–**	**–**	**–**	**–**	**4,322,014,151**
Other comprehensive loss		**–**	**–**	**–**	**–**	**–**	**–**	**(19,298,302)**	**(3,333,750)**	**–**	**(22,632,052)**
Appropriation	17	**–**	**–**	**–**	**600,000,000**	**(600,000,000)**	**–**	**–**	**–**	**–**	**–**
Cash dividends declared	17	**–**	**–**	**–**	**–**	**(5,600,000,006)**	**–**	**–**	**–**	**–**	**(5,600,000,006)**
Balances as at December 31, 2023		**₱5,000,000,005**	**₱3,000,000,000**	**₱6,525,506,098**	**₱16,600,000,000**	**₱11,069,490,159**	**₱4,387,067,333**	**₱58,230,473**	**(₱3,333,750)**	**(₱3,000,000,000)**	**₱43,636,960,318**
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
Net income		–	–	–	–	5,378,478,260	–	–	–	–	5,378,478,260
Other comprehensive income		–	–	–	–	–	1,330,679,986	30,086,605	(5,667,375)	–	1,355,099,216
Cash dividends declared	17	–	–	–	–	(4,000,000,004)	–	–	–	–	(4,000,000,004)
Balances as at December 31, 2022		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱12,947,476,014	₱4,387,067,333	₱77,528,775	₱–	(₱3,000,000,000)	₱44,937,578,225
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	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	₱11,568,997,758	₱3,056,387,347	₱47,442,170	₱5,667,375	(₱3,000,000,000)	₱42,204,000,753

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2023**	2022 (As restated – see Note 4)	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱5,390,813,138**	₱6,362,390,280	₱6,830,108,781
Adjustments for:				
Depreciation and amortization	11	**1,469,459,397**	1,331,895,803	1,166,056,132
Loss on sale of asset held for sale	18	**995,485,243**	–	–
Interest income	5	**(648,395,163)**	(273,272,734)	(213,327,485)
Finance costs	15	**202,887,292**	293,058,253	360,333,838
Dividend income	22	**(86,797,575)**	(208,460,225)	(214,505,092)
Losses (gains) on financial assets at FVPL	6	**(37,453,486)**	93,108,937	23,205,545
Retirement benefit costs	25	**18,259,830**	28,512,113	63,007,502
Unrealized foreign exchange loss (gains)		**16,383,641**	(24,433,290)	(2,802,203)
Gain on sale of property, plant and equipment	22	**(2,660,424)**	(3,424,290)	(659,328)
Gain on fair value remeasurement	22	**–**	(701,252,190)	**–**
Fair value changes in investment properties	22	**–**	–	(107,556,400)
Operating income before working capital changes		**7,317,981,893**	6,898,122,657	7,903,861,290
Decrease (increase) in:				
Trade and other receivables		**(167,540,660)**	16,819,580	1,224,895,351
Inventories		**774,302,445**	(41,016,821)	12,168,412
Due from related parties		**204,011,565**	–	–
Other current assets		**(580,679,397)**	(103,137,956)	(224,293,069)
Other noncurrent assets		**(370,679,875)**	(22,685,825)	2,569,917
Increase (decrease) in trade and other payables		**317,475,058**	(131,689,002)	646,722,119
Net cash generated from operations		**7,494,871,029**	6,616,412,633	9,565,924,020
Income taxes paid		**(693,629,922)**	(974,101,247)	(992,942,550)
Interest received		**585,895,755**	261,012,895	210,154,402
Contribution to the retirement plan	25	**(146,762,019)**	(39,595,445)	–
Net cash provided by operating activities		**7,240,374,843**	5,863,728,836	8,783,135,872
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment		**(896,674,808)**	(1,241,825,043)	(718,278,653)
Intangible assets	12	**(50,073,470)**	(17,066,400)	(60,845,680)
Deposit for future investment		**476,742**	(542,049)	(4,306,438)
Investment properties		**–**	(530,126,487)	(10,597,241)
Financial assets at FVPL		**–**	(250,000,000)	(200,000,000)
Deposits on asset purchase		**(84,397,908)**	(171,633,757)	(623,026,418)
Proceeds from sale of:				
Financial assets at FVPL		**4,000,000,001**	51,385,000	11,130,959
Long-term investment		**500,000,000**	–	–
Subsidiary		**418,391,386**	–	–
Property, plant and equipment		**3,938,536**	4,941,694	97,022,810
Dividends received		**136,797,575**	208,457,446	214,507,871
Additional advances to related property		**(100,000,000)**		
Acquisition of a new subsidiary, net of cash	4	**–**	(420,075,139)	(3,308,490,741)
Collections of deposit for future investment	13	**–**	–	717,000,000
Net cash provided by (used in) investing activities		**3,928,458,054**	(2,366,484,735)	(3,885,883,531)

(Forward)

	Note	2023	2022	2021
		Years Ended December		
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Dividends		**(₱5,600,000,006)**	(₱4,000,000,004)	(₱3,300,000,003)
Loans payable	15	**(4,049,500,000)**	(1,201,500,000)	(1,068,000,000)
Interest		**(207,597,164)**	(285,889,752)	(351,533,412)
Lease liabilities	24	**(17,320,716)**	(15,964,417)	(7,138,880)
Advances from related parties		**(79,892,821)**	6,606,822	8,039,826
Net cash used in financing activities		**(9,954,310,707)**	(5,496,747,351)	(4,718,632,469)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,214,522,190**	(1,999,503,250)	178,619,872
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(14,831,546)**	19,134,770	174,265
CASH INCLUDED IN ASSET HELD FOR SALE	18	**–**	(117,395,350)	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**9,547,285,514**	11,645,049,344	11,466,255,207
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱10,746,976,158**	₱9,547,285,514	₱11,645,049,344
NONCASH FINANCIAL INFORMATION				
Advances to suppliers applied against inventories	9	**₱616,529,106**	₱262,333,823	₱9,920,432
Application of deposit on asset purchase	11	**368,319,291**	237,180,336	497,500,000

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

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 21, 1995. The Parent Company is primarily engaged in the business of manufacturing, marketing, sale and distribution of cement products.

In October 2022, San Miguel Equity Investments Inc. (SMEII or the Immediate Parent Company) as buyer, and Far East Holdings, Inc. (FEHI), Ramon S. Ang, John Paul L. Ang and Monica Ang-Mercado, as sellers, entered into a Share Purchase Agreement for the purchase and sale of 4,425,123,001 common shares representing 88.50% of the total issued and outstanding shares of the Parent Company. During the Tender Offer Period from November to December 2022, a total of 572,780,677 common shares representing 11.46% of the total and outstanding shares were tendered and accepted by SMEII, resulting in SMEII's ownership of 99.96% of the common shares in the Parent Company as at December 31, 2022.

Furthermore, in December 2022, the Parent Company filed with the Philippine Stock Exchange (PSE) a petition for voluntary delisting of its common shares listed on the main board of the PSE. In January 2023, the PSE approved the delisting effective end of business on February 28, 2023.

The Parent Company is a wholly-owned subsidiary of San Miguel Corporation (SMC or the Intermediate Parent Company). SMC is a public company under Section 17.2 of the Securities Regulation Code (SRC), and its shares are listed in the PSE. The Ultimate Parent Company is Top Frontier Investment Holdings, Inc. (TFIHI), a holding company incorporated and domiciled in the Philippines and its shares are also listed in the PSE.

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

Subsidiaries

The following are the subsidiaries of the Parent Company, which are all incorporated in the Philippines and registered with the SEC:

		Percentage (%) of Ownership		
Name of Subsidiary	Principal Activity	**2023**	2022	2021
South Western Cement Corporation (SWCC)	Manufacturing, marketing, sale and distribution of cement products	**100**	100	100
Solid North Mineral Corp. (SNMC)	Mining activities and processing of limestones	**100**	100	100
Armstrong Flyash and Logistics Company, Inc. (Armstrong)	Processing of fly ash	**100**	100	–
KB Space Holdings, Inc. (KSHI)	Property leasing activities	**–**	–	100

The Company and its subsidiaries are collectively referred to herein as "the Group".

SWCC have not started commercial operations as at March 12, 2024.

In 2022, the Parent Company acquired 100% ownership of Armstrong for a total consideration of ₱1,284.3 million (see Note 4).

In November 2022, the Company approved of the sale of the 100% ownership over KSHI. The sale transaction was executed in June 2023 (see Note 18).

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

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	August 6, 2020	Limestone	Development
SWCC	060-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020	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.

The foregoing 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 in Cebu sites for a period of nine (9) years until November 18, 2030.

In August 2022, the Group applied for an extension of the term of MPSAs 100-97-VII and 101-97-VII in Cebu sites. As at March 12, 2024, the Group has yet to receive the approval for the extension.

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issuance by the Board of Directors (BOD) of the Parent Company on March 12, 2024, upon endorsement by the Audit Committee on the same date.

2. **Summary of Material Accounting Policy Information**

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 and Sustainability 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 material 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

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 29 – Fair Value Measurement

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of Amended Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments – Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

- Amendments to PAS 12, *Income Taxes – Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- 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 when classifying liabilities between current and noncurrent: (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.

- Amendments to PAS 12, International Tax Reform - Pillar Two Model Rules – The amendments provide a mandatory temporary exemption for the accounting of the deferred taxes arising from the implementation of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules (Pillar Two income taxes). The amendments also introduce the disclosure requirements for the affected entities to enable users of the financial statements understand the extent to which an entity will be affected by the Pillar Two income taxes, particularly before its effectivity date.

The adoption of the amended PFRS except for the amendments to PAS 1 and PFRS Practice Statement 2, did not materially affect the consolidated financial statements of the Group. Disclosures of the accounting policies were updated in accordance with the definition of "material information" in the Amendments to PAS 1 and PFRS Practice Statements 2.

Amendments to PFRS in Issue But Not Yet Effective or Adopted
Relevant amendments to PFRS, which are not yet effective as at December 31, 2023 and have not been applied in preparing the consolidated financial statements, are summarized below.

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

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

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

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within twelve months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

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 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

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

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 the instrument.

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as fair value through profit or loss (FVPL), includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies its financial assets at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to the management:

- the stated policies and objectives for the portfolio and the operation of these policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of the cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of comprehensive income when the financial asset is derecognized, modified or impaired.

As at December 31, 2023 and 2022, 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 13).

Financial Assets at FVOCI. A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Interest income calculated using the effective interest method and foreign exchange gains and losses are recognized in the consolidated statements of comprehensive income.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statements of comprehensive income when the right to receive the payment has been established. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statement of changes in equity are never reclassified to the consolidated statements of comprehensive income.

As at December 31, 2023 and 2022, 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. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes all derivative financial assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, a financial asset may be designated as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of comprehensive income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of comprehensive income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income. Any interest earned from investment in debt instrument is recognized in the consolidated statements of comprehensive income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of comprehensive income when the right to receive payment has been established.

As at December 31, 2023 and 2022, the Group's investment in unquoted redeemable perpetual security and investments in various listed debt 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 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 other comprehensive income (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 gross 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 gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and financial liabilities at amortized cost. All financial liabilities are recognized initially at fair value and, in case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option.

As at December 31, 2023 and 2022, the Group does not have financial liabilities at FVPL.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Finance costs" account in the consolidated statements of comprehensive income. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of comprehensive income.

As at December 31, 2023 and 2022, the Group's trade and other payables (except advances from customers, statutory payables, output VAT payable and deferred revenue), loans payable and lease liabilities are classified under this category (see Notes 14, 15 and 24).

Derecognition of Financial Assets and Financial Liabilities

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

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; 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 rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

Financial Liabilities. 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. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Impairment of Financial Assets

The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including appropriate forward-looking information.

The Group recognizes lifetime ECL for trade receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants. The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECL on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of comprehensive income.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial Instrument is classified as liability if it provides for a contractual obligation to:

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

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments

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

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

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized as expense in the consolidated statements of comprehensive income as they are consumed or expire with the passage of time.

Prepayments are classified as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Group’s normal operating cycle. Otherwise, these are classified as noncurrent assets.

Advances To Suppliers. Advances to suppliers represent advance payments made in relation to purchase of raw materials and services and are carried at cost. These are to be applied against the suppliers’ billing upon the receipt of materials or services.

Other Current Assets. Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. 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 initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation. Expenditures incurred after the asset has been put into operations, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Construction in progress (CIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. Upon completion of the projects, the related CIP will be transferred to the specific property, plant and equipment accounts. CIP is not depreciated until such time that the relevant assets are ready for use.

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 remaining useful lives and depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.
Fully-depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income in the period of retirement or disposal.

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 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 CGU 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.

Asset Held for Sale
The Group's asset held for sale pertains to an investment in a subsidiary with the intention to be recovered principally through a sale.

The criteria for an asset to be classified as held for sale are regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Events or circumstances may extend the period to complete the sale of the asset beyond one year. Such extension of the period required to complete a sale still permits the asset to be classified as held for sale if the delay is beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

Such asset classified as held for sale is measured at the lower of their carrying amount and fair value less cost to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The Group recognizes an impairment loss for any initial or subsequent write-down of the asset to fair value less costs to sell, to the extent that it has not been recognized in the carrying amount of the noncurrent asset before initial classification as held for sale. The Group recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognized.

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 that would be received to sell an asset in an orderly transaction between market participants at the measurement date less costs of disposal. 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.

Advances from Customers

Advances from customers consist of amounts received by the Group from its customers as advance payments 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 goods for which the advances were made are delivered to the customers.

Fair Value Measurements

The Group measures financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (see Note 29).

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 or losses 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, and 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 to the buyer, which is normally upon delivery or pick of goods, the seller has no obligation that could affect the buyer's acceptance of goods and the amount of sales can be measured realiably. The sales are net of returns, trade discounts and sale rebates.

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.

Sales Rebates. The Group provides sales 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 sales 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 (Note 14).

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.

Other Expenses. Other expenses are recognized when incurred during the period.

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.

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 (see Note 14).

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 thirty (30) 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.

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.

Current tax and deferred tax are recognized in the consolidated statements of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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) prior to 2022 with an aggregate acquisition cost (exclusive of VAT) in each of the calendar months 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.

In accordance with Section 35 of Republic Act (RA) No. 10963 otherwise known as the "Tax Reform for Acceleration or Inclusion", the amortization of the input VAT shall only be allowed until December 31, 2021 after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized. Accordingly, all input tax on purchases of capital goods starting January 1, 2022 shall already be allowed upon purchase/payment and no longer be deferred based on Revenue Memorandum Circular No. 21-2022.

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.

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 (Note 13).

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.

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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 debt securities and investment in unquoted redeemable perpetual securities 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 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 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 29 to the consolidated financial statements.

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 12, 2024, the Cebu and Mindanao 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 as at December 31, 2023 and 2022 (see Note 13).

Classification of Investment in a Subsidiary as Asset Held For Sale. The Group classifies an asset as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In making its judgment, the Group considers its management’s commitment to sell the asset within one (1) year. When the one-year period is not met, the Group determines whether the delay of the sale is caused by events or circumstances beyond its control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

Based on the Group’s management assessment, investment in KSHI is classified as asset held for sale since the BOD of the Group approved the sale of the 100% ownership of KSHI in November 2022. As of December 31, 2022, the carrying amount of assets held for sale amounting to ₱2,614.0 million is lower than its fair value less cost to sell. The sale transaction was executed in June 2023 which resulted in a loss on sale amounting to ₱995.5 million (see Note 18).

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 2023, 2022 and 2021. The carrying amount of trade receivables amounted to ₱621.1 million and ₱435.5 million as at December 31, 2023 and 2022, 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 2023, 2022 and 2021.

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

	Note	**2023**	2022
Cash in banks and cash equivalents	5	**₱10,746,019,148**	₱9,546,308,504
Other receivables*	7	**1,388,844,456**	97,207,725
Long-term placements	13	**150,000,000**	650,000,000
Restricted cash	13	**81,379,994**	74,019,946
Refundable deposits	13	**63,575,285**	63,982,934
Deposit in escrow	13	**49,879,815**	49,879,815
DSRA	9	**–**	363,846,083

**Includes receivable from a related party, interest receivable, dividends receivable 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, 2023 and 2022, the cost of inventories is lower than its NRV. The carrying amount of inventories is ₱2,185.7 million and ₱2,299.1 million as at December 31, 2023 and 2022, respectively (see Note 8).

Estimation of the Useful Lives of Property, Plant and Equipment and Intangible Assets. 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 2023, 2022 and 2021.

The carrying amounts of property, plant and equipment and intangible assets are as follows:

	Note	**2023**	2022
Property, plant and equipment*	11	**₱20,963,564,407**	₱21,484,607,479
Mining rights	12	**1,124,993,431**	1,160,729,735
Computer software	12	**209,950,673**	183,775,017

**Excluding land and construction in progress aggregating to ₱8,886.1 million and ₱8,542.1 million as at December 31, 2023 and 2022, respectively.*

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, 2023 and 2022 is ₱7,979.2 million and ₱7,947.2 million, respectively (see Note 11).

Accounting for Business Combination under Common Control. In 2022 and 2021*,* the Company acquired 100% ownership in Armstrong and SNMC, respectively. 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 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 acquired by the Group are based on information available at the acquisition date.

Step-up Acquisition of Armstrong

In August 2022, the Parent Company converted its investment in Armstrong's preferred shares to common shares amounting to ₱75.0 million. Further, in December 2022, the Parent Company acquired the remaining common shares from the individual shareholders for a consideration of ₱508.0 million.

As at December 31, 2022, the fair values of Armstrong's net identifiable assets acquired and the consideration are based on a provisional assessment pending the completion of an independent valuation. Carrying amount of the provisional goodwill arising from the acquisition amounted to ₱226.1 million.

In 2023, the independent valuation of the fair values of Armstrong's net identifiable assets acquired and consideration was completed.

The increase in the acquisition date fair value of the consideration amounting to ₱701.3 million, mainly arising from the fair valuation of common shares acquired through conversion of previously-held preferred shares in Armstrong, was recognized as a "Gain on remeasurement of previously-held equity interest" in the consolidated statements of comprehensive income. As a result, there was a corresponding increase in goodwill of the same amount, for a total goodwill of ₱927.4 million arising on the acquisition of Armstrong. The corresponding increase in goodwill was reflected retrospectively as at acquisition date in 2022 (see Note 4).

As at December 31, 2023 and 2022, the aggregate carrying amount of goodwill from acquisitions of Armstrong, SNMC and SWCC amounted to ₱1,259.0 million (see Note 12).

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 2.25% to 8.31% for the computation of lease liabilities and ROU assets. Lease liabilities amounted to ₱33.5 million and ₱35.4 million as at December 31, 2023 and 2022, respectively. ROU assets amounted to ₱27.8 million and ₱29.5 million as at December 31, 2023 and 2022, respectively (see Note 24).

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 2023, 2022 and 2021. The carrying amounts of nonfinancial assets are as follows:

	Note	2023	2022 (As restated - see Note 4)
Property, plant and equipment	11	**₱29,849,640,478**	₱30,026,713,907
Intangible assets*	12	**1,334,944,104**	1,344,504,752
Deferred input VAT	9	**255,441,264**	167,734,701
Prepayments	9	**245,970,600**	273,086,480
Deposit on asset purchase	13	**222,856,814**	138,458,905
Advances to suppliers	9	**138,718,894**	141,947,872
Deferred exploration and evaluation costs	13	**44,678,353**	44,678,353
Advances to officers and employees	7	**7,519,050**	4,645,880
Deposit for future investment	13	**4,371,745**	4,848,487
Others	9	**6,224,602**	29,016,529

**Excluding goodwill amounting to ₱1,259.0 million as at December 31, 2023 and 2022.*

Assessment of Goodwill Impairment. The Group determines whether goodwill is impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

No impairment loss was recognized in 2023, 2022 and 2021. The carrying amount of goodwill amounted to ₱1,259.0 million as at December 31, 2023 and 2022 (see Note 12).

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 2023, 2022 and 2021. As at December 31, 2023 and 2022, the carrying amount of deferred exploration and evaluation costs amounted to ₱44.7 million (see Note 13).

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 ₱53.5 million and ₱52.4 million as at December 31, 2023 and 2022, respectively (see Note 16).

Determination of Retirement Liability (Assets). 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 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 (assets) amounted to (₱29.8 million) and ₱72.3 million as at December 31, 2023 and 2022, respectively. Cumulative remeasurement gains on net retirement benefit liability (net of deferred tax) amounted to ₱58.2 million and ₱77.5 million as at December 31, 2023 and 2022, respectively (see Note 25).

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 ₱22.4 million and ₱14.2 million were not recognized as at December 31, 2023 and 2022, 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 27).

Deferred tax assets recognized amounted to ₱119.0 million and ₱109.4 million as at December 31, 2023 and 2022, respectively (see Note 27).

4. **Business Combination**

Step-up Acquisition of Armstrong
In August 2022, the Parent Company converted its investment in Armstrong's preferred shares to common shares amounting to ₱75.0 million. Further, in December 2022, the Parent Company acquired the remaining common shares from the individual shareholders for a consideration of ₱508.0 million.

The acquisition is a strategic move by the Group to ensure sustainable supply of raw materials for its operations. The fair values of the identified assets and liabilities of Armstrong at the date of acquisition and the purchase price were allocated as follows (in millions):

	Provisional Amount	Final Amount
Cash	₱87.9	₱87.9
Trade and other receivables	56.5	56.5
Inventories	26.6	26.6
Other current assets	49.3	49.3
Property, plant and equipment	364.5	364.5
Other noncurrent assets	18.8	18.8
Trade and other payables	(156.2)	(156.2)
Income tax payable	(1.1)	(1.1)
Other noncurrent liabilities	(89.4)	(89.4)
Net assets acquired	356.9	356.9
Consideration	(583.0)	(1,284.3)
Goodwill	₱226.1	₱927.4
Total cash consideration	₱508.0	₱508.0
Less cash acquired	87.9	87.9
Acquisition of subsidiary, net of cash acquired	₱420.1	₱420.1

As at December 31, 2022, the fair values of net identifiable assets acquired and the consideration are based on a provisional assessment pending the completion of an independent valuation. The independent valuation had not yet been completed by the date the 2022 financial statements were approved for issuance by the BOD.

In 2023, the independent valuation was completed and the acquisition date fair value of the consideration was ₱1,284.3 million.

The increase in the acquisition date fair value of the consideration amounting to ₱701.3 million, mainly arising from the fair valuation of common shares acquired through conversion of previously-held preferred shares in Armstrong, was recognized as a gain on remeasurement of previously-held equity interest in Armstrong in the consolidated statements of comprehensive income (see Note 22). As a result, there was a corresponding increase in goodwill of the same amount, for a total goodwill of ₱927.4 million arising on the acquisition of Armstrong. The 2022 comparative information was restated to reflect the adjustment to the provisional amounts.

The excess of consideration over the fair value amounting to ₱927.4 million represents goodwill, which is the fair value of the expected synergies arising from the acquisition of the business (see Note 12). None of the goodwill recognized is expected to be deductible for tax purposes.

The revenue and net income of Armstrong from the date the Group obtained control, which is August 12, 2022, up to December 31, 2022, amounted to ₱143.5 million and ₱97.4 million, respectively, which were included in the Group's results of operations in 2022. Had the acquisition took place at the beginning of 2022, the Group's revenue and net income for the year ended December 31, 2022 would have been ₱26,390.1 million and ₱4,787.9 million, respectively.

The assets and liabilities of Armstrong as at December 31, 2022 were included in the Group's 2022 consolidated financial statements.

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 took 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 based on the replacement cost less allowance for depreciation established with reference to the relative desirability of the property for present and future performance as compared to a property under known or assumed condition of operation, but without regard to the economic conditions which might influence the profitability of operation or the status of business or industry as a whole.

5. **Cash and Cash Equivalents**

This account consists of:

	2023	2022
Cash on hand	**₱957,010**	₱977,010
Cash in banks	**1,250,312,981**	1,116,196,823
Short-term placements	**9,495,706,167**	8,430,111,681
	₱10,746,976,158	₱9,547,285,514

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 4.30% to 8.00% in 2023, 0.30% to 7.00% in 2022 and 0.05% to 3.25% in 2021.

Interest income is recognized from the following:

	Note	**2023**	2022	2021
Cash in banks and cash equivalents*		**₱599,357,327**	₱204,392,463	₱124,812,576
Financial assets at FVPL	6	**45,513,954**	40,335,153	28,681,286
Long-term placements	13	**3,462,310**	28,407,200	30,738,423
Deposit for future investments	13	**–**	–	28,879,000
Others		**61,572**	137,918	216,200
		₱648,395,163	₱273,272,734	₱213,327,485

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

6. Financial Assets at FVPL

This account consists of:

	2023	2022
Debt securities	**₱1,011,642,206**	₱997,624,919
Equity securities	**–**	3,976,563,802
	₱1,011,642,206	₱4,974,188,721

Financial assets at FVPL consist of quoted debt and unquoted redeemable perpetual securities held 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 18). In May 2023, the Group redeemed its unquoted redeemable perpetual securities resulting in a realized gain of ₱38.9 million, which is classified as part of trading gain (loss) on financial assets at FVPL in the consolidated statements of comprehensive income.

Dividend income is recognized from the following equity securities (see Note 22):

	Note	**2023**	2022	2021
Financial asset at FVPL		**₱80,000,000**	₱201,652,174	₱207,660,775
Financial asset at FVOCI	10	**6,797,575**	6,808,051	6,844,317
		₱86,797,575	₱208,460,225	₱214,505,092

Gains (losses) on financial assets at FVPL are as follows (see Note 22):

	2023	2022	2021
Unrealized gains (losses) on fair value changes	**₱14,017,288**	(₱96,766,377)	(₱23,433,048)
Realized gains on sale of securities	**23,436,198**	3,657,440	227,503
	₱37,453,486	(₱93,108,937)	(₱23,205,545)

Debt securities are quoted and earn annual interest rate ranging from 5.08% to 6.25% in 2023, 2022 and 2021. Interest income on debt securities amounted to ₱45.5 million, ₱40.3 million and ₱28.7 million in 2023, 2022 and 2021, respectively (see Note 5).

The Group's quoted debt securities at FVPL as at December 31, 2023 and 2022 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 Group's unquoted financial asset at FVPL as at December 31, 2022 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 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 1.85% in 2022.

7. Trade and Other Receivables

This account consists of:

	Note	**2023**	2022
Trade:			
Third parties		**₱367,320,267**	₱146,485,979
Related parties	18	**253,736,529**	289,040,650
Receivable from a related party	18	**1,300,000,000**	–
Interest receivable		**83,512,374**	21,012,966
Advances to officers and employees		**7,519,050**	4,645,880
Dividends receivable	18	**1,702,013**	51,702,013
Others		**3,630,069**	24,492,746
		₱2,017,420,302	₱537,380,234

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

Interest receivable pertains to interest income earned but not yet received by the Group and are normally settled within 35 days.

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

Other receivables are noninterest-bearing and normally settled within 12 months from the reporting date.

8. Inventories

This account consists of:

	2023	2022
Goods in process	**₱768,454,267**	₱666,453,084
Spare parts	**552,348,809**	602,339,247
Raw materials	**472,485,701**	684,730,020
Supplies	**295,288,254**	239,404,452
Finished goods	**97,076,961**	106,191,461
	₱2,185,653,992	₱2,299,118,264

Cost of inventories as at December 31, 2023 and 2022 is lower than its NRV. Cost of inventories sold amounted to ₱9,130.2 million, ₱9,336.2 million and ₱6,986.1 million in 2023, 2022 and 2021, respectively (see Note 20).

9. Other Current Assets

This account consists of:

	Note	2023	2022
Current portion of deferred input VAT		**₱255,441,264**	₱161,590,790
Prepayments for:			
Taxes		**240,883,927**	263,163,560
Insurance		**5,086,673**	9,922,920
Advances to suppliers		**138,718,894**	141,947,872
DSRA	15	**–**	363,846,083
Others		**6,224,602**	29,016,529
		₱646,355,360	₱969,487,754

Deferred input VAT are presented in the statements of financial position as follows:

	Note	2023	2022
Current portion		**₱255,441,264**	₱161,590,790
Noncurrent portion	13	**–**	6,143,911
		₱255,441,264	₱167,734,701

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.

In 2023 and 2022, advances to suppliers amounting to ₱616.5 million and ₱262.3 million, respectively, were applied against 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 15). 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 ₱96.7 million and ₱100.0 million as at December 31, 2023 and 2022, respectively.

Dividend income earned from financial assets at FVOCI amounted to ₱6.8 million in 2023, 2022 and 2021 (see Note 6).

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

	2023	2022	2021
Balance at beginning of year	**₱–**	₱5,667,375	₱3,067,050
Unrealized gains (loss) for the year	**(3,333,750)**	(5,667,375)	2,600,325
Balance at end of year	**(₱3,333,750)**	₱–	₱5,667,375

The Group's financial assets at FVOCI as at December 31, 2023 and 2022 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).

11. **Property, Plant and Equipment**

The balances and movements in this account as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023							
	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	**₱7,947,234,644**	**₱24,415,953,354**	**₱5,147,034,536**	**₱326,441,914**	**₱228,617,271**	**₱74,049,299**	**₱594,871,784**	**₱38,734,202,802**
Additions	–	**248,567,942**	**3,130,673**	–	–	**12,661,900**	**986,448,231**	**1,250,808,746**
Disposals	–	**(84,805,566)**	**(3,174,806)**	**(36,780,201)**	**(19,255,848)**	–	–	**(144,016,421)**
Reclassification	–	**(12,081,299)**	**(3,225,662)**	**(1,471,823)**	–	–	–	**(16,778,784)**
Settlement of construction in progress	**32,014,692**	**564,177,313**	**55,001,937**	**22,567,195**	**732,143**	–	**(674,493,280)**	–
Balances at end of year	**7,979,249,336**	**25,131,811,744**	**5,198,766,678**	**310,757,085**	**210,093,566**	**86,711,199**	**906,826,735**	**39,824,216,343**
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	**6,483,827,994**	**1,729,691,085**	**240,740,814**	**208,666,334**	**44,562,668**	–	**8,707,488,895**
Depreciation and amortization	–	**1,147,485,199**	**205,197,632**	**34,113,767**	**8,721,414**	**14,307,268**	–	**1,409,825,280**
Disposals	–	**(83,641,107)**	**(3,174,805)**	**(36,666,549)**	**(19,255,849)**	–	–	**(142,738,310)**
Balances at end of year	–	**7,547,672,086**	**1,931,713,912**	**238,188,032**	**198,131,899**	**58,869,936**	–	**9,974,575,865**
Carrying Amounts	**₱7,979,249,336**	**₱17,584,139,658**	**₱3,267,052,766**	**₱72,569,053**	**₱11,961,667**	**₱27,841,263**	**₱906,826,735**	**₱29,849,640,478**

	2022							
	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	₱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
Additions	52,416,521	47,763,769	–	3,244,416	–	–	1,389,099,278	1,492,523,984
Acquisition of a new subsidiary	–	290,117,423	110,987,458	377,749	–	7,163,651	2,830,720	411,477,001
Revaluation	1,774,239,982	–	–	–	–	–	–	1,774,239,982
Disposals	–	(761,647)	–	(5,419,399)	(17,538,108)	–	–	(23,719,154)
Price adjustment	–	(12,406,042)	933,503	13,505	(44,000)	–	(30,389,706)	(41,892,740)
Settlement of construction in progress	29,283,527	2,133,018,919	1,371,928,625	51,394,038	5,784,821	–	(3,591,409,930)	–
Balances at end of year	7,947,234,644	24,415,953,354	5,147,034,536	326,441,914	228,617,271	74,049,299	594,871,784	38,734,202,802
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	5,428,449,901	1,537,687,948	209,878,558	191,607,108	30,317,419	–	7,397,940,934
Acquisition of subsidiary	–	40,001,080	4,814,572	324,427	–	1,868,779	–	47,008,858
Depreciation and amortization	–	1,020,783,139	185,648,651	35,900,271	33,079,930	12,376,470	–	1,287,788,461
Disposals	–	(761,647)	–	(5,419,399)	(16,020,704)	–	–	(22,201,750)
Reclassification adjustment	–	(4,644,479)	1,539,914	56,957	–	–	–	(3,047,608)
Balances at end of year	–	6,483,827,994	1,729,691,085	240,740,814	208,666,334	44,562,668	–	8,707,488,895
Carrying Amounts	₱7,947,234,644	₱17,932,125,360	₱3,417,343,451	₱85,701,100	₱19,950,937	₱29,486,631	₱594,871,784	₱30,026,713,907

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:

	2023	2022
Cost		
Balance at beginning and end of year	**₱39,848,491**	₱39,848,491
Accumulated Amortization		
Balance at beginning of year	**27,711,776**	23,459,093
Amortization	**743,199**	4,252,683
Balance at end of year	**28,454,975**	27,711,776
Carrying Amount	**₱11,393,516**	₱12,136,715

Application of Deposit on Asset Purchase

As at December 31, 2023 and 2022, deposit on asset purchase amounting to ₱368.3 million and ₱237.2 million, respectively, were reclassified and included as additions to property, plant and equipment (see Note 13). This transaction is considered as a noncash financial information in the consolidated statements of cash flows.

Disposals

In 2023, the Company disposed various items of property, plant and equipment for ₱3.9 million resulting to a gain on sale of property, plant and equipment of ₱2.7 million (see Note 22).

In 2022, the Group sold items of property, plant and equipment with carrying amount of ₱1.5 million for ₱4.9 million resulting to gain on sale of property, plant and equipment of ₱3.4 million (see Note 22).

Depreciation and Amortization

Details of depreciation and amortization are as follows:

	Note	**2023**	2022	2021
Included in profit or loss:				
Property, plant and equipment		**₱1,395,518,011**	₱1,262,233,239	₱1,135,189,060
ROU assets	24	**14,307,268**	12,376,470	10,604,347
Mining rights and computer software	12	**59,634,118**	57,286,094	20,262,725
		1,469,459,397	1,331,895,803	1,166,056,132
Recognized as component of inventories		**43,626,038**	48,310,472	35,131,720
		₱1,513,085,435	₱1,380,206,275	₱1,201,187,852

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

	Note	**2023**	2022	2021
Cost of goods sold	20	**₱1,312,006,561**	₱1,185,340,088	₱1,026,743,641
Operating expenses	21	**157,452,836**	146,555,715	139,312,491
		₱1,469,459,397	₱1,331,895,803	₱1,166,056,132

Revaluation of Land

The Group engaged an independent appraiser to determine the fair value of its land. The latest appraisal valuation report was dated May 25, 2022 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 29).

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 ₱2,099.6 million and ₱2,097.8 million as at December 31, 2023 and 2022, respectively.

Rollforward analysis of revaluation surplus is shown below:

	2023		
	Gross of Tax	**Deferred Tax Expense**	**Net of Tax**
Balances at beginning and end of year	**₱5,849,423,111**	**(₱1,462,355,778)**	**₱4,387,067,333**

	2022		
	Gross of Tax	Deferred Tax Expense	Net of Tax
Balances at beginning of year	₱4,075,183,129	(₱1,018,795,782)	₱3,056,387,347
Revaluation during the year	1,774,239,982	(443,559,996)	1,330,679,986
Balances at end of year	₱5,849,423,111	(₱1,462,355,778)	₱4,387,067,333

	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.*

Revaluation surplus on land amounting to nil, ₱1,774.2 million and ₱761.7 million for the years ended December 31, 2023, 2022 and 2021, 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 ₱906.8 million and ₱594.9 million as at December 31, 2023 and 2022, respectively.

The remaining contracted capital expenditures for the Group's outstanding construction projects as at December 31, 2023 amounted to ₱1,308.7 million.

12. **Intangible Assets**

The balances and movements in this account as at and for the years ended December 31, 2023 and 2022 are as follows:

		2023			
	Note	**Mining Rights**	**Computer Software**	**Goodwill**	**Total**
Cost					
Balance at beginning of year		**₱1,209,969,143**	**₱219,032,217**	**₱1,258,952,704**	**₱2,687,954,064**
Additions		**–**	**50,073,470**	**–**	**50,073,470**
Balance at end of year		**1,209,969,143**	**269,105,687**	**1,258,952,704**	**2,738,027,534**
Accumulated Amortization					
Balance at beginning of year		**49,239,408**	**35,257,200**	**–**	**84,496,608**
Amortization	11	**35,736,304**	**23,897,814**	**–**	**59,634,118**
Balance at end of year		**84,975,712**	**59,155,014**	**–**	**144,130,726**
Carrying Amounts		**₱1,124,993,431**	**₱209,950,673**	**₱1,258,952,704**	**₱2,593,896,808**

		2022			
	Note	Mining Rights	Computer Software	Goodwill (As restated - see Note 4)	Total
Cost					
Balance at beginning of year		₱1,209,969,143	₱192,904,817	₱331,583,907	₱1,734,457,867
Acquisition of a new subsidiary	4	–	9,061,000	927,368,797	936,429,797
Additions		–	17,066,400	–	17,066,400
Balance at end of year		1,209,969,143	219,032,217	1,258,952,704	2,687,954,064
Accumulated Amortization					
Balance at beginning of year		13,503,104	13,707,410	–	27,210,514
Amortization	11	35,736,304	21,549,790	–	57,286,094
Balance at end of year		49,239,408	35,257,200	–	84,496,608
Carrying Amounts		₱1,160,729,735	₱183,775,017	₱1,258,952,704	₱2,603,457,456

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 Group assigns to the lenders under TLFSA its rights and interest under MPSA No. 181-2002-III. In May 2023, the Company has prepaid in full the remaining principal balance (see Note 15).

Computer Software

This account pertains to enterprise resource planning (ERP) system.

Goodwill

Provisional goodwill amounting to ₱226.1 million was recognized as a result of the acquisition by the Company of 100% ownership in Armstrong in 2022. Total net cash outflow of the Company from acquiring Armstrong amounted to ₱420.1 million (net of cash acquired from Armstrong amounting to ₱87.9 million).

In 2023, the Company obtained appraisal report from an independent asset valuation firm. Accordingly, goodwill recognized as a result of the acquisition of Armstrong amounted to ₱927.4 million. Adjustments to the goodwill amounting to ₱701.3 million as a result of the updated fair values was reflected retrospectively as at the acquisition date.

Goodwill amounting to ₱327.8 million was recognized as a result of the acquisition by the Company of 100% ownership in SNMC in 2021. Total net cash outflow of ECC 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 2023, the key assumptions used in the estimation of value in use were as follows:

Discount rate	6.99%
Growth rate	5.00%

No impairment loss on goodwill was recognized in 2023, 2022 and 2021.

Amortization of mining rights and computer software is recognized under "Operating expenses" account in the consolidated statements of comprehensive income.

13. **Other Noncurrent Assets**

This account consists of:

	Note	**2023**	2022
Financial assets:			
Restricted cash		**₱81,379,994**	₱74,019,946
Refundable deposits		**63,575,285**	63,982,934
Deposit in escrow		**49,879,815**	49,879,815
Long-term placements		**–**	150,000,000
Nonfinancial assets:			
Deposit on asset purchase		**222,856,814**	138,458,905
Deferred exploration and evaluation costs		**44,678,353**	44,678,353
Deposit for future investment		**4,371,745**	4,848,487
Deferred input VAT - net of current portion	9	**–**	6,143,911
		₱466,742,006	₱532,012,351

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.

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

Long-term Placements
Long-term placements represent a 5-year investment in time deposits bearing an annual average interest of 5.50%. Interest income on long-term placements amounted to ₱3.5 million, ₱28.4 million and ₱30.7 million in 2023, 2022 and 2021, respectively (see Note 5).

	2023	2022
Current	**₱150,000,000**	₱500,000,000
Non-current	**–**	150,000,000
	₱150,000,000	₱650,000,000

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.

In 2023 and 2022, deposit on asset purchase amounting to ₱368.3 million and ₱237.2 million were applied against property, plant and equipment, respectively (see Note 11). Further, deposit on asset purchase amounting to ₱616.5 million and ₱262.3 million in 2023 and 2022, respectively, was applied against purchases of inventories. These transactions are considered as noncash financial information in the consolidated statements of cash flows.

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 carrying amount deferred exploration and evaluation costs amounted to ₱44.7 million. No impairment loss was recognized in 2023, 2022 and 2021.

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

	2023	2022
Total assets	**₱44,678,353**	₱44,678,353
Total liabilities	**403,053,747**	401,095,028
Expenses	**11,457,074**	13,549,708
Net cash used in operating activities	**12,538,932**	2,064,379
Net cash used in investing activities	**1,148,783**	322,942

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. In December 2021, the Group collected the foregoing receivable. Interest income recognized amounted to ₱28.9 million in 2021 (see Note 5).

14. Trade and Other Payables

This account consists of:

	Note	**2023**	2022
Trade:			
Third parties		**₱1,667,993,347**	₱2,184,409,731
Related parties	18	**1,336,140,248**	914,264,321
Accruals for:			
Sales rebates		**452,568,599**	460,969,649
Personnel costs		**239,363,890**	70,426,874
Advertising and promotions		**219,716,204**	148,699,751
Interests		**–**	17,620,686
Output VAT payable		**288,030,838**	57,288,426
Advances from customers		**280,943,293**	281,367,081
Income tax payable		**189,241,392**	104,816,084
Retention payable		**47,581,583**	85,073,031
Statutory payables		**45,209,615**	38,292,493
Deferred rent	24	**7,776,648**	–
Current portion of installment payable		**3,297,671**	3,081,957
Advances from a related party	18	**–**	79,892,821
Others		**40,448,601**	64,390,734
		₱4,818,311,929	₱4,510,593,639

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, outside services, personnel costs and interests are usually settled within one (1) year.

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.

Statutory payables include withholding taxes and statutory contributions that are remitted to the government agencies on a monthly or quarterly basis.

Deferred rent pertains to advance payments made by a tenant for rental of land.

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

Installment Payable

Installment payable pertains to an installment contract entered in 2016 with a third party for the supply and commissioning on site of a fly-ash carbon separator, the supply of belts, and the provision of technical services for $3.8 million (₱173.5 million).

As at December 31, 2023, details of the installment payable are as follows:

	Note	**2023**	2022
Original Amount			
Acquisition of a new subsidiary		**₱25,089,750**	₱26,774,475
Reclassification		**(4,113,600)**	(3,880,500)
Foreign exchange adjustments		**(212,400)**	2,195,775
Balance at end of year		**20,763,750**	25,089,750
"Day 1" Difference			
Acquisition of a new subsidiary		**3,762,080**	4,414,932
Accretion		**(1,003,692)**	(966,172)
Foreign exchange adjustments		**(114,384)**	313,320
Balance at end of year		**2,644,004**	3,762,080
		18,119,746	21,327,670
Less current portion		**3,297,671**	3,081,958
Noncurrent portion	16	**₱14,822,075**	₱18,245,712

Accretion of "Day 1" difference is included as "Finance Costs" in the consolidated statements of comprehensive income.

15. Loans Payable

This account consists of:

	2022
Principal	₱4,049,500,000
Less unamortized debt issuance costs	9,119,182
	4,040,380,818
Less current portion	1,241,357,832
Noncurrent portion	₱2,799,022,986

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 ₱9.1 million, ₱6.4 million and ₱7.9 million in 2023, 2022 and 2021, 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. In May 2023, the Group has prepaid in full the remaining principal balance of the loan amounting to ₱4,049.5 million.

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 ₱20,339.0 million as at December 31, 2022, respectively, 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, 2022, the DSRA maintained for TLFSA amounted to ₱363.8 million. 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 12).

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, 2022, 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	**2023**	2022	2021
Bank charges		**₱102,077,235**	₱16,992,359	₱18,588,472
Interest expense and other financing costs on loans payable		**97,018,425**	269,968,571	335,869,636
Interest expense on lease liabilities	24	**2,723,794**	3,687,998	3,495,814
Accretion of provision for mine rehabilitation and decommissioning	16	**1,067,838**	2,409,325	2,379,916
		₱202,887,292	₱293,058,253	₱360,333,838

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

<u>Reconciliation of Liabilities Arising from Financing Activities</u>

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

	2023				
	Loans Payable	**Installment Payable**	**Lease Liabilities**	**Advances from a Related Party**	**Dividends Payable**
Balances at beginning of year	**₱4,040,380,818**	**₱21,327,670**	**₱35,445,789**	**₱79,892,821**	**₱–**
Noncash changes:					
Dividend declaration	**–**	**–**	**–**	**–**	**5,600,000,006**
Acquisition of a new subsidiary	**–**	**–**	**–**	**–**	**–**
Additions	**–**	**–**	**12,661,900**	**–**	**–**
Reclassification to trade payables	**–**	**(4,113,600)**	**–**	**–**	**–**
Foreign exchange adjustment	**–**	**(98,016)**	**–**	**–**	**–**
Accretion of interest	**–**	**1,003,692**	**2,723,794**	**–**	**–**
Amortization of debt issuance cost	**9,119,182**	**–**	**–**	**–**	**–**
Cash changes:					
Payment of dividends	**–**	**–**	**–**	**–**	**(5,600,000,006)**
Payment of liabilities	**(4,049,500,000)**	**–**	**(17,320,716)**	**(79,892,821)**	**–**
Payment of interest	**–**	**–**	**–**	**–**	**–**
Balances at end of year	**₱–**	**₱18,119,746**	**₱33,510,767**	**₱–**	**₱–**

	2022				
	Loans Payable	Installment Payable	Lease Liabilities	Advances from a Related Party	Dividends Payable
Balances at beginning of year	₱5,235,508,766	₱–	₱47,722,208	₱73,285,999	₱–
Noncash changes:					
Dividend declaration	–	–	–	–	4,000,000,004
Acquisition of a new subsidiary	–	22,359,543	–	–	–
Additions				6,606,822	
Reclassification to trade payables	–	(3,824,925)	–	–	–
Foreign exchange adjustment	–	1,826,880	–	–	–
Accretion of interest	–	966,172	3,687,998	–	–
Amortization of debt issuance cost	6,372,052	–	–	–	–
Cash changes:					
Payment of dividends	–	–	–	–	(4,000,000,004)
Payment of liabilities	(1,201,500,000)	–	(15,964,417)	–	–
Payment of interest	–	–	–	–	–
Balances at end of year	₱4,040,380,818	₱21,327,670	₱35,445,789	₱79,892,821	₱–

16. Other Noncurrent Liabilities

This account consists of:

	Note	**2023**	2022
Provision for mine rehabilitation and decommissioning		**₱53,504,011**	₱52,436,173
Lease liabilities - net of current portion	24	**18,437,796**	24,761,038
Installment payable - net of current portion	14	**14,822,075**	18,245,712
		₱86,763,882	₱95,442,923

<u>Provision for Mine Rehabilitation and Decommissioning</u>

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	2023	2022
Balance at beginning of year		**₱52,436,173**	₱50,026,848
Accretion	15	**1,067,838**	2,409,325
Balance at end of year		**₱53,504,011**	₱52,436,173

17. **Equity**

Capital Stock

The capital stock of the Parent Company as at December 31, 2023 and 2022 is as follows:

Preferred - stock - ₱1 par value	₱3,000,000,000
Common - stock - ₱1 par value	5,000,000,005
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:

	2023		2022		2021	
	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 beginning and 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

Preferred Stock

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

	2023		2022		2021	
	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

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.

Treasury Stocks
On March 13, 2020, the Parent Company's BOD approved the redemption of its 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. 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 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 2023, 2022 and 2021:

2023

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Common	July 19, 2023	August 2, 2023	August 9, 2023	₱0.56	₱2,800,000,003
Common	November 14, 2023	December 11, 2023	December 18, 2023	0.56	2,800,000,003
					₱5,600,000,006

2022

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Common	May 12, 2022	May 26, 2022	June 10, 2022	₱0.40	₱2,000,000,002
Common	August 4, 2022	August 18, 2022	September 7, 2022	0.40	2,000,000,002
					₱4,000,000,004

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

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

Year of Appropriation	Amount	Project Completion
2023	₱8,500,000,000	To be completed in 2028
2023	5,000,000,000	To be completed in 2028
2023	2,500,000,000	To be completed in 2028
2023	500,000,000	To be completed in 2026
2023	100,000,000	To be completed in 2025
	₱16,600,000,000	

On February 2, 2023, the Group's BOD approved appropriation of retained earnings amounting to ₱100.0 million to fund the cost of budgeted capital expenditures and other improvement projects expected to be completed in December 2025.

On November 14, 2023, the Group's BOD approved extension of previous appropriation of unrestricted retained earnings amounting to ₱16,000.0 million to fund the construction of its fourth manufacturing line and production facility in Cebu, and other future expansion projects which are expected to be completed in 2028.

On November 23, 2023, the Group's BOD approved appropriation of retained earnings amounting to ₱500.0 million to fund acquisitions of land, and expansion of manufacturing plant which are expected to be completed in 2026.

Other Equity Reserves

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

	Note	**2023**	2022
Revaluation surplus (net of deferred tax)	11	**₱4,387,067,333**	₱4,387,067,333
Cumulative remeasurement gains on net retirement benefit liability or asset (net of deferred tax)	25	**58,230,473**	77,528,775
Cumulative unrealized losses on financial assets at FVOCI	10	**(3,333,750)**	–
		₱4,441,964,056	₱4,464,596,108

18. 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, 2023 and 2022 are as follows:

		2023		2022	
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	Cash deposits and investment in short-term placements	**₱416,523,213**	**₱7,455,345,256**	₱785,580	₱5,062,139,630
Financial Assets at FVPL					
Entity under common key management	Investment in quoted debt securities	**₱–**	**₱48,812,370**	₱25,000,000	₱23,246,675
Intermediate Parent Company	Investment in unquoted redeemable perpetual security	–	–	–	3,976,563,802
			₱48,812,370		₱3,999,810,477
Trade Receivables (see Note 7)					
Entities under common control	Sale of inventories	**803,659,630**	**253,350,216**	253,623,092	288,480,588
Entity under common key management	Sale of inventories	**2,258,841**	**386,313**	576,452	560,062
			₱253,736,529		₱289,040,650
Receivable from a related party (see Note 7)					
Entities under common key management	Assignment of receivable	**₱1,300,000,000**	**₱1,300,000,000**	₱–	₱–

Nature of Relationship	Nature of Transactions	2023 Amount of Transactions	2023 Outstanding Balance	2022 Amount of Transactions	2022 Outstanding Balance
Due from Related Parties					
Entities under common key management	Working capital advances	**75,257**	**328,915,938**	32,000	532,035,231
Entity under common control	Working capital advances	**–**	**–**	823,229	892,272
			₱328,915,938		₱532,927,503
Dividends Receivable (see Note 7)					
Intermediate Parent Company	Dividends earned	**₱86,800,231**	**₱1,702,013**	₱206,797,143	₱51,702,013
Advances to Suppliers					
Entity under common control	Purchase of services	**₱10,451,507**	**₱10,451,507**	₱–	₱–
Financial Assets at FVOCI (see Note 10)					
Entities under common key management	Investments in quoted equity instruments	**₱–**	**₱96,678,750**	₱–	₱100,012,500
Refundable Deposits					
Entity under common control	Supply of services	**₱187,035**	**₱55,530,073**	₱–	₱55,343,038
Entities under common key management	Supply of services	**–**	**500,000**	–	–
			₱56,030,073		₱55,343,038
Trade and Other Payables (see Note 14)					
Entity under common control	Hauling, rental and other services	**₱5,342,733,469**	**₱834,912,335**	₱6,680,044,968	₱631,776,709
Entities under common key management	Purchase of raw materials and outside services	**1,212,218,414**	**302,631,651**	729,377,549	282,487,612
Immediate Parent Company	Management and technical fees	**414,694,939**	**198,596,262**	–	–
			₱1,336,140,248		₱914,264,321
Deferred Rent (See Note 24)					
Entity under common control	Deferred rent	**₱7,776,648**	**₱7,776,648**	₱–	₱–
Advances from a Related Party (see Note 14)					
Entity under common key management	Capital expenditure	**₱–**	**₱–**	₱–	₱79,892,821
Dividends Payable					
Immediate Parent Company	Dividends Paid	**₱5,597,652,115**	**₱–**	₱–	₱–
Loans Payable					
Entity under common key management	Borrowings	**₱18,685,371**	**₱–**	₱55,140,605	₱813,571,182

Terms and Conditions of Transactions and Balances with Related Parties

Trade and other receivables, dividend receivables, trade payables and due to and from related parties and are unsecured, noninterest-bearing except for cash and cash equivalents which earn interest at prevailing bank deposit rates and generally settled and settled within the respective related parties' normal settlement period. No allowance for ECL was provided for trade and other receivables and advances to 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.

Refundable deposits are noninterest-bearing and refundable upon termination of services.

Assignment of Receivables

On June 16, 2023, ECC assigns to FEHI the deposit for future subscription of ECC to the common shares of KSHI amounting to ₱1,300.0 million. Receivable from a related party is unsecured, noninterest-bearing, and shall be collectible on demand but within two (2) years.

Financial Assets at FVPL and FVOCI

Financial assets at FVPL pertains to unquoted redeemable perpetual securities of a related party which earns dividend income with a distribution rate of 5.0% per annum to be distributed quarterly, and quoted debt securities of a related party which earns interest income at rates ranging from 5.17% to 6.25%. In May 2023, the Company redeemed the unquoted perpetual redeemable securities.

Financial assets at FVOCI pertains to quoted equity securities of a related party which earns dividend income.

Technical and Service Agreement

On July 31, 2023, the Group entered into an agreement with the Immediate Parent Company for the latter to provide technical assistance, training and research and development, with technical fees as consideration. On the same date, the Group also entered into a service agreement with the Immediate Parent Company for support services, human resource, and financial accounting and budgeting, payable in fixed quarterly management fees.

Loans Payable

In 2016, the Group entered into a loan facility agreement with local banks, including a related party. The loan principal is payable in 32 quarterly installments commencing on the 9th quarter from availment and will be fully paid on March 2, 2026. In May 2023, the Group has prepaid in full the remaining principal balance of the loan (see Note 15).

Assets Held for Sale

In November 2022, the BOD of the Group approved of the sale of the 100% ownership over KSHI to FEHI. As of December 31, 2022, the carrying amount of assets held for sale amounting to ₱2,614.0 million is lower than its fair value less cost to sell.

Details of net assets held for sale as at December 31, 2022 are as follows (in millions):

Assets held for sale	
Cash	₱117.4
Other current assets	90.5
Investment properties	2,283.4
Other noncurrent asset	177.0
	2,668.3
Liability of asset held for sale	
Trade and other payables	(54.3)
Net assets held for sale	₱2,614.0

In June 2023, the sale transaction was executed for a consideration of ₱1,618.5 million resulting in a loss on sale of asset held for sale of ₱995.5 million (see Note 22).

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.

Compensation of Key Management Personnel
The compensation of key management personnel consist of the following:

	2023	2022
Salaries and other employee benefits	**₱7,625,561**	₱13,505,327
Net retirement benefit liability	**88,675,867**	85,078,804
	₱96,301,428	₱98,584,131

19. Net Sales

Net sales of the Group amounted to ₱25,443.0 million, ₱26,384.4 million and ₱21,396.9 million for the years ended December 31, 2023, 2022 and 2021, respectively.

All sales of the Group pertain to cement products within Luzon area. All sales are recognized upon delivery to customers or at a point in time at which the Group has no more obligation that could affect the acceptance of goods by customers.

20. Cost of Goods Sold

This account consists of:

	Note	**2023**	2022	2021
Cost of inventories sold	8	**₱9,130,180,487**	₱9,336,150,229	₱6,986,147,946
Utilities		**3,649,444,963**	5,207,298,427	2,652,457,404
Depreciation and amortization	11	**1,312,006,561**	1,185,340,088	1,026,743,641
Repairs and maintenance		**934,939,056**	1,026,051,895	703,410,154
Personnel costs	23	**662,469,643**	605,420,023	527,169,277
Technical fees		**325,620,481**	–	–
Taxes and licenses		**266,274,860**	296,085,195	248,177,578
Fuel and oil		**108,294,062**	286,484,039	171,588,977
Insurance		**56,017,700**	44,938,333	41,135,238
Rental	24	**54,219,098**	106,993,266	60,992,721
Others		**54,896,553**	42,742,841	4,721,410
		₱16,554,363,464	₱18,137,504,336	₱12,422,544,346

21. **Operating Expenses**

This account consists of:

	Note	**2023**	2022	2021
Freight, trucking, and handling		**₱1,782,561,767**	₱1,759,100,681	₱1,249,642,891
Personnel costs	23	**288,351,740**	289,692,209	251,876,826
Advertising		**265,719,557**	124,565,485	223,754,033
Depreciation and amortization	11	**157,452,836**	146,555,715	139,312,491
Warehousing fees		**103,815,012**	107,583,452	100,732,280
Professional fees		**88,773,181**	47,568,808	52,132,751
Taxes and licenses		**64,878,331**	30,286,545	38,513,611
Outside services		**61,846,020**	59,647,250	50,549,080
Dues and subscriptions		**44,089,737**	3,195,083	4,327,604
Corporate social responsibility		**29,573,258**	48,757,644	55,067,470
Transportation and travel		**21,807,587**	23,864,972	14,737,335
Repairs and maintenance		**18,697,019**	55,420,832	19,487,663
Supplies		**14,965,241**	12,056,445	3,380,566
Rental	24	**13,079,866**	12,258,386	10,659,277
Communication		**11,434,281**	13,622,669	17,101,588
Representation		**7,042,865**	4,084,226	577,489
Utilities		**6,639,309**	11,827,410	7,008,872
Others		**65,493,231**	81,973,535	79,174,634
		₱3,046,220,838	₱2,832,061,347	₱2,318,036,461

22. **Other Income (Loss) -** Net

This account consists of:

	Note	**2023**	2022 (As restated - see Note 4)	2021
Loss on sale of assets held for sale	18	**(₱995,485,243)**	₱–	₱–
Dividend income	6	**86,797,575**	208,460,225	214,505,092
Gains (losses) on financial assets at FVPL	6	**37,453,486**	(93,108,937)	(23,205,545)
Foreign exchange gain (losses) - net		**(33,132,957)**	143,753,481	(4,433,406)
Gain (loss) on sale of property, plant and equipment	11	**2,660,424**	3,424,290	659,328
Gain on remeasurement of previously-held equity interest	4	**–**	701,252,190	–
Fair value changes in investment properties		**–**	–	107,556,400
Others		**4,639,624**	3,596,201	25,722,941
		(₱897,067,091)	₱967,377,450	₱320,804,810

Others mainly pertain to rental income charged to a related party.

23. **Personnel Costs**

This account consists of:

	Note	**2023**	2022	2021
Salaries and wages		**₱402,955,079**	₱391,220,997	₱532,325,225
Retirement benefit costs	25	**18,942,859**	29,245,812	63,747,222
Other short-term employee benefits		**549,081,336**	501,980,529	201,214,917
		₱970,979,274	₱922,447,338	₱797,287,364

	Note	**2023**	2022	2021
Included in profit or loss:				
Cost of goods sold	20	**₱662,469,643**	₱605,420,023	₱527,169,277
Operating expenses	21	**288,351,740**	289,692,209	251,876,826
		950,821,383	895,112,232	779,046,103
Recognized as component of inventories		**20,157,891**	27,335,106	18,241,261
		₱970,979,274	₱922,447,338	₱797,287,364

24. **Leases**

Group as a Lessee

The Group has various lease contracts for its office space, warehouses and land with lease terms ranging from two (2) to thirty (30) years. The terms of some lease contracts include extension options, variable lease payments, and escalation rates ranging from 3% to 10%. In 2023, the Group entered into lease contracts for the rental of warehouse and parcels of land.

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

	2023	2022
Balance at beginning of year	**₱29,486,631**	₱36,568,229
Amortization	**(14,307,268)**	(12,376,470)
Additions	**12,661,900**	–
Acquisition of a subsidiary	**–**	5,294,872
Balance at end of year	**₱27,841,263**	₱29,486,631

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

	Note	**2023**	2022
Balance at beginning of year		**₱35,445,789**	₱47,722,208
Additions		**12,661,900**	–
Payments		**(17,320,716)**	(15,964,417)
Accretion	15	**2,723,794**	3,687,998
Balance at end of year		**₱33,510,767**	₱35,445,789
Current		**₱15,072,971**	₱10,684,751
Non-current	16	**18,437,796**	24,761,038
		₱33,510,767	₱35,445,789

The Group recognized the following lease-related expenses:

	Note	2023	2022	2021
Variable lease payments		**₱60,557,163**	₱116,435,001	₱69,187,468
Amortization of ROU assets	11	**14,307,268**	12,376,470	10,604,347
Expense related to short-term leases		**8,282,234**	9,483,415	7,033,529
Interest expense on lease liabilities	15	**2,723,794**	3,687,998	3,495,814
		₱85,870,459	₱141,982,884	₱90,321,158

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

	Note	2023	2022	2021
Included in profit or loss:				
Cost of goods sold	20	**₱54,219,098**	₱106,993,266	₱60,992,721
Operating expenses - rental	21	**13,079,866**	12,258,386	10,659,277
Operating expenses - depreciation	11	**14,307,268**	12,376,470	10,604,347
Finance costs	15	**2,723,794**	3,687,998	3,495,814
		84,330,026	135,316,120	85,752,159
Recognized as component of inventories		**1,540,433**	6,666,764	4,568,999
		₱85,870,459	₱141,982,884	₱90,321,158

The total cash outflows for leases in 2023, 2022 and 2021 amounted to ₱85.9 million, ₱141.9 million and ₱83.4 million, respectively.

Future minimum lease payments under the noncancellable leases are as follows:

	2023	2022
Within one year	**₱20,188,414**	₱14,684,823
After one year but not more than five years	**28,526,573**	28,972,366
More than five years	**38,411,604**	–
	₱87,126,591	₱43,657,189

Group as a Lessor

On October 31, 2023, the Group entered into a lease agreement with an entity under common control covering parcels of land. The lease term is for five (5) years commencing on the start of operations of the lessee's manufacturing plant. As at December 31, 2023, the operations of the lessee's manufacturing plant has not yet commenced.

Deferred rent recognized in the consolidated statements of financial position amounted to ₱7.8 million as at December 31, 2023 (see Note 18).

25. **Net Retirement Liability (Asset)**

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 as at December 31, 2023 is based on the actuarial valuation report dated February 5, 2024.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

The components of retirement benefit costs included under "Personnel costs" account (see Note 23) in the consolidated statements of comprehensive income are as follows:

	2023	2022	2021
Current service cost	**₱18,842,603**	₱23,777,434	₱26,463,461
Net interest cost	**100,256**	5,468,378	4,634,233
Past service cost	**–**	–	32,649,528
	₱18,942,859	₱29,245,812	₱63,747,222

Retirement benefit costs were distributed as follows:

	2023	2022	2021
Included in profit or loss	**₱18,259,830**	₱28,512,113	₱63,007,502
Recognized as component of inventories	**683,029**	733,699	739,720
	₱18,942,859	₱29,245,812	₱63,747,222

Net retirement asset and net retirement liability presented in the consolidated statements of financial position as at December 31, 2023 and 2022 are as follows:

	2023	2022
Net retirement asset	**₱30,382,564**	₱–
Net retirement liability	**(631,230)**	(72,336,757)
	₱29,751,334	(₱72,336,757)

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

	2023	2022
Balance at beginning of year	**₱72,336,757**	₱122,801,864
Retirement benefit costs	**18,942,859**	29,245,812
Contributions	**(146,762,019)**	(39,595,445)
Remeasurement loss (gains) on:		
Defined benefit obligation	**20,934,368**	(41,142,637)
Changes in the effect of asset ceiling	**2,420,313**	–
Plan assets	**2,376,388**	1,027,163
Balance at end of year	**(₱29,751,334)**	₱72,336,757

The funded status and amounts recognized in the consolidated statements of financial position for the net retirement liability (asset) as at December 31, 2023 and 2022 are as follows:

	2023	2022
Present Value of Defined Benefits Obligation (PVBO)	**₱162,872,447**	₱119,560,181
Fair Value of Plan Assets (FVPA)	**(195,044,094)**	(47,223,424)
	(32,171,647)	72,336,757
Effect of asset ceiling	**2,420,313**	–
Net retirement benefit liability (asset)	**(₱29,751,334)**	₱72,336,757

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

PVBO

	2023	2022
Balance at beginning of year	**₱119,560,181**	₱139,431,928
Current service cost	**18,842,603**	23,777,434
Benefit paid	**(5,088,892)**	(9,585,154)
Interest cost	**8,624,187**	7,078,610
Remeasurement losses (gains) recognized in OCI:		
Change in financial assumptions	**21,078,885**	(38,780,677)
Experience adjustments	**(144,517)**	(2,361,960)
Balance at end of year	**₱162,872,447**	₱119,560,181

FVPA

	2023	2022
Balance at beginning of year	**₱47,223,424**	₱16,630,064
Contributions paid	**146,762,019**	39,595,445
Interest income	**8,523,931**	1,610,232
Benefits paid	**(5,088,892)**	(9,585,154)
Remeasurement losses	**(2,376,388)**	(1,027,163)
Balance at end of year	**₱195,044,094**	₱47,223,424
Actual return on plan assets	**₱6,147,543**	₱583,069

Plan assets consist of the following:

	2023	2022
Investments in:		
Debt instruments	**63.50%**	74.64%
Unit investment trust fund	**36.40%**	13.73%
Cash and cash equivalents	**0.10%**	11.16%
Others	**–**	0.47%
	100.00%	100.00%

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

	2023	2022
Discount rate	**6.01%**	7.22%
Future salary increase rate	**7.10%**	6.00%

Sensitivity analyses for principal assumptions as at December 31, 2023 and 2022 are as follows:

		Effect on Defined Benefit Obligation	
	Change in Assumption	**2023**	2022
Discount rate	+1.00%	**(₱19,308,216)**	(₱13,219,263)
	-1.00%	**23,665,900**	16,106,955
Salary increase rate	+1.00%	**₱23,400,023**	₱16,143,550
	-1.00%	**(19,456,476)**	(13,472,243)

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:

	2023		
	Cumulative Remeasurement Gains	**Deferred Tax Expense**	**Net**
Balances at beginning of year	**₱103,371,700**	**(₱25,842,925)**	**₱77,528,775**
Remeasurement gains	**(25,731,069)**	**6,432,767**	**(19,298,302)**
Balances at end of year	**₱77,640,631**	**(₱19,410,158)**	**₱58,230,473**

	2022		
	Cumulative Remeasurement Gains	Deferred Tax Expense	Net
Balances at beginning of year	₱63,256,226	(₱15,814,056)	₱47,442,170
Remeasurement gains	40,115,474	(10,028,869)	30,086,605
Balances at end of year	₱103,371,700	(₱25,842,925)	₱77,528,775

	2021		
	Cumulative Remeasurement Gains (Losses)	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

As at December 31, 2023, the maturity analysis of the undiscounted net retirement benefit liability expected to be paid for the next ten years is as follows:

Year	Amount
More than one year to five years	₱57,420,107
More than five years to ten years	93,966,979
	₱151,387,086

As at December 31, 2023, the average duration of the net retirement benefit liability is 13.2 years.

26. 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 April 2022, the ITH incentive expired.

On September 14, 2022, the BOI approved the application of the Parent Company as an expanding producer of cement in under Tier 1, "All Qualified Manufacturing Activities including Agro-Processing" of the 2022 Strategic Investment Priority Plan (SIPP). The Parent Company's registration with the BOI entitled to provide for the following fiscal and nonfiscal incentives:

- ITH for income directly attributable to Finishing Mill 5 for two (2) years from December 2022 or actual start of commercial operations, whichever is earlier;
- After ITH, enhanced deductions for five (5) years;
- Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories for 11 years from date of registration, unless otherwise extended in the Strategic Investment Priority Plan;
- Employment of foreign nationals; and,
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In 2023 and 2022, the Parent Company availed benefits from ITH amounting to ₱326.8 million and ₱263.3 million, respectively.

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.

On October 5, 2020, the BOI granted the deferment of the Company's ITH availment for taxable year 2020 due to the adverse effects of the COVID-19 pandemic. The Company is entitled to its remaining ITH entitlement equivalent to three (3) years and three (3) months or from January 1, 2021 to March 31, 2024. In 2023 and 2022, ITH incentives availed by the Company amounted to ₱64.3 million and ₱83.2 million, respectively.

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 ongoing processing of permits in the Cebu site.

On September 6, 2022, the BOI approved the request of the Company for the movement of start of commercial operation from December 2023 to January 2027 and partially granted the request for the movement of ITH reckoning date of December 2023 to December 2025 noting that its operation has been affected by the COVID-19 pandemic for 2 years. Accordingly, no tax benefits from ITH incentives have been availed of in 2023 and 2022.

AFLCI
On December 1, 2017, the BOI approved the application of the Company as a New Producer of Hi Carbon Fly-ash (Ecotherm) and Low Carbon Fly-ash (ProAsh) on a Non-Pioneer 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 the revenue generated from the registered project Ecotherm and ProAsh for four (4) 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 (5) five years from the date of registration; and
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

On May 1, 2018, the Company started its commercial operations.

On September 17, 2020, the BOI granted the deferment of the Company's ITH availment for taxable year 2020 up to April 2023 due to the adverse effects of the COVID-19 pandemic. The Company has availed ITH incentive amounting to ₱10.3 million and ₱9.9 million in 2023 and 2022, respectively.

27. Income Taxes

The components of the income tax expense (benefit) are as follows:

	2023	2022
Reported in Profit or Loss		
Current	**₱1,065,337,915**	₱994,579,751
Deferred	**3,461,072**	(10,667,731)
	₱1,068,798,987	₱983,912,020
Reported in OCI		
Deferred tax expense (benefit) on:		
Remeasurement gains on net retirement benefit liability	**(₱6,432,767)**	₱10,028,869
Revaluation surplus	**–**	443,559,996
	(₱6,432,767)	₱453,588,865

The current income tax expense pertains to regular corporate income tax in 2023, 2022 and 2021. The components of the Group's net deferred tax assets or liabilities are as follows:

	2023	2022
Deferred tax assets:		
Cumulative balance of proceeds from testing of property, plant and equipment	**₱63,026,738**	₱65,992,702
Accrued expenses	**33,207,435**	–
Provision for mine rehabilitation and decommissioning	**13,376,003**	13,109,044
Excess of cost over fair value of financial assets at FVPL	**3,655,140**	6,721,130
Lease liabilities	**1,340,294**	1,882,326
Net retirement benefit liability	**157,808**	18,084,190
Others	**4,195,566**	3,627,658
	118,958,984	109,417,050
Deferred tax liabilities:		
Excess of revalued amount or fair value over cost of property, plant and equipment	**₱1,657,810,825**	₱1,462,355,778
Carrying amount of ROU assets	**11,384,280**	7,371,659
Net retirement benefit asset	**7,595,641**	194,643,364
Unrealized foreign exchange gains	**5,196,267**	9,808,011
Others	**3,536,203**	4,774,165
	1,685,523,216	1,678,952,977
Net deferred tax liabilities	**₱1,566,564,232**	₱1,569,535,927

The components of the Group's unrecognized deferred tax assets are as follows:

	2023	2022
Lease liabilities	**₱12,189,537**	₱6,979,122
NOLCO	**9,996,154**	7,146,866
Discount on installment payable	**218,552**	98,013
	₱22,404,243	₱14,224,001

The reconciliation between the income tax expense based on statutory income tax rate and effective income tax rate is as follows:

	2023	2022	2021
Income tax at statutory tax rate	**₱1,638,319,469**	₱1,426,508,779	₱1,711,591,714
Increase (decrease) in income tax resulting from:			
Taxable income subject to ITH	**(401,354,058)**	(352,017,049)	(718,710,535)
Interest income subjected to final tax	**(162,074,024)**	(68,276,593)	(46,024,806)
Dividend income exempt from income tax	**(63,261,894)**	(52,115,056)	(53,626,273)
Nondeductible expenses	**31,410,062**	17,191,375	20,428,661
Difference arising from the use of optional standard deduction	**23,438,240**	3,716,342	(11,462,568)
Nontaxable income	**–**	–	(26,889,100)
Adjustment due to change in tax rate	**–**	–	(65,823,146)
Others	**2,321,192**	8,904,222	(5,169,271)
Income tax at effective tax rate	**₱1,068,798,987**	₱983,912,020	₱804,314,676

28. **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), 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.

Market Risks

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:

	2023		2022	
	US Dollar	**Philippine Peso**	US Dollar	Philippine Peso
Financial assets:				
Cash and cash equivalents	**$53,563**	**₱2,965,781**	$14,729,291	₱821,316,397
Deposit in escrow	**900,845**	**49,879,815**	888,806	49,879,815
	$954,408	**52,845,596**	15,618,097	871,196,212
Financial liability -				
Trade and other payables	**628,162**	**34,781,303**	1,214,218	67,704,796
Installment payable	**327,248**	**18,119,746**	382,490	21,327,669
	955,410	**52,901,049**	1,596,708	89,032,465
Net US Dollar-denominated financial assets (liability)	**($1,002)**	**(₱55,453)**	$14,021,389	₱782,163,747

The following table shows the Group's Euro-denominated monetary financial asset and liability and their Philippine Peso equivalent:

	2023		2022	
	Euro	**Philippine Peso**	Euro	Philippine Peso
Financial asset -				
Cash in banks	**€20,061**	**₱1,233,254**	€6,684	₱398,032
Financial liability -				
Trade and other payables	**517,679**	**31,823,724**	130,129	7,749,182
Net Euro-denominated financial liability	**€497,618**	**₱30,590,470**	€123,445	₱7,351,150

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 ₱55.37 per US $1 and ₱61.47 per €1 as at December 31, 2023 and ₱55.76 per US $1 and ₱59.55 per €1 as at December 31, 2022.

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, 2023	**+2.55**	**(₱2,554)**
	-2.55	**2,554**
December 31, 2022	+2.61	₱36,596,347
	-2.61	(36,596,347)
December 31, 2021	+1.08	₱58,668
	-1.08	(58,668)

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, 2023	**+1.92**	**(₱955,216)**
	-1.92	**955,216**
December 31, 2022	+1.13	(₱139,493)
	-1.13	139,493
December 31, 2021	+0.79	(₱462,946)
	-0.79	462,946

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.

Exposure of the Company to changes in share price is insignificant.

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 80% 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, 2023 and 2022, the exposure to credit risk for trade receivables by type of counterparty are as follows:

	2023		
	Neither Past due nor Impaired	**Past Due but not Impaired**	**Total**
Major term customers	**₱171,900,928**	**₱96,312,915**	**₱268,213,843**
Related parties	**225,855,707**	**27,880,822**	**253,736,529**
Others	**99,106,424**	**–**	**99,106,424**
	₱496,863,059	**₱124,193,737**	**₱621,056,796**

	2022		
	Neither Past due nor Impaired	Past Due but not Impaired	Total
Major term customers	₱50,797,108	₱53,338,615	₱104,135,723
Related parties	197,011,598	92,029,052	289,040,650
Others	23,501,064	18,849,192	42,350,256
	₱271,309,770	₱164,216,859	₱435,526,629

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	**2023**	2022
1 to 30 Days	**₱46,423,527**	₱56,150,753
31 to 90 Days	**52,439,417**	15,566,526
91 to 365 Days	**14,410,081**	35,689,445
366 days or more	**10,920,712**	56,810,135
Total	**₱124,193,737**	₱164,216,859

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 refundable deposits and other receivables (including interest receivable, 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 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.

	2023				
	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	**₱10,746,019,148**	**₱–**	**₱–**	**₱–**	**₱10,746,019,148**
Other receivables*	**1,388,844,456**	**–**	**–**	**–**	**1,388,844,456**
Due from related parties	**328,915,938**	**–**	**–**	**–**	**328,915,938**
Debt securities at FVPL	**–**	**–**	**–**	**1,011,642,206**	**1,011,642,206**
Long-term placements	**150,000,000**	**–**	**–**	**–**	**150,000,000**
Restricted cash	**81,379,994**	**–**	**–**	**–**	**81,379,994**
Refundable deposits	**63,575,285**	**–**	**–**	**–**	**63,575,285**
Deposit in escrow	**49,879,815**	**–**	**–**	**–**	**49,879,815**
	₱12,808,614,636	**₱–**	**₱–**	**₱1,011,642,206**	**₱13,820,256,842**

**Includes receivable from a related party, interest receivable, dividends receivable, and other receivables.*

	2022				
	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	₱9,546,308,504	₱–	₱–	₱–	₱9,546,308,504
Debt securities at FVPL	–	–	–	997,624,919	997,624,919
Long-term placements	650,000,000	–	–	–	650,000,000
Due from related parties	532,927,503				532,927,503
DSRA	363,846,083	–	–	–	363,846,083
Other receivables*	97,207,725	–	–	–	97,207,725
Restricted cash	74,019,946	–	–	–	74,019,946
Refundable deposits	63,982,934	–	–	–	63,982,934
Deposit in escrow	49,879,815	–	–	–	49,879,815
	₱11,378,172,510	₱–	₱–	₱997,624,919	₱12,375,797,429

**Includes interest receivable, dividends receivable, 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, 2023 and 2022:

	2023				
	On Demand	**>1 to 3 Months**	**>3 to 12 Months**	**>1 to 5 Years**	**Total**
Trade and other payables*	**₱2,994,072,289**	**₱656,820,827**	**₱545,458,419**	**₱–**	**₱4,196,351,535**
Installment payable	**–**	**–**	**3,297,671**	**14,822,075**	**18,119,746**
Lease liabilities	**1,243,367**	**2,486,733**	**16,458,314**	**28,526,573**	**48,714,987**
	₱2,995,315,656	**₱659,307,560**	**₱565,214,404**	**₱43,348,648**	**₱4,263,186,268**

**Excluding nonfinancial and statutory liabilities amounting to ₱622.0 million as at December 31, 2023.*

	2022				
	On Demand	>1 to 3 Months	>3 to 12 Months	>1 to 5 Years	Total
Trade and other payables*	₱3,272,293,602	₱652,617,212	₱211,816,782	₱–	₱4,136,727,596
Installment payable	–	–	3,081,957	18,245,712	21,327,669
Lease liabilities	–	2,938,774	5,847,621	27,560,644	36,347,039
Loans payable	–	370,901,724	1,085,790,370	3,010,108,243	4,466,800,337
	₱3,272,293,602	₱1,026,457,710	₱1,306,536,730	₱3,055,914,599	₱8,661,202,641

**Excluding nonfinancial and statutory liabilities amounting to ₱376.9 million as at December 31, 2022.*

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 ₱39,195 million and ₱40,473 million as at December 31, 2023 and 2022, 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 not subject to any externally imposed capital requirements.

No changes were made in the capital management objectives, policies, or processes in 2023 and 2022.

29. 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:

		2023			
			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 asset at FVPL	6	**₱1,011,642,206**	**₱1,011,642,206**	**₱–**	**₱–**
Financial assets at FVOCI	10	**96,678,750**	**96,678,750**	**–**	**–**
Nonfinancial Asset -					
Land	11	**7,979,249,336**	**–**	**–**	**7,979,249,336**
		₱9,087,570,292	**₱1,108,320,956**	**₱–**	**₱7,979,249,336**

			2022		
			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	₱3,976,563,802	₱–	₱3,976,563,802	₱–
Quoted financial assets at FVPL	6	997,624,919	997,624,919	–	–
Financial assets at FVOCI	10	100,012,500	100,012,500	–	–
Nonfinancial Assets:					
Land	11	7,947,234,644	–	–	7,947,234,644
		₱13,021,435,865	₱1,097,637,419	₱3,976,563,802	₱7,947,234,644
Financial Liability -					
Loans payable	15	₱4,040,380,818	₱–	₱4,045,474,636	₱–

The Group used the following techniques to determine fair value measurements:

- *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, 2023 and 2022 are carried at fair values based on quoted market prices from active markets classified under the Level 1 category.

- *Unquoted Financial Asset at FVPL.* The Group's unquoted financial asset at FVPL as at December 31, 2022 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 2022. This is classified under the Level 2 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, 2023 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, 2022 and 2021, 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 2023 and 2022.

The table below presents the financial assets and liability whose carrying amounts approximate their fair values as at December 31, 2023 and 2022:

	2023	2022
Financial assets at amortized cost:		
Cash and cash equivalents	**₱10,746,976,158**	₱9,547,285,514
Trade and other receivables*	**2,009,901,252**	532,734,354
Due from related parties	**328,915,938**	532,927,503
Long-term placements	**150,000,000**	650,000,000
Restricted cash	**81,379,994**	74,019,946
Refundable deposits	**63,575,285**	63,982,934
Deposit in escrow	**49,879,815**	49,879,815
DSRA	**–**	363,846,083
	₱13,430,628,442	₱11,814,676,149
Financial liability at amortized cost -		
Trade and other payables**	**₱4,196,351,535**	₱4,133,645,639

**Excluding nonfinancial assets amounting to ₱7.5 million and ₱4.6 million as at December 31, 2023 and 2022, respectively.*
***Excluding nonfinancial liabilities amounting to ₱622.0 million and ₱376.9 million as at December 31, 2023 and 2022, respectively.*

Current Financial Assets and Liability. The carrying amounts of cash and cash equivalents, due from related parties, 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, restricted cash, refundable deposits, and deposit in escrow approximate fair value. Management believes that the effect of discounting the future receipts from these financial instruments using the prevailing market rates is insignificant.

30. 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 ₱61.2 million, ₱13.4 million and ₱17.0 million in 2023, 2022 and 2021, 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.

  Allotment for community development activities amounted to ₱6.6 million, ₱12.6 million and ₱6.4 million in 2023, 2022 and 2021, respectively.

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 within one year under noncancellable operating leases amounted to ₱3,740,000 as at December 31, 2023.

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.

31. EPS

Basic and diluted EPS are calculated as follows:

	2023	2022	2021
Net income attributable to common stockholders of the Parent Company	**₱4,322,014,151**	₱5,378,478,260	₱6,025,794,105
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	**₱0.86**	₱1.08	₱1.21

Diluted earnings per share is equal to the basic earnings per share since the Group does not have potential dilutive shares.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
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 Parent Company) and Subsidiaries as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, on which we have rendered our report dated March 12, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has 6 stockholders owning 100 or more shares each.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10072407
Issued January 2, 2024, Makati City

March 12, 2024
Makati City, Metro Manila

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 basic consolidated financial statements of Eagle Cement Corporation and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 and have issued our report dated March 12, 2024. 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:

- Schedules required by Part II of Revised SRC Rule 68 as at December 31, 2023
- Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2023
- 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.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10072407
Issued January 2, 2024, Makati City

March 12, 2024
Makati City, Metro Manila

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULE AS REQUIRED BY PAR. 6 PART II OF THE REVISED SECURITIES REGULATION CODE RULE 68

DECEMBER 31, 2023

Table of Contents

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2023

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			
Bank of Commerce	–	₱6,996,782,015	₱481,112,306
Rizal Commercial Banking Corporation	–	2,498,924,152	138,044,309
Metro Bank Trust Corporation	–	–	30,619,134
Land Bank of the Philippines	–	–	10,589,301
Sterling Bank of Asia	–	–	3,286,371
The Hongkong and Shanghai Banking Corporation Limited	–	–	2,223,151
Union Bank of the Philippines	–	–	2,153,367
Philippine Bank of Communications	–	–	747,500
Standard Chartered Bank	–	–	24,482
		₱9,495,706,167	₱668,799,921
Cash in Banks			
Bank of Commerce	–	₱390,995,504	₱724,050
Security Bank Corporation	–	236,560,131	115,239
Banco de Oro	–	264,550,146	116,915
Metro Bank Trust Corporation	–	147,530,192	199,563
East West Bank	–	80,510,002	30,134
Philippine National Bank	–	68,409,699	53,277
Land Bank of the Philippines	–	24,011,227	10,814
Rizal Commercial Banking Corporation	–	10,468,663	5,185,292
Philippine Bank of Communications	–	9,233,132	6,246
Asia United Bank	–	8,009,229	4,710,082
China Banking Corporation	–	5,975,823	12,068
Union Bank of the Philippines	–	2,715,549	42,492
Standard Chartered Bank	–	1,131,775	–
Sterling Bank of Asia	–	124,271	2,176
Hongkong and Shanghai Banking Corporation, Ltd.	–	87,638	–
United Coconut Planters Bank	–	–	954
Development Bank of the Philippines	–	–	92
		₱1,250,312,981	₱11,209,394
Deposit in Escrow			
Bank of Commerce	–	₱49,879,815	₱–
Restricted Cash			
Development Bank of the Philippines	–	₱48,126,279	₱–
Landbank of the Philippines	–	33,253,715	–
		₱81,379,994	₱–
Long-term Placements			
Rizal Commercial Banking Corporation	–	₱150,000,000	₱1,650,000
United Coconut Planters Bank	–	–	1,812,310
		₱150,000,000	₱3,462,310

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)			
RTB 5-12	500,000,000	₱500,345,970	₱27,974,167
RTB 5-15	200,000,000	194,830,684	5,870,174
RTB 5-14	200,000,000	193,023,464	8,601,581
SM Prime Holdings, Inc.	75,000,000	74,629,718	3,359,395
Series K Bonds	50,000,000	48,812,370	2,627,677
		₱1,011,642,206	₱48,432,994
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)			
Preferred Shares-San Miguel Corporation	1,333,500	₱96,678,750	₱–

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS
DECEMBER 31, 2023

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, 2023.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE C
AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
Eagle Cement Corporation	₱276,805,763	₱19,413,227	₱–	₱–	₱296,218,990	₱–	₱296,218,990
Solid North Mineral Corp.	9,163,802	–	6,609,911	–	2,553,891	–	2,553,891
Armstrong Fly-Ash and Logistics Company, Inc.	9,061,000	650,462	9,051,066	–	660,396	–	660,396
South Western Cement Corp.	–	86,380	–	–	86,380	–	86,380
	₱295,030,565	₱20,150,069	₱15,660,977	₱–	₱299,519,657	₱–	₱299,519,657

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE D
LONG-TERM DEBT
DECEMBER 31, 2023

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
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2023

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, 2023.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE F
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2023

	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, 2023

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	5,500,000,000	5,000,000,005	–	4,997,903,674	14	2,096,331

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

EAGLE CEMENT CORPORATION

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

		Amount
Unappropriated retained earnings, beginning of reporting period		₱10,599,386,048
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period	(5,600,000,006)	
Sub-total		(5,600,000,006)
Unappropriated retained earnings, as adjusted		**4,999,386,042**
Add/less: Net income for the current year		**4,510,439,212**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(28,007,699)	
Sub-total		(28,007,699)
Add: Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	29,190,224	
Sub-total		29,190,224
Adjusted net income		**4,511,621,737**
Total retained earnings, end of the reporting period available for dividend		**₱9,511,007,779**

Unappropriated retained earnings, *end of year, as shown in the financial statements*	**₱9,509,825,254**
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(28,007,699)
Realized foreign exchange gain, except those attributable to cash and cash equivalents	29,190,224
Unappropriated retained earnings available for dividend declaration, *end of year*	**₱9,511,007,779**

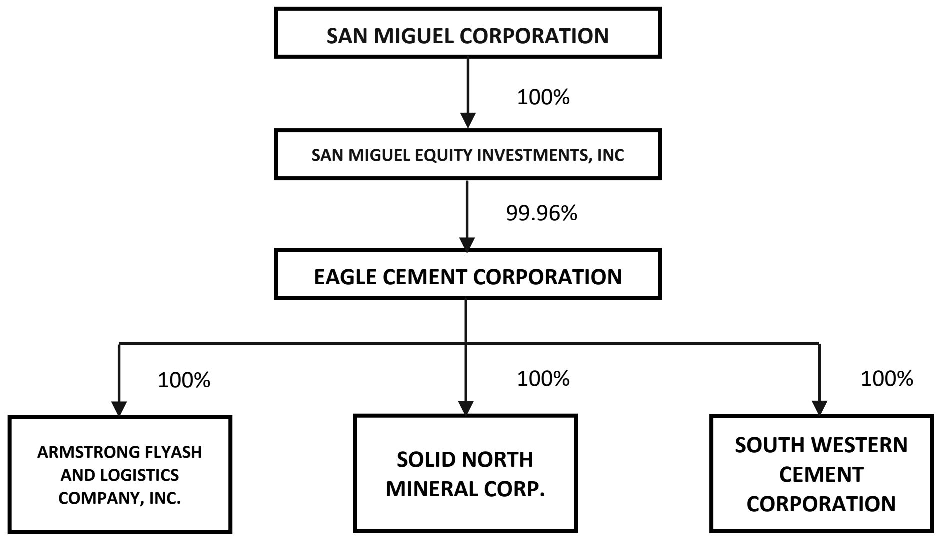
EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS UNDER THE REVISED SECURITIES REGULATION CODE RULE 68

DECEMBER 31, 2023 and 2022

	2023	2022
Current/Liquidity Ratio	**3.54**	3.79
Current assets	**₱17,086,963,956**	₱22,028,655,153
Current liabilities	**4,833,384,900**	5,816,934,549
Solvency Ratio	**0.89**	0.65
Net income before depreciation and amortization	**₱5,791,473,548**	₱6,710,374,063
Total liabilities	**6,487,344,244**	10,353,273,142
Debt-to-Equity Ratio	**0.15**	0.23
Total liabilities	**₱6,487,344,244**	₱10,353,273,142
Total equity	**43,636,960,318**	44,937,578,225
Asset-to-Equity Ratio	**1.15**	1.23
Total assets	**₱50,124,304,562**	₱55,290,851,367
Total equity	**43,636,960,318**	44,937,578,225
Interest Rate Coverage Ratio	**27.57**	22.71
Net income before interest expense and taxes	**₱5,593,700,430**	₱6,655,448,533
Interest expense	**202,887,292**	293,058,253
Return on Asset Ratio	**0.09**	0.10
Net income before interest expense after-tax	**₱4,524,901,443**	₱5,671,536,513
Average total assets	**52,707,577,965**	54,262,573,959
Return on Equity Ratio	**0.10**	0.12
Net income	**₱4,322,014,151**	₱5,378,478,260
Average total equity	**44,287,269,272**	43,570,789,489

EAGLE CEMENT CORPORATION
SUPPLEMENTARY SCHEDULE OF THE MAP OF THE CONGLOMERATE
DECEMBER 31, 2023



BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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Makati City 1226 Philippines
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Fax : +632 8 982 9111
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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 basic consolidated financial statements of Eagle Cement Corporation and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated March 12, 2024. 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.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10072407
Issued January 2, 2024, Makati City

March 12, 2024
Makati City, Metro Manila

BDO Towers Valero
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Makati City 1226 Philippines
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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, 2023 and 2022, 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, 2023, 2022 and 2021, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2022 and 2021 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.

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, 2023, 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, 2023 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 audits.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10072407
Issued January 2, 2024, Makati City

March 12, 2024
Makati City, Metro Manila

STATEMENT OF MANAGEMENT'S 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, 2023, 2022 and 2021. 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 the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, 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 ______ 2024

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S

APR 29 2024

SUBSCRIBED AND SWORN to before me this ___day of April 2024 in QUEZON CITY, affliants exhibited to me their competent evidence of identity.

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

ATTY. CONCEPCION P. VILLARENA
Notary Public for Quezon City
Until December 31, 2024
PTR No. 5565783 / January 03, 2024 Q.C
IBP No. 399899 / January 04, 2024 Q.C
Roll No. 30457 / 05-09-1980
MCLE VII-0006994 / 09-21-2021
ADM. MATTER No. NP-021 (2024-2025)
TIN NO 131-942-754
Matalino Corner Malakas ST., Brgy. Central
District IV, Diliman Quezon City

Doc No. 348;
Page No. 71;
Book No. 58;
Series of 2024

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	5	0	0	5	8	8	5

COMPANY NAME

EAGLE CEMENT CORPORATION
(A Wholly-owned Subsiary of San Miguel
Equity Investments 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	0917-622-3575

No. of Stockholders	Annual Meeting	Fiscal Year (Month / Day)
20	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.*

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 wholly-owned subsidiary of San Miguel Equity Investments, Inc.) (the Company), which comprise the separate statements of financial position as at December 31, 2023 and 2022, 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 material accounting policy information.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2023 and 2022, 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.

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 audits.

REYES TACANDONG & CO.

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Partner
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Tax Identification No. 311-867-595-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-020-2022
Valid until March 15, 2025
PTR No. 10072428
Issued January 2, 2024, Makati City

March 12, 2024
Makati City, Metro Manila

EAGLE CEMENT CORPORATION

(A Wholly-owned Subsidiary of San Miguel Equity Investments Inc.)

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2023**	2022
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱8,596,199,398**	₱8,004,790,120
Financial assets at fair value through profit or loss (FVPL)	6	**987,236,021**	4,950,942,046
Trade and other receivables	7	**1,827,442,969**	353,596,583
Current portion of long-term placements	14	**150,000,000**	500,000,000
Inventories	8	**2,045,049,537**	2,169,978,167
Other current assets	9	**554,649,299**	837,301,192
		14,160,577,224	16,816,608,108
Asset held for sale	13	**–**	1,652,404,525
Total Current Assets		**14,160,577,224**	18,469,012,633
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	10	**96,678,750**	100,012,500
Investments in subsidiaries	13	**4,715,432,933**	4,712,647,462
Property, plant and equipment	11	**27,565,799,969**	27,788,336,332
Intangible assets	12	**208,583,803**	180,408,963
Net retirement asset	26	**30,382,564**	–
Other noncurrent assets	14	**672,591,819**	999,924,337
Total Noncurrent Assets		**33,289,469,838**	33,781,329,594
		₱47,450,047,062	₱52,250,342,227
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	15	**₱4,438,227,982**	₱4,106,846,271
Income tax payable		**182,100,256**	104,816,094
Current portion of lease liabilities	25	**11,561,826**	6,844,902
Current portion of loans payable	16	**–**	1,241,357,832
Total Current Liabilities		**4,631,890,064**	5,459,865,099
Noncurrent Liabilities			
Lease liabilities - net of current portion	25	**37,196,320**	21,071,585
Provision for mine rehabilitation and decommissioning	17	**34,060,031**	34,060,031
Net deferred tax liabilities	28	**1,396,058,686**	1,401,313,933
Loans payable - net of current portion	16	**–**	2,799,022,986
Net retirement benefit liability	26	**–**	71,973,786
Total Noncurrent Liabilities		**1,467,315,037**	4,327,442,321
Total Liabilities		**6,099,205,101**	9,787,307,420
Equity	18		
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		**9,509,825,254**	10,599,386,048
Treasury stock		**(3,000,000,000)**	(3,000,000,000)
Other equity reserves		**4,315,510,604**	4,338,142,656
Total Equity		**41,350,841,961**	42,463,034,807
		₱47,450,047,062	₱52,250,342,227

See accompanying Notes to Separate Financial Statements.

EAGLE CEMENT CORPORATION

(A Wholly-owned Subsidiary of San Miguel Equity Investments Inc.)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 **2023**	2022
NET SALES	20	**₱24,794,507,237**	₱25,779,398,641
COST OF GOODS SOLD	21	**17,028,400,536**	18,472,195,443
GROSS PROFIT		**7,766,106,701**	7,307,203,198
OPERATING EXPENSES	22	**2,882,474,385**	2,596,502,410
INCOME FROM OPERATIONS		**4,883,632,316**	4,710,700,788
INTEREST INCOME	5	**557,503,712**	246,071,586
DIVIDEND INCOME	6	**253,047,575**	208,460,225
FINANCE COSTS	16	**(202,054,166)**	(289,827,236)
OTHER INCOME (LOSS) - Net	23	**(26,522,297)**	53,843,431
INCOME BEFORE INCOME TAX		**5,465,607,140**	4,929,248,794
INCOME TAX EXPENSE (BENEFIT)	28		
Current		**953,990,408**	922,621,861
Deferred		**1,177,520**	(11,649,245)
		955,167,928	910,972,616
NET INCOME		**4,510,439,212**	4,018,276,178
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on net retirement benefit liability (net of deferred tax)	26	**(19,298,302)**	30,086,605
Unrealized loss on financial assets at FVOCI	10	**(3,333,750)**	(5,667,375)
Revaluation of land (net of deferred tax)	11	**–**	1,330,679,986
		(22,632,052)	1,355,099,216
TOTAL COMPREHENSIVE INCOME		**₱4,487,807,160**	₱5,373,375,394

See accompanying Notes to Separate Financial Statements.

EAGLE CEMENT CORPORATION

(A Wholly-owned Subsidiary of San Miguel Equity Investments Inc.)

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Note	Capital Stock - ₱1 par value		Additional	Retained Earnings		Other Equity Reserves				
		Common Stock	Preferred Stock	Paid-in Capital	Appropriated	Unappropriated	Revaluation Surplus (Net of Deferred Tax)	Cumulative Remeasurement Gains (Losses) on Net Retirement Benefit Liability Gain on Financial Tax)	Cumulative Unrealized Gain (Loss) on Financial Assets at FVOCI	Treasury Stock	Total Equity
Balances as at December 31, 2022		**₱5,000,000,005**	**₱3,000,000,000**	**₱6,525,506,098**	**₱16,000,000,000**	**₱10,599,386,048**	**₱4,260,934,661**	**₱77,207,995**	**₱–**	**(₱3,000,000,000)**	**₱42,463,034,807**
Net income		**–**	**–**	**–**	**–**	**4,510,439,212**	**–**	**–**	**–**	**–**	**4,510,439,212**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**(19,298,302)**	**(3,333,750)**	**–**	**(22,632,052)**
Cash dividends declared	18	**–**	**–**	**–**	**–**	**(5,600,000,006)**	**–**	**–**	**–**	**–**	**(5,600,000,006)**
Balances as at December 31, 2023		**₱5,000,000,005**	**₱3,000,000,000**	**₱6,525,506,098**	**₱16,000,000,000**	**₱9,509,825,254**	**₱4,260,934,661**	**₱57,909,693**	**(₱3,333,750)**	**(₱3,000,000,000)**	**₱41,350,841,961**
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	₱47,121,390	₱5,667,375	(₱3,000,000,000)	₱41,089,659,417
Net income		–	–	–	–	4,018,276,178	–	–	–	–	4,018,276,178
Other comprehensive income		–	–	–	–	–	1,330,679,986	30,086,605	(5,667,375)	–	1,355,099,216
Cash dividends declared	18	–	–	–	–	(4,000,000,004)	–	–	–	–	(4,000,000,004)
Balances as at December 31, 2022		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱10,599,386,048	₱4,260,934,661	₱77,207,995	₱–	(₱3,000,000,000)	₱42,463,034,807

See accompanying Notes to Separate Financial Statements.

EAGLE CEMENT CORPORATION
(A Wholly-owned Subsidiary of San Miguel Equity Investments Inc.)

SEPARATE STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 **2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱5,465,607,140**	₱4,929,248,794
Adjustments for:			
Depreciation and amortization	11	**1,392,254,365**	1,265,513,106
Interest income	5	**(557,503,712)**	(246,071,586)
Dividend income	6	**(253,047,575)**	(208,460,225)
Finance costs	16	**202,054,166**	289,827,236
Trading losses (gains) on financial assets at FVPL	6	**(36,293,976)**	91,355,612
Loss on sale of asset held for sale	13	**34,013,139**	–
Retirement benefit costs	26	**17,991,571**	28,512,113
Unrealized foreign exchange losses (gains) - net		**17,516,145**	(22,416,845)
Gain on sale of property, plant and equipment	11	**(2,303,281)**	(3,424,290)
Operating income before working capital changes		**6,280,287,982**	6,124,083,915
Decrease (increase) in:			
Trade and other receivables		**(168,720,771)**	54,829,591
Inventories		**1,039,420,339**	(41,089,740)
Other current assets		**(529,082,893)**	(35,532,992)
Other noncurrent assets		**(365,260,149)**	(5,858,877)
Increase in trade and other payables		**349,002,397**	190,636,443
Net cash generated from operations		**6,605,646,905**	6,287,068,340
Income taxes paid		**(681,500,566)**	(902,407,627)
Interest received		**502,378,097**	235,608,421
Contributions to plan assets	26	**(146,762,019)**	(39,595,445)
Net cash provided by operating activities		**6,279,762,417**	5,580,673,689
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Financial assets at FVPL		**4,000,000,001**	51,385,000
Long-term placements		**500,000,000**	–
Asset held for sale	13	**418,391,386**	–
Property, plant and equipment	11	**2,303,281**	4,941,694
Additions to:			
Property, plant and equipment		**(788,242,017)**	(1,176,274,482)
Deposit on asset purchase		**(84,397,908)**	(171,633,757)
Intangible assets	12	**(50,073,470)**	(8,005,400)
Investments in subsidiaries		**(2,785,471)**	(1,105,888,998)
Financial assets at FVPL		**–**	(225,000,000)
Deposit for future investment		**–**	(542,049)
Dividends received		**303,047,575**	208,460,225
Additional advances to a related party	13	**(100,000,000)**	–
Decrease in deposit for future investment		**476,741**	–
Net cash provided by (used in) investing activities		**4,198,720,118**	(2,422,557,767)

(Forward)

	Note	**2023**	2022
		Years Ended December 31	
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Dividends	18	**(₱5,600,000,006)**	(₱4,000,000,004)
Loans payable	16	**(4,049,500,000)**	(1,201,500,000)
Interest		**(206,574,079)**	(284,744,056)
Lease liabilities	25	**(15,035,122)**	(11,252,394)
Cash used in financing activities		**(9,871,109,207)**	(5,497,496,454)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**607,373,328**	(2,339,380,532)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(15,964,050)**	17,118,325
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**8,004,790,120**	10,327,052,327
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱8,596,199,398**	₱8,004,790,120
NONCASH FINANCIAL INFORMATION			
Application of advances to suppliers to inventory	9	**₱616,529,106**	₱262,333,823
Application of deposit on asset purchase	11	**368,319,291**	237,180,336

See accompanying Notes to Separate Financial Statements.

EAGLE CEMENT CORPORATION
(A Wholly-owned Subsidiary of San Miguel Equity Investments Inc.)

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

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.

In October 2022, San Miguel Equity Investments Inc. (SMEII or the Immediate Parent Company) as buyer, and Far East Holdings, Inc. (FEHI), Ramon S. Ang, John Paul L. Ang and Monica Ang-Mercado, as sellers, entered into a Share Purchase Agreement for the purchase and sale of 4,425,123,001 common shares representing 88.50% of the total issued and outstanding shares of the Company. During the Tender Offer Period from November to December 2022, a total of 572,780,677 common shares representing 11.46% of the total and outstanding shares were tendered and accepted by SMEII, resulting in SMEII's ownership of 99.96% of the common shares in the Company as at December 31, 2022.

Furthermore, in December 2022, the Company filed with the Philippine Stock Exchange (PSE) a petition for voluntary delisting of its common shares listed on the main board of the PSE. On January 2023, the PSE approved the delisting effective end of business on February 28, 2023.

The Parent Company is a wholly-owned subsidiary of San Miguel Corporation (SMC or the Intermediate Parent Company). SMC is a public company under Section 17.2 of the Securities Regulation Code (SRC), and its shares are listed on the PSE. The Ultimate Parent Company is Top Frontier Investment Holdings, Inc., a holding company incorporated and domiciled in the Philippines.

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. In August 2022, the Company applied for an extension of the term of MPSAs 100-97-VII and 101-97-VII from Cebu sites. As of March 12, 2024, the Company has not yet received the approval for the extension.

The separate financial statements of the Company were approved and authorized for issue in accordance with a resolution by the BOD on March 12, 2024.

2. Basis of Preparation

Statement of Compliance

The accompanying separate financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). The financial reporting framework consists of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (PFSRSC).

Basis of Measurement

The Company's separate financial statements have been prepared on a historical cost basis, except for the following items:

Items	Measurement Basis
Financial asset 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
Net retirement liability	Present value of the defined benefit retirement obligation less the fair value of the plan assets
Provision for mine rehabilitation and decommissioning	Present value of expected rehabilitation and decommissioning costs
Lease liabilities	Present value of discounted minimum lease payments

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 also prepares and issues consolidated financial statements for the same period as the separate financial statements prepared in compliance with PFRS. Consolidated financial statements may be obtained at the SEC or the Company's registered office address.

Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the functional currency of the Company. All financial information are rounded off to the nearest peso, except when otherwise indicated.

3. **Summary of Material Accounting Policy Information**

The accounting policies set out below have been applied consistently to all periods presented in the separate financial statements, except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- 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 when classifying liabilities between current and noncurrent: (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 adoption of the amendments to PFRS did not materially affect the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

Amendments to PFRS in Issue But Not Yet Effective or Adopted
Relevant amendments to PFRS, which are not yet effective as at December 31, 2023 are summarized below.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the separate financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

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

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

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

Current versus Noncurrent Classification
The Company presents assets and liabilities in the separate statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within twelve months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Instruments

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

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 the instrument.

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as fair value through profit or loss (FVPL), includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Company classifies its financial assets at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Company for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Company changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Company manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Company considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to the management:

- the stated policies and objectives for the portfolio and the operation of these policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Company considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company considers the following in making the assessment:

- contingent events that would change the amount or timing of the cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statements of comprehensive income when the financial asset is derecognized, modified or impaired.

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 included under this category (Notes 5, 7, 9, and 14).

Cash and cash equivalents includes cash on hand, cash in banks and short term placements. Short term placements are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Interest income calculated using the effective interest method and foreign exchange gains and losses are recognized in the separate statements of comprehensive income.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the separate statement of comprehensive income when the right to receive the payment has been established. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the separate statement of changes in equity are never reclassified to the separate statements of comprehensive income.

As at December 31, 2023 and 2022, the Company has quoted investments in equity securities which were irrevocably designated as financial assets at FVOCI because the Company considers these investments to be strategic in nature (Note 10).

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes all derivative financial assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, a financial asset may be designated as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Company carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the separate statements of comprehensive income as incurred. Changes in fair value and realized gains or losses are recognized in the separate statements of comprehensive income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income. Any interest earned from investment in debt instrument is recognized in the separate statements of comprehensive income. Any dividend income from investment in equity instrument is recognized in the separate statements of comprehensive income when the right to receive payment has been established.

As at December 31, 2023 and 2022, the Company's investments in listed debt securities other than those classified as financial assets at FVOCI and investment in unquoted redeemable perpetual security are classified under this category (see Note 6).

Financial Liabilities at Amortized Cost

Initial Recognition and Measurement. The Company, at initial recognition, recognizes financial liabilities at amortized cost, net of directly attributable transaction costs.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Finance costs" account in the separate statements of comprehensive income. Gains and losses are recognized in the separate statements of comprehensive income when the liabilities are derecognized as well as through amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the separate statements of comprehensive income.

The Company's trade and other payables (except advances from customers, statutory payables, output VAT payable and deferred rent), loans payable and lease liabilities are classified under this category (Notes 15, 16, and 25).

Derecognition of Financial Assets and Financial Liabilities

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

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; 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 rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company is required to repay.

Financial Liabilities. 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. The difference in the respective carrying amounts is recognized in the separate statements of comprehensive income.

Impairment of Financial Assets
The Company recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost and FVOCI.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an allowance for impairment based on either 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including appropriate forward-looking information.

The Company recognizes lifetime ECL for receivables that do not contain significant financing component. The Company uses provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Company assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the separate statements of comprehensive income.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

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

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

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

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

Prepayments
Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized as expense in the separate statements of comprehensive income as they are consumed or expire with the passage of time.

Prepayments are classified as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle. Otherwise, these are classified as noncurrent assets.

Advances To Suppliers
Advances to suppliers represent advance payments made in relation to purchase of raw materials and services and are carried at cost. These are to be applied against the suppliers' billing upon the receipt of materials or services.

Other Current Assets
Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Investments in Subsidiaries
The Company's investments in subsidiaries are accounted for under the cost method as provided for under PAS 27, *Separate Financial Statements*. The investments are carried in the separate statements of financial position at cost less any impairment in value. The Company recognizes dividend from subsidiaries in the separate statements of comprehensive income when its right to receive the dividend is established.

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Asset Held for Sale
The Company classifies noncurrent assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one (1) year from the date of classification.

The Company recognizes an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell, to the extent that it has not been recognized in the carrying amount of the noncurrent asset before initial classification as held for sale. The Company recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognized.

Assets classified as held for sale are presented separately as current items in the separate statements of financial position.

Property, Plant and Equipment
Property, plant and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. 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 initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation. Expenditures incurred after the asset has been put into operations, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Construction in progress (CIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. Upon completion of the projects, the related CPIP will be transferred to the specific property, plant and equipment accounts. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization, which commence when the assets are available for their intended use, are recognized in the separate statements of comprehensive income and are computed using the straight-line method over the following estimated useful lives of the assets:

	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 30

The remaining useful lives and depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

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

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

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statements of comprehensive income in the period of retirement or disposal.

Deferred Exploration and Evaluation Costs
Deferred exploration and evaluation costs arising from the Company'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 Company 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 separate 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.

<u>Intangible Assets</u>
Intangible assets include mining rights and computer software.

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 Company. 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.

Stripping Costs
As part of its mining operations, the Company 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.

Leases
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use:

- the Company has the right to obtain substantially all the economic benefits from use of the identified asset; and
- the Company has the right to direct the use of the identified asset.

Company as a Lessee
The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term ranging from two (2) to thirty (30) years.

In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- 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 under a residual value guarantee; 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.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recognized in the statements of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company recognizes lease payments associated with these leases as expense on a straight-line basis over the lease term.

Company as a Lessor
The Company determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

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 are 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 Non-financial Assets
The carrying amounts of non-financial 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 if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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. 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 the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

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.

Fair Value Measurements

The Company measures financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (Note 30).

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, 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 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 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 separate statements of financial position (Note 14).

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.

Equity

Common Shares
Common shares are measured at par value for all shares issued and are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Preferred Shares
Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Company, and any dividends thereon are discretionary.

Incremental costs directly attributable to the issuance of new preferred stock are recognized as a deduction from equity, net of any tax effects. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Company.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the separate statements of comprehensive income as accrued.

Additional Paid-in Capital (APIC)
When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

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 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 Company 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.

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

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has 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 Company's right to receive payment is established.

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

Sales Rebates
The Company provides sales rebates to certain customers once the quantity of products purchased during the period reaches the target volume.

The sales rebates granted by the Company are considered as variable consideration as defined in PFRS 15, *Revenue from Contracts with Customers*.

The sales rebates are considered variable if either of the following circumstances exists:

- the customer has a valid expectation arising from the Company's customary business practices, published policies or specific statements that the entity will accept an amount of consideration that is less than the price stated in the contract where it is expected that the entity will offer a price concession; or

- other facts and circumstances indicate that the Company's intention, when entering into the contract with the customer, is to offer a price concession to the customer.

The Company's accrual for sales rebates is included as part of "Trade and other payables" account in the separate statements of financial position (Note 15).

Cost and Expense Recognition

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

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.

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

All finance costs are recognized in the separate statements of comprehensive income in the period they are incurred.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Costs

The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to the separate statements of comprehensive income in subsequent period.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the defined benefit retirement liability or asset; and
- Remeasurements of defined benefit retirement liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the separate statements of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefit retirement liability or asset. Net interest on the net defined benefit retirement liability or asset is recognized as expense or income in the separate statements of comprehensive income.

Remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to separate statements of comprehensive income in subsequent periods.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the separate statements of comprehensive income. The Company recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

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.

Current tax and deferred tax are recognized in the separate statements of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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.

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

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

The net amount of tax 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
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.

In accordance with Section 35 of Republic Act (RA) No. 10963 otherwise known as the "Tax Reform for Acceleration or Inclusion", the amortization of the input VAT shall only be allowed until December 31, 2021 after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized. Accordingly, all input tax on purchases of capital goods starting January 1, 2022 shall already be allowed upon purchase/payment and no longer be deferred based on Revenue Memorandum Circular No. 21-2022.

Related Parties
Related parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

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.

Events after the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the 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.

4. Use of Judgments, Estimates and Assumptions

The preparation of the separate financial statements requires management to exercise judgments, make estimates, and use assumptions that affect the amounts reported in the separate financial statements and related notes. The judgments, 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 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 judgments, 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 10) 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 6).

Cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), DSRA, refundable deposits, deposit in escrow, restricted cash and long-term placements 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 5, 7, 9, and 14).

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 30 to the separate financial statements.

Establishing Control over Subsidiaries. The Company determined that it has control over its subsidiary by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following were also considered:

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

As discussed in Note 13, the Company has 100% ownership interest in SNMC, AFLCI and SWCC. Management has assessed that the Company has control over these entities as at December 31, 2023 and 2022 and identified SNMC, AFLCI and SWCC as subsidiaries.

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 12, 2024, 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 2023 and 2022. The carrying amount of trade receivables amounted to ₱435.3 million and ₱231.8 million as at December 31, 2023 and 2022, respectively (see Note 7).

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 2023 and 2022.

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

	Note	**2023**	2022
Cash in banks and cash equivalents	5	**₱8,595,402,388**	₱8,003,963,110
Long-term placements	14	**150,000,000**	650,000,000
Other receivables*	7	**1,385,117,091**	117,288,152
Refundable deposits	14	**55,858,355**	56,266,004
Deposit in escrow	14	**49,879,815**	49,879,815
Restricted cash	14	**33,253,715**	32,360,736
DSRA	9	**–**	363,846,083

**Includes receivable from a related party, interest receivable, advances to related parties, dividends receivable 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, 2023 and 2022, the cost of inventories is lower than its NRV. The carrying amount of inventories is ₱2,045.0 million and ₱2,170.0 million as at December 31, 2023 and 2022, respectively (see Note 8).

Estimation of Useful Lives of Property, Plant and Equipment (Excluding Land and Construction in Progress) and Intangible Assets. The Company estimates the useful lives of its property, plant and equipment (excluding land and construction in progress) and computer software 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 (excluding land and construction in progress) 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 (excluding land and construction in progress) and computer software 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 (excluding land and construction in progress), and intangible assets in 2023 and 2022.

The carrying amounts of property, plant and equipment (excluding land and construction in progress), and intangible assets are as follows:

	Note	**2023**	2022
Property, plant and equipment*	11	**₱20,452,876,836**	₱20,922,525,870
Computer software	12	**195,604,089**	166,710,133
Mining rights	12	**12,979,714**	13,698,830

**Excluding land and construction in progress aggregating to ₱7,112.9 million and ₱6,865.8 million as at December 31, 2023 and 2022, respectively.*

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, 2023 and 2022 is ₱6,329.1 million and ₱6,327.3 million, respectively (see Note 11).

Leases - Estimation of the Incremental Borrowing Rate (IBR). The Company uses its IBR to measure the 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 ROU 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 6.25% to 8.31% for the computation of lease liabilities and ROU assets. Lease liabilities amounted to ₱48.8 million and ₱27.9 million as at December 31, 2023 and 2022, respectively. ROU assets amounted to ₱43.3 million and ₱22.6 million as at December 31, 2023 and 2022, respectively (see Note 25).

Assessment of Extension Options of Lease Commitments. The Company's lease commitments contain extension options exercisable by the Company prior the end of the non-cancelable contract period. Where practicable, the Company seeks to include the extension options to provide operational flexibility. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. A reassessment is made whether it is reasonably certain to exercise the extension options if there is a significant event or significant change in circumstances within its control.

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 2023 and 2022. The carrying amounts of nonfinancial assets are as follows:

	Note	**2023**	2022
Property, plant and equipment	11	**₱27,565,799,969**	₱27,788,336,332
Investment in subsidiaries	13	**4,715,432,933**	4,712,647,462
Deposit on asset purchase	14	**529,228,189**	700,810,867
Prepayments	9	**227,389,125**	234,958,214
Intangible assets	12	**208,583,803**	180,408,963
Deferred input VAT	9	**203,404,214**	140,598,294
Advances to suppliers	9	**121,104,253**	101,004,291
Advances to officers and employees	7	**7,023,432**	4,491,639
Deposit for future investment	14	**4,371,745**	4,848,487
Other assets	9	**2,751,707**	2,652,738

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 ₱34.1 million as at December 31, 2023 and 2022 (see Note 17).

Determination of Retirement Benefits. The determination of the net retirement benefit liability or asset, and retirement benefit expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 26 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 or asset.

Net retirement asset amounted to ₱30.4 million as at December 31, 2023 and net retirement benefit liability amounted to ₱72.0 million as at December 31, 2022. Cumulative remeasurement gains on net retirement benefit liability or asset (net of deferred tax) amounted to ₱57.9 million and ₱77.2 million as at December 31, 2023 and 2022, respectively (see Note 26).

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.

The Company did not recognize deferred tax assets amounting to ₱12.2 million and ₱7.0 million as at December 31, 2023 and 2022, 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 28).

Deferred tax assets recognized amounted to ₱47.5 million and ₱33.8 million as at December 31, 2023 and 2022, respectively (see Note 28).

5. **Cash and Cash Equivalents**

This account consists of:

	2023	2022
Cash on hand	**₱797,010**	₱827,010
Cash in banks	**1,043,301,314**	806,532,370
Short-term placements	**7,552,101,074**	7,197,430,740
	₱8,596,199,398	₱8,004,790,120

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 4.30% to 7.75% in 2023 and 0.30% to 7.00% in 2022.

Interest income is recognized from the following:

	Note	2023	2022
Cash in banks and cash equivalents*		**₱509,646,488**	₱177,795,500
Financial assets at FVPL	6	**44,394,914**	39,868,886
Long-term placements	14	**3,462,310**	28,407,200
		₱557,503,712	₱246,071,586

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

6. Financial Assets at FVPL

This account consists of:

	Note	2023	2022
Debt securities		**₱987,236,021**	₱974,378,244
Equity securities	19	**–**	3,976,563,802
		₱987,236,021	₱4,950,942,046

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

In May 2023, the Company redeemed its unquoted redeemable perpetual securities for ₱4,000.0 million resulting in a realized gain of ₱38.9 million, which is classified as part of trading gain (loss) on financial assets at FVPL.

Dividend income is recognized from the following:

	Note	2023	2022
Financial assets at FVPL		**₱80,000,000**	₱201,652,174
Financial assets at FVOCI	10	**6,797,575**	6,808,051
Subsidiary	13	**166,250,000**	–
		₱253,047,575	₱208,460,225

Trading gain on financial assets at FVPL amounted to ₱36.3 million in 2023 and trading loss on financial assets at FVPL amounted to ₱91.4 million in 2022 (see Note 23).

Debt securities earn annual interest rates ranging from 5.08% to 6.25% and 5.00% to 6.25% in 2023 and 2022, respectively. Interest income on debt securities amounted to ₱44.4 million and ₱39.9 million in 2023 and 2022, respectively (see Note 5).

The Company's quoted debt securities at FVPL as at December 31, 2023 and 2022 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 30).

The Company's unquoted financial asset at FVPL as at December 31, 2022 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 30).

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 1.85% in 2022.

7. Trade and Other Receivables

This account consists of:

	Note	2023	2022
Trade:			
Third parties		**₱366,545,580**	₱140,680,012
Related parties	19	**68,756,866**	91,136,780
Receivable from a related party	19	**1,300,000,000**	–
Interest receivable		**74,341,907**	19,216,292
Advances to officers and employees		**7,023,432**	4,491,639
Advances to related parties	19	**5,764,485**	22,504,383
Dividends receivable	19	**1,702,013**	51,702,013
Others		**3,308,686**	23,865,464
		₱1,827,442,969	₱353,596,583

Trade receivables are noninterest-bearing and are generally on a 30-day credit term.

Interest receivable pertains to interest income earned but not yet received by the Company and are normally settled within 35 days.

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 noninterest-bearing and normally settled within 12 months from the reporting date.

8. Inventories

This account consists of:

	2023	2022
Raw materials	**₱457,705,797**	₱672,351,529
Goods in process	**727,559,790**	624,621,323
Spare parts	**532,503,707**	584,413,835
Supplies	**277,796,279**	230,746,462
Finished goods	**49,483,964**	57,845,018
	₱2,045,049,537	₱2,169,978,167

Cost of inventories as at December 31, 2023 and 2022 are higher than its NRV. Cost of inventories sold amounted to ₱9,892.9 million and ₱10,000.8 million in 2023 and 2022, respectively (see Note 21).

9. Other Current Assets

This account consists of:

	Note	2023	2022
Prepayments for:			
Real property taxes		**₱222,809,277**	₱225,293,067
Insurance		**4,579,848**	9,665,147
Current portion of deferred input VAT		**203,404,214**	134,839,866
Advances to suppliers		**121,104,253**	101,004,291
DSRA	16	**–**	363,846,083
Others		**2,751,707**	2,652,738
		₱554,649,299	₱837,301,192

Deferred input VAT is classified as follows:

	Note	2023	2022
Current portion		**₱203,404,214**	₱134,839,866
Noncurrent portion	14	**–**	5,758,428
		₱203,404,214	₱140,598,294

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, 2023 and 2022, advances to suppliers amounting to ₱616.5 million and ₱262.3 million, respectively, have been applied for acquisitions of inventories. This transaction is considered as noncash financial information in the separate statements of cash flows.

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 16). 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.

10. Financial Assets at FVOCI

This account consists of quoted equity securities amounting to ₱96.7 million and ₱100.0 million as at December 31, 2023 and 2022, respectively (see note 19).

Dividend income earned from financial assets at FVOCI amounted to ₱6.8 million in 2023 and 2022 (see Note 6).

Rollforward analysis of cumulative unrealized gain (loss) on financial assets at FVOCI is shown below:

	2023	2022
Balance at beginning of year	**₱–**	₱5,667,375
Unrealized loss for the year	**(3,333,750)**	(5,667,375)
Balance at end of year	**(₱3,333,750)**	₱–

The Company's financial assets at FVOCI as at December 31, 2023 and 2022 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 30).

11. **Property, Plant and Equipment**

The balances and movements in this account as at and for the years ended December 31, 2023 and 2022 are as follows:

					2023			
	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	Total
Cost/Revalued Amount								
Balances at beginning of year	₱6,327,280,453	₱23,875,453,750	₱5,003,818,628	₱313,082,158	₱220,416,427	₱59,726,112	₱538,530,009	₱36,338,307,537
Additions	–	248,184,014	–	–	–	31,895,190	884,518,952	1,164,598,156
Disposals	–	(81,468,591)	(3,174,805)	(36,537,645)	(18,175,849)	–	–	(139,356,890)
Reclassifications	–	(12,081,299)	(3,225,662)	(1,471,823)	–	–	–	(16,778,784)
Settlement of construction in progress	1,790,649	562,346,436	55,001,936	20,057,909	–	–	(639,196,930)	–
Balances at end of year	6,329,071,102	24,592,434,310	5,052,420,097	295,130,599	202,240,578	91,621,302	783,852,031	37,346,770,019
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	6,367,264,744	1,714,139,537	229,793,029	201,684,194	37,089,701	–	8,549,971,205
Depreciation and amortization	–	1,118,144,954	200,015,466	33,129,780	7,831,533	11,234,002	–	1,370,355,735
Disposals	–	(81,468,591)	(3,174,805)	(36,537,645)	(18,175,849)	–	–	(139,356,890)
Balances at end of year	–	7,403,941,107	1,910,980,198	226,385,164	191,339,878	48,323,703	–	9,780,970,050
Carrying Amounts	₱6,329,071,102	₱17,188,493,203	₱3,141,439,899	₱68,745,435	₱10,900,700	₱43,297,599	₱783,852,031	₱27,565,799,969

					2022			
	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	Total
Cost/Revalued Amount								
Balances at beginning 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
Additions	–	50,276,242	–	3,163,125	–	–	1,368,565,456	1,422,004,823
Revaluation	1,774,239,982	–	–	–	–	–	–	1,774,239,982
Disposals	–	(761,647)	–	(5,419,399)	(17,538,108)	–	–	(23,719,154)
Price Adjustments	–	(8,069,341)	(4,666,185)	(80,000)	(44,000)		(30,389,706)	(43,249,232)
Reclassifications	29,283,526	2,127,188,100	1,368,822,996	49,449,429	5,784,821	–	(3,580,528,872)	–
Balances at end of year	6,327,280,453	23,875,453,750	5,003,818,628	313,082,158	220,416,427	59,726,112	538,530,009	36,338,307,537
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	5,368,557,261	1,532,010,593	200,090,996	185,964,812	28,449,714	–	7,315,073,376
Depreciation and amortization	–	999,652,102	182,128,944	35,163,076	31,740,086	8,639,987	–	1,257,324,195
Disposals	–	(944,619)	–	(5,461,043)	(16,020,704)	–	–	(22,426,366)
Balances at end of year	–	6,367,264,744	1,714,139,537	229,793,029	201,684,194	37,089,701	–	8,549,971,205
Carrying Amounts	₱6,327,280,453	₱17,508,189,006	₱3,289,679,091	₱83,289,129	₱18,732,233	₱22,636,411	₱538,530,009	₱27,788,336,332

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:

	2023	2022
Cost		
Balance at beginning and end of year	**₱24,984,511**	₱24,984,511
Accumulated Amortization		
Balance at beginning of year	**24,984,511**	21,415,296
Depreciation	**–**	3,569,215
Balance at end of year	**24,984,511**	24,984,511
Carrying Amount	**₱–**	₱–

Application of Deposit on Asset Purchase

In 2023 and 2022, deposit on asset purchase amounting to ₱368.3 million and ₱237.2 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.

Under the Mortgage Trust Indenture (MTI), land with an appraised value of ₱4,655.7 million and building and machinery and equipment with carrying amount of ₱20,797.9 million as at December 31, 2022 were held as collateral to secure the loans payable. In 2023, the Company settled the loan in full (see Note 16).

Disposals

In 2023, the Company disposed items of fully depreciated property, plant and equipment resulting to a gain on sale of property, plant and equipment of ₱2.3 million (see Note 23).

In 2022, the Company sold various items of property, plant and equipment with carrying amounts aggregating ₱1.5 million for ₱4.9 million resulting to a gain on sale of property, plant and equipment of ₱3.4 million (see Note 23).

Depreciation and Amortization

Details of depreciation and amortization are as follows:

	Note	**2023**	2022
Included in profit or loss:			
Property, plant and equipment		**₱1,359,121,733**	₱1,235,661,329
ROU assets	25	**11,234,002**	8,639,987
Intangible assets	12	**21,898,630**	21,211,790
		1,392,254,365	1,265,513,106
Recognized as component of inventories		**41,298,988**	47,497,490
		₱1,433,553,353	₱1,313,010,596

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

	Note	**2023**	2022
Cost of goods sold	21	**₱1,245,349,391**	₱1,127,635,264
Operating expenses	22	**146,904,974**	137,877,842
		₱1,392,254,365	₱1,265,513,106

Revaluation of Land

The Company engaged an independent appraiser to determine the fair value of its land. The Company's policy is to appraise its land every three years. The latest appraisal valuation report was dated May 25, 2022 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 30).

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 ₱647.9 million and ₱646.1 million as at December 31, 2023 and 2022, respectively.

Roll forward analysis of revaluation surplus is shown below:

	2023		
	Gross of Tax	**Deferred Tax Benefit (Expense)**	**Net of Tax**
Balance at beginning and end of year	**₱5,681,246,215**	**(₱1,420,311,554)**	**₱4,260,934,661**

	2022		
	Gross of Tax	Deferred Tax Benefit (Expense)	Net of Tax
Balance at beginning of year	₱3,907,006,233	(₱976,751,558)	₱2,930,254,675
Revaluation during the year	1,774,239,982	(443,559,996)	1,330,679,986
Balance at end of year	₱5,681,246,215	(₱1,420,311,554)	₱4,260,934,661

The management assessed that there are no significant changes in the fair value of its land in 2023.

Construction in Progress

Construction in progress consists of the cost incurred in the construction of additional facilities and projects of the Company amounting to ₱783.9 million and ₱538.5 million in 2023 and 2022, respectively.

The remaining contracted capital expenditures for the Company's outstanding construction projects as at December 31, 2023 amounted to ₱1,308.74 million.

12. Intangible Assets

The balances and movements in this account as at and for the years ended December 31, 2023 and 2022 are as follows:

		2023		
	Note	**Computer Software**	**Mining Rights**	**Total**
Cost				
Balance at beginning of year		**₱200,910,217**	**₱22,084,852**	**₱222,995,069**
Additions		**50,073,470**	**–**	**50,073,470**
Balance at end of year		**250,983,687**	**22,084,852**	**273,068,539**
Accumulated Amortization				
Balance at beginning of year		**34,200,084**	**8,386,022**	**42,586,106**
Amortization	11	**21,179,514**	**719,116**	**21,898,630**
Balance at end of year		**55,379,598**	**9,105,138**	**64,484,736**
Carrying Amounts		**₱195,604,089**	**₱12,979,714**	**₱208,583,803**

		2022		
	Note	Computer Software	Mining Rights	Total
Cost				
Balance at beginning of year		₱192,904,817	₱22,084,852	₱214,989,669
Additions		8,005,400	–	8,005,400
Balance at end of year		200,910,217	22,084,852	222,995,069
Accumulated Amortization				
Balance at beginning of year		13,707,410	7,666,906	21,374,316
Amortization	11	20,492,674	719,116	21,211,790
Balance at end of year		34,200,084	8,386,022	42,586,106
Carrying Amounts		₱166,710,133	₱13,698,830	₱180,408,963

Computer Software

This account pertains to Enterprise Resource Planning (ERP) System acquired by the Company.

Mining Rights

Mining rights represent 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 Company assigned to the lenders under TLFSA its rights and interest under MPSA No. 181-2002-III. In May 2023, the Company has prepaid in full the remaining principal balance (see Note 16).

No impairment loss on intangible assets was recognized in 2023 and 2022.

13. **Investments in Subsidiaries**

Details of the Company's investments in subsidiaries as at December 31, 2023 and 2022 are as follows:

	2023	2022
Investment in subsidiaries:		
Solid North Mineral Corporation (SNMC)	**₱3,572,000,000**	₱3,572,000,000
Armstrong Fly-ash and Logistics Company, Inc. (AFLCI)	**583,000,000**	583,000,000
South Western Cement Corporation (SWCC)	**240,750,495**	240,750,495
	4,395,750,495	4,395,750,495
Deposit for future stock subscription -		
SWCC	**319,682,438**	316,896,967
	₱4,715,432,933	₱4,712,647,462

Investments in Subsidiaries

The details of the Company's investments in subsidiaries as at December 31, 2023 and 2022 are as follows:

Subsidiaries	Percentage of ownership	Principal activities	Status of operation
SNMC	100%	Mining	Started operations in 2019
SWCC	100%	Manufacturing and distribution of cement	Development stage
AFLCI	100%	Distribution of fly-ash	Started operations in 2019

SNMC. On November 4, 2021, the Company acquired SNMC for a total consideration of ₱3,572.0 million from related parties.

SWCC. On December 23, 2016, the Company entered into a Deed of Absolute Sale of Shares with San Miguel Equity Investments Inc. (SMEII) for the purchase of 5,000,000 shares of stock of SWCC with ₱100 par value per share for a consideration of ₱240.8 million. This investment is equivalent to 100% ownership in SWCC.

The Company paid additional deposit for future stock subscription amounting to ₱2.8 million and ₱15.1 million in 2023 and 2022, respectively.

AFLCI. In August 2022, the Company converted its preferred shares to common shares of AFLCI amounting to ₱75.0 million which were previously accounted as investment in associate under equity method. Further, in December 2022, the Company acquired the remaining common shares from the individual shareholders for a consideration of ₱508.0 million.

In April 2023, AFLCI declared dividends amounting to ₱166.3 million (see Note 6).

The key financial information of the Company's subsidiaries and associate as at and for the years ended December 31, 2023 and 2022 are as follows:

		2023	
	Total Assets	**Total Liabilities**	**Net Income (Loss)**
SNMC	**₱4,587,375,352**	**₱844,083,929**	**₱822,466,258**
SWCC	**666,327,286**	**403,053,747**	**(11,389,104)**
AFLCI	**625,637,544**	**174,599,372**	**162,962,525**

	2022		
	Total Assets	Total Liabilities	Net Income (Loss)
SNMC	₱4,131,839,953	₱1,221,014,788	₱610,947,634
SWCC	675,757,671	401,095,028	(13,550,312)
AFLCI	597,358,485	143,032,838	208,121,997

Asset Held for Sale

In November 2022, the BOD of the Company approved the sale of the 100% ownership over KB Space Holdings, Inc. (KSHI). As of December 31, 2022, the carrying amount of assets held for sale amounting to ₱1,652.4 million is lower than its fair value less cost to sell.

On May 10, 2023, the Company made an additional advances to KSHI amounting to ₱100.0 million which formed part of the carrying amount of assets held for sale.

On June 16, 2023, ECC assigns to FEHI the deposit for future subscription of ECC to the common shares of KSHI amounting to ₱1,300.0 million. Under the agreement, the consideration shall be payable on demand but within two (2) years (see Note 19).

On the same date, the sale transaction was executed, where the assets held for sale with a carrying amount of ₱452.4 million was sold for a total consideration amounting to ₱418.4 million, resulting in a loss of ₱34.0 million (see Note 23).

14. Other Noncurrent Assets

This account consists of:

	Note	**2023**	2022
Financial assets:			
Refundable deposits		**₱55,858,355**	₱56,266,004
Deposit in escrow		**49,879,815**	49,879,815
Restricted cash		**33,253,715**	32,360,736
Long-term placements		**–**	150,000,000
Nonfinancial assets:			
Deposit on asset purchase		**529,228,189**	700,810,867
Deposit for future investment		**4,371,745**	4,848,487
Deferred input VAT - net of current portion	9	**–**	5,758,428
		₱672,591,819	₱999,924,337

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.

Long-term Placements

Long-term placements represent a 5-year investment in time deposits bearing an annual average interest of 5.50%. Interest income on long-term placements amounted to ₱3.5 million and ₱28.4 million in 2023 and 2022, respectively (see Note 5).

	2023	2022
Current	**₱150,000,000**	₱500,000,000
Noncurrent	**–**	150,000,000
	₱150,000,000	₱650,000,000

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, 2023 and 2022, deposit on asset purchase amounting to ₱368.3 million and ₱237.2 million have been applied for acquisitions of property, plant and equipment. Further, in 2023 and 2022, deposit on asset purchase amounting to ₱615.5 million and ₱262.3 million, respectively, 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.

15. Trade and Other Payables

This account consists of:

	Note	2023	2022
Trade:			
Third parties		**₱1,377,170,160**	₱1,825,286,259
Related parties	19	**1,493,995,428**	1,038,919,787
Accruals for:			
Sales rebates		**452,568,599**	460,969,649
Personnel costs		**232,337,049**	163,894,412
Advertising and promotions		**219,716,204**	148,699,751
Interests		**–**	17,620,686
Advances from customers		**280,943,272**	281,367,081
Output VAT payable		**248,162,334**	36,226,815
Retention payable		**73,516,248**	83,975,334
Statutory payables		**42,662,798**	33,710,095
Deferred rent	19	**7,776,648**	–
Others		**9,379,242**	16,176,402
		₱4,438,227,982	₱4,106,846,271

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.

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

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

Statutory payables include withholding taxes and statutory contributions that are remitted to the government agencies on a monthly or quarterly basis.

Deferred rent pertains to advance payments made by a related party for rental of land (see Note 25).

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

16. **Loans Payable**

As at December 31, 2022, this account consists of:

	2022
Loans payable	₱4,049,500,000
Less unamortized debt issuance costs	9,119,182
	4,040,380,818
Less current portion	1,241,357,832
Noncurrent portion	₱2,799,022,986

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 ₱9.1 million and ₱6.4 million in 2023 and 2022, 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. In May 2023, the Company has prepaid in full the remaining principal balance amounting to ₱4,049.5 million.

The terms and conditions of TLFSA are as follows:

Mortgage Trust Indenture (MTI). Under the MTI, land with an appraised value of ₱4,655.7 million and building and machinery and equipment with carrying amount of ₱20,797.9 million as at December 31, 2022 were held as collateral to secure the loans payable (see Note 11).

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, 2022, the DSRA maintained for TLFSA amounted to ₱363.8 million. The DSRA is presented under “Other current assets” account in the separate statements of financial position (see Note 9).

Assignment of the MPSA. The Company assigns to the lenders its rights and interest under MPSA No. 181-2002-III (see Note 12).

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, 2022, 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	**2023**	2022
Bank charges		**₱101,054,150**	₱16,812,835
Interest expense and other financing costs on loans payable		**97,018,425**	269,002,399
Interest expense on lease liabilities	25	**3,981,591**	2,611,870
Accretion of provision for mine rehabilitation and decommissioning	17	**–**	1,400,132
		₱202,054,166	₱289,827,236

Reconciliation of Liabilities Arising from Financing Activities

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

	2023		
	Loans Payable	**Lease Liabilities**	**Dividends Payable**
Balances at beginning of year	**₱4,040,380,818**	**₱27,916,487**	**₱–**
Noncash changes:			
Dividend declaration	**–**	**–**	**5,600,000,006**
Additions	**–**	**31,895,190**	**–**
Accretion of interest	**–**	**3,981,591**	**–**
Amortization of debt issuance cost	**9,119,182**	**–**	**–**
Cash changes:			
Payment of dividends	**–**	**–**	**(5,600,000,006)**
Payment of liabilities	**(4,049,500,000)**	**(15,035,122)**	**–**
Balances at end of year	**₱–**	**₱48,758,146**	**₱–**

	2022		
	Loans Payable	Lease Liabilities	Dividends Payable
Balances at beginning of year	₱5,235,508,766	₱36,557,011	₱–
Noncash changes:			
Dividend declaration	–	–	4,000,000,004
Accretion of interest	–	2,611,870	–
Amortization of debt issuance cost	6,372,052	–	–
Cash changes:			
Payment of dividends	–	–	(4,000,000,004)
Payment of liabilities	(1,201,500,000)	(11,252,394)	–
Balances at end of year	₱4,040,380,818	₱27,916,487	₱–

17. 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	**2023**	2022
Balance at beginning of year		**₱34,060,031**	₱32,659,899
Accretion	16	**–**	1,400,132
Balance at end of year		**₱34,060,031**	₱34,060,031

18. Equity

Capital Stock

The Company's capital stock as at December 31, 2023 and 2022 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, 2023 and 2022 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

In December 2022, the Company filed with the PSE a petition for voluntary delisting of its common shares listed on the main board of the PSE. On January 2023, the PSE approved the delisting effective end of business on February 28, 2023.

Preferred Stock

The Company has 3,000,000,000 authorized and issued preferred stock at ₱1 par value.

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.

Treasury Stocks
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.

As at December 31, 2023 and 2022, the Company has 3,000,000,000 treasury preferred stock at ₱1 par value.

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 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 2023 and 2022:

2023

Type	**Declaration Date**	**Record Date**	**Payment Date**	**Dividend Per Share**	**Amount**
Common	**July 19, 2023**	**August 2, 2023**	**August 9, 2023**	**₱0.56**	**₱2,800,000,003**
Common	**November 14, 2023**	**December 11, 2023**	**December 18, 2023**	**0.56**	**2,800,000,003**
					₱5,600,000,006

2022

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Common	May 12, 2022	May 26, 2022	June 10, 2022	₱0.40	₱2,000,000,002
Common	August 4, 2022	August 18, 2022	September 7, 2022	0.40	2,000,000,002
					₱4,000,000,004

Appropriation of Retained Earnings
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.

The 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 construction of its production facility in Cebu.

On November 14, 2023, the Company's BOD approved to extend the appropriation of unrestricted retained earnings amounting to ₱16,000.0 million to fund the construction of its fourth manufacturing line and production facility in Cebu, and other future expansion which are expected to be completed in 2028.

Other Equity Reserves

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

	Note	2023	2022
Revaluation surplus (net of deferred tax)	11	**₱4,260,934,661**	₱4,260,934,661
Cumulative remeasurement gains on net retirement benefit liability or asset (net of deferred tax)	26	**57,909,693**	77,207,995
Cumulative unrealized losses on financial assets at FVOCI	10	**(3,333,750)**	–
		₱4,315,510,604	₱4,338,142,656

19. 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, 2023 and 2022 are as follows:

		2023		2022	
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	Cash deposits and investment in short-term placements	**₱357,959,517**	**₱6,378,493,671**	₱785,580	₱3,674,028,939
Financial Assets at FVPL					
Intermediate Parent Company	Investment in unquoted redeemable perpetual security	**₱–**	**₱–**	₱–	₱3,976,563,802
Entity under common key management	Investment in quoted debt securities	**–**	**24,406,185**	25,000,000	23,246,675
			₱24,406,185		₱3,999,810,477
Trade Receivables (see Note 7)					
Entity under common control	Sale of inventories	**83,632,276**	**68,417,070**	92,463,276	90,821,832
Entity under common key management	Sale of inventories	**1,458,274**	**339,796**	371,016	314,948
			₱68,756,866		₱91,136,780
Receivable from a related party (see Note 7)					
Entity under common key management	Assignment of receivables	**₱1,300,000,000**	**₱1,300,000,000**	₱–	₱–
Advances to Related Parties (see Note 7)					
Entities under common key management	Working capital advances	**₱–**	**₱3,114,276**	₱–	₱3,387,258
Subsidiaries	Working capital advances	**–**	**2,650,209**	18,357,177	18,224,802
Entity under common control	Working capital advances	**–**	**–**	–	892,323
			₱5,764,485		₱22,504,383
Dividend Receivable (see Note 7)					
Intermediate Parent Company	Dividends earned	**₱86,800,231**	**₱1,702,013**	₱206,797,143	₱51,702,013
Subsidiary	Dividends earned	**166,250,000**	**–**	–	–
			₱1,702,013		₱51,702,013

Nature of Relationship	Nature of Transactions	2023 Amount of Transactions	2023 Outstanding Balance	2022 Amount of Transactions	2022 Outstanding Balance
Advances to Suppliers					
Entity under common control	Purchase of services	**₱10,451,507**	**₱10,451,507**	₱–	₱–
Deposit on Asset Purchase					
Subsidiary	Deposit for inventory acquisition	**₱–**	**₱376,609,670**	₱–	₱632,590,257
Financial Assets at FVOCI (see Note 10)					
Intermediate Parent Company	Investments in quoted equity instruments	**₱–**	**₱96,678,750**	₱–	₱100,012,500
Refundable Deposits					
Entity under common control	Supply of services	**₱187,035**	**₱54,377,052**	₱–	₱–
Entities under common key management	Supply of services	**–**	**500,000**	–	54,190,018
			₱54,877,052		₱54,190,018
Investments in Subsidiaries (see Note 13)					
Subsidiaries	Deposit for future stock subscription and investment in subsidiaries	**₱2,785,471**	**₱4,715,432,933**	₱1,105,888,998	₱4,712,647,462
Trade and Other Payables (see Note 15)					
Entity under common control	Hauling, rental and other services	**₱5,181,313,161**	**₱813,407,573**	₱6,670,020,119	₱603,280,628
Subsidiaries	Purchase of goods	**1,969,940,345**	**296,218,988**	1,965,681,136	276,805,762
Immediate Parent Company	Management and technical fees	**414,694,939**	**198,596,262**	–	–
Entities under common key management	Purchase of goods	**676,375,856**	**185,772,605**	519,952,276	158,833,397
			₱1,493,995,428		₱1,038,919,787
Deferred Rent (see Note 15)					
Entity under common control	Advance rentals	**₱7,776,648**	**₱7,776,648**	₱–	₱–
Loans Payable					
Entity under common key management	Borrowings	**₱18,685,371**	**₱–**	₱55,140,605	₱813,571,182
Dividend Payable					
Immediate Parent company	Dividends paid	**₱5,597,652,115**	**₱–**	₱–	₱–

Terms and Conditions of Transactions and Balances with Related Parties

Trade and other receivables, dividend receivables, trade payables and due to and from related parties are unsecured and noninterest-bearing, except for cash and cash equivalents which earn interest at prevailing bank deposit rates and generally settled and settled within the respective related parties' normal settlement period. No allowance for ECL was provided for trade and other receivables and advances to 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.

Refundable deposits are noninterest-bearing and refundable upon termination of services.

Assignment of Receivables

On June 16, 2023, the Company assigns to FEHI the deposit for future subscription of the Company to the common shares of KSHI amounting to ₱1,300.0 million. Receivable from a related party is unsecured, noninterest-bearing, and shall be collectible on demand but within two (2) years.

Financial Assets at FVPL and FVOCI

Financial assets at FVPL pertains to unquoted redeemable perpetual securities of a related party which earns dividend income with a distribution rate of 5.0% per annum to be distributed quarterly, and quoted debt securities of a related party which earns interest income at rates ranging from 5.17% to 6.25%. In May 2023, the Company redeemed the unquoted perpetual redeemable securities.

Financial assets at FVOCI pertains to quoted equity securities of a related party which earns dividend income.

Technical and Service Agreement

On July 31, 2023, the Group entered into an agreement with the Immediate Parent Company for the latter to provide technical assistance, training and research and development, with technical fees as consideration. On the same date, the Group also entered into a service agreement with the Immediate Parent Company for support services, human resource, and financial accounting and budgeting, payable in fixed quarterly management fees.

Loans Payable

In 2016, the Group entered into a loan facility agreement with local banks, including a related party. The loan principal is payable in 32 quarterly installments commencing on the 9th quarter from availment and will be fully paid on March 2, 2026. In May 2023, the Group has prepaid in full the remaining principal balance of the loan (see Note 16).

Revenue Regulations (RR) No. 19-2020

In July 2020, the Bureau of Internal Revenue (BIR) issued RR No. 19-2020, prescribing the use of the new BIR Form 1709, Information Return on Related Party Transactions, and the required documentary attachments which include but not limited to transfer pricing documentation.

Subsequently, the BIR issued RR No. 34-2020 prescribing the guidelines and procedures for the submission of BIR Form 1709, transfer pricing documentation and other supporting documentations. Under RR No. 34-2020, the following are required to file and submit the BIR Form:

a) Large taxpayers
b) Taxpayers enjoying tax incentives (BOI, PEZA, ITH, preferential tax rate)
c) Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two consecutive taxable years; and
d) A related party, which has transactions with the above

The Company is registered with BOI as a producer of good, fine and coarse limestone on a non-pioneer status and enjoys tax incentives. Consequently, the Company is covered by the requirements and procedures provided by the RR.

Compensation of Key Management Personnel

The compensation of key management personnel consist of the following:

	2023	2022
Salaries and other employee benefits	**₱7,625,561**	₱13,505,327
Net retirement benefit liability	**88,675,867**	85,078,804
	₱96,301,428	₱98,584,131

20. **Net Sales**

Net sales of the Company amounted to ₱24,794.5 million and ₱25,779.4 million for the years ended December 31, 2023 and 2022, 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.

21. **Cost of Goods Sold**

This account consists of:

	Note	2023	2022
Cost of inventories	8	**₱9,892,893,810**	₱10,000,790,801
Utilities		**3,549,977,318**	5,101,304,381
Depreciation and amortization	11	**1,245,349,391**	1,127,635,264
Repairs and maintenance		**891,728,495**	1,008,105,225
Personnel costs	24	**643,681,870**	593,547,673
Technical fees		**325,620,481**	–
Taxes and licenses		**251,872,196**	235,389,888
Fuel and oil		**93,327,887**	257,863,474
Insurance		**54,346,782**	43,806,161
Rental	25	**34,750,691**	90,779,038
Others		**44,851,615**	12,973,538
		₱17,028,400,536	₱18,472,195,443

22. **Operating Expenses**

This account consists of:

	Note	2023	2022
Freight, trucking and handling		**₱1,672,208,520**	₱1,595,330,297
Personnel costs	24	**279,950,034**	281,415,100
Advertising		**265,654,427**	124,550,179
Depreciation and amortization	11	**146,904,974**	137,877,842
Warehousing fees		**103,815,012**	107,583,452
Professional fees		**87,660,982**	46,563,201

(Forward)

	Note	2023	2022
Outside services		**₱70,226,711**	₱67,166,901
Dues and subscriptions		**43,456,796**	36,787,793
Corporate social responsibility		**29,518,258**	39,927,973
Transportation and travel		**20,664,949**	22,977,183
Repairs and maintenance		**18,098,630**	13,742,288
Supplies		**14,099,306**	9,078,189
Taxes and licenses		**13,350,792**	9,348,136
Rental	25	**12,892,484**	13,271,298
Communication		**11,211,012**	13,155,126
Utilities		**6,618,516**	7,603,774
Others		**86,142,982**	70,123,678
		₱2,882,474,385	₱2,596,502,410

23. **Other Income (Loss)** - Net

This account consists of:

	Note	2023	2022
Trading gain (loss) on financial assets at FVPL	6	**₱36,293,976**	(₱91,355,612)
Loss on asset held for sale	13	**(34,013,139)**	–
Foreign exchange gain (loss) - net		**(33,210,256)**	141,774,753
Gain on sale of property, plant and equipment	11	**2,303,281**	3,424,290
Others		**2,103,841**	–
		(₱26,522,297)	₱53,843,431

24. **Personnel Costs**

This account consists of:

	Note	2023	2022
Salaries and wages		**₱390,853,007**	₱371,071,538
Other short-term employee benefits		**534,262,188**	501,980,529
Retirement benefit costs	26	**18,674,600**	29,245,812
		₱943,789,795	₱902,297,879

Personnel costs were distributed as follows:

	Note	2023	2022
Included in profit or loss:			
Cost of goods sold	21	**₱643,681,870**	₱593,547,673
Operating expenses	22	**279,950,034**	281,415,100
		923,631,904	874,962,773
Recognized as component of inventories		**20,157,891**	27,335,106
		₱943,789,795	₱902,297,879

25. **Leases**

Company as a Lessee

The Company has various lease contracts for its office space, warehouses and land with lease terms ranging from two (2) to thirty (30) years. The terms of some lease contracts include extension options and variable lease payments. In 2023, the Company entered into lease contracts for the rental of warehouse and parcels of land.

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 11):

	2023	2022
Balance at beginning of year	**₱22,636,411**	₱31,276,398
Additions	**31,895,190**	–
Amortization	**(11,234,002)**	(8,639,987)
Balance at end of year	**₱43,297,599**	₱22,636,411

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

	2023	2022
Balance at beginning of year	**₱27,916,487**	₱36,557,011
Additions	**31,895,190**	–
Payments	**(15,035,122)**	(11,252,394)
Accretion	**3,981,591**	2,611,870
Balance at end of year	**₱48,758,146**	₱27,916,487
Current	**₱11,561,826**	₱6,844,902
Noncurrent	**37,196,320**	21,071,585
	₱48,758,146	₱27,916,487

The Company also has short-term lease agreements of less than one (1) year which did not qualify under PFRS 16.

The Company recognized the following lease-related expenses:

	Note	**2023**	2022
Variable lease payments		**₱40,901,374**	₱95,699,820
Expense related to short-term leases		**8,282,234**	15,017,280
Depreciation	11	**11,234,002**	8,639,987
Interest expense on lease liabilities	16	**3,981,591**	2,611,870
		₱64,399,201	₱121,968,957

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

	Note	2023	2022
Included in profit or loss:			
Cost of goods sold	21	**₱34,750,691**	₱90,779,038
Operating expenses - rental	22	**12,892,484**	13,271,298
Operating expenses - depreciation	11	**11,234,002**	8,639,987
Finance costs	16	**3,981,591**	2,611,870
		62,858,768	115,302,193
Recognized as component of inventories		**1,540,433**	6,666,764
		₱64,399,201	₱121,968,957

The total cash outflows for leases in 2023 and 2022 amounted to ₱64.2 million and ₱122.0 million, respectively.

Future minimum lease payments under the non-cancellable finance leases are as follows:

	2023	2022
Within one year	**₱14,776,692**	₱8,786,395
After one year but not more than five years	**28,526,573**	23,560,644
More than five years	**38,411,604**	–
	₱81,714,869	₱32,347,039

Company as a Lessor

On October 31, 2023, the Company entered into a lease agreement with a related party covering parcels of land. The lease term is five (5) years commencing from the start of the related party's manufacturing plant. In 2023, the Company received rental payments amounting to ₱7.8 million from the related party. As at December 31, 2023, the manufacturing plant of the related party has not yet started.

Deferred rent recognized in the statements of financial position amounted to ₱7.8 million as at December 31, 2023 (see Note 15).

26. Net Retirement Benefit Liability (Asset)

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 as at December 31, 2023 is based on the actuarial valuation report dated February 5, 2024.

The components of retirement benefit costs included under "Personnel costs" account in the separate statements of comprehensive income are as follows:

	2023	2022
Current service cost	**₱18,592,492**	₱23,777,434
Net interest cost	**82,108**	5,468,378
	₱18,674,600	₱29,245,812

Retirement benefit costs were distributed as follows:

	2023	2022
Included in profit or loss	**₱17,991,571**	₱28,512,113
Recognized as component of inventories	**683,029**	733,699
	₱18,674,600	₱29,245,812

Movements in net retirement benefit liability (asset) recognized in the separate statements of financial position are as follows:

	2023	2022
Balance at beginning of year	**₱71,973,786**	₱122,438,893
Contributions	**(146,762,019)**	(39,595,445)
Retirement benefit costs	**18,674,600**	29,245,812
Remeasurement loss (gains):		
Defined benefit obligation	**20,934,368**	(41,142,637)
Changes in the effect of asset ceiling	**2,420,313**	–
Plan assets	**2,376,388**	1,027,163
Balance at end of year	**(₱30,382,564)**	₱71,973,786

The funded status of the retirement plan as at December 31, 2023 and 2022 is as follows:

	2023	2022
Present Value of Defined Benefit Obligation (PVBO)	**₱162,241,217**	₱119,197,210
Fair Value of Plan Assets (FVPA)	**(195,044,094)**	(47,223,424)
Effect of the asset ceiling	**2,420,313**	–
Net retirement benefit liability (asset)	**(₱30,382,564)**	₱71,973,786

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

PVBO

	2023	2022
Balance at beginning of year	**₱119,197,210**	₱139,068,957
Remeasurement (gains) losses recognized in OCI:		
Change in financial assumptions	**21,078,885**	(38,780,677)
Experience adjustments	**(144,517)**	(2,361,960)
Current service cost	**18,592,492**	23,777,434
Benefits paid	**(5,088,892)**	(9,585,154)
Interest cost	**8,606,039**	7,078,610
Balance at end of year	**₱162,241,217**	₱119,197,210

FVPA

	2023	2022
Balance at beginning of year	**₱47,223,424**	₱16,630,064
Contributions	**146,762,019**	39,595,445
Benefits paid	**(5,088,892)**	(9,585,154)
Interest income	**8,523,931**	1,610,232
Remeasurement losses	**(2,376,388)**	(1,027,163)
Balance at end of year	**₱195,044,094**	₱47,223,424
Actual return on plan assets	**₱6,147,543**	₱583,069

Plan assets consist of the following:

	2023	2022
Investments in:		
Debt instruments	**63.50%**	74.64%
Unit investment trust fund	**36.40%**	13.73%
Cash and cash equivalents	**0.10%**	11.16%
Others	**–**	0.47%
	100.00%	100.00%

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

	2023	2022
Discount rate	**6.11%**	7.22%
Future salary increase rate	**6.00%**	6.00%

Sensitivity analyses for principal assumptions as at December 31, 2023 and 2022 is as follows:

		Effect on Net Retirement Benefit Liability	
	Change in Assumption	**2023**	2022
Discount rate	+1.00%	**(₱19,190,663)**	(₱13,219,963)
	-1.00%	**23,519,927**	16,106,955
Salary increase rate	+1.00%	**₱23,303,396**	₱16,143,550
	-1.00%	**(19,373,892)**	(13,472,243)

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:

	2023		
	Cumulative Remeasurement Gains	**Deferred Tax Benefit (Expense)**	**Net**
Balances at beginning of year	**₱102,943,994**	**(₱25,735,999)**	**₱77,207,995**
Remeasurement gains	**(25,731,069)**	**6,432,767**	**(19,298,302)**
Balances at end of year	**₱77,212,925**	**(₱19,303,232)**	**₱57,909,693**

	2022		
	Cumulative Remeasurement Gains	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	₱62,828,520	(₱15,707,130)	₱47,121,390
Remeasurement gains	40,115,474	(10,028,869)	30,086,605
Balances at end of year	₱102,943,994	(₱25,735,999)	₱77,207,995

As at December 31, 2023, the maturity analysis of the undiscounted net retirement benefit liability expected to be paid for the next ten years is as follows:

Year	Amount
More than one year to five years	₱57,272,446
More than five years to ten years	93,813,830
	₱151,086,276

As at December 31, 2023 and 2022, the average duration of the net retirement benefit liability at the end of the reporting period is 13.2 and 12.3 years, respectively.

27. 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 April 2022, the ITH incentive for Line 3 expired.

On September 14, 2022, the BOI approved the application of the Company as an expanding producer of cement in under Tier 1, “All Qualified Manufacturing Activities including Agro-Processing” of the 2022 Strategic Investment Priority Plan (SIPP). The Company’s registration with the BOI entitled to provide for the following fiscal and nonfiscal incentives:

- ITH for income directly attributable to Finishing Mill 5 for two (2) years from December 2022 or actual start of commercial operations, whichever is earlier;
- After ITH, enhanced deductions for five (5) years;
- Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories for 11 years from date of registration, unless otherwise extended in the Strategic Investment Priority Plan;
- Employment of foreign nationals; and,
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In 2023 and 2022, the Company availed benefits from ITH amounting to ₱326.8 million and ₱263.3 million, respectively (see Note 28).

28. Income Taxes

The components of the income tax expense (benefit) are as follows:

	2023	2022
Reported in Profit or Loss		
Current	**₱953,990,408**	₱922,621,861
Deferred	**1,177,520**	(11,649,245)
	₱955,167,928	₱910,972,616
Reported in OCI		
Deferred tax expense (benefit) on:		
Remeasurement gains (losses) on net retirement benefit liability	**(₱6,432,767)**	₱10,028,869
Revaluation surplus	**–**	443,559,996
	(₱6,432,767)	₱453,588,865

The components of the Company's net deferred tax liabilities are as follows:

	2023	2022
Deferred tax assets:		
Accrued expenses	**₱33,207,435**	₱–
Provision for mine rehabilitation and decommissioning	**8,515,008**	8,515,008
Excess of cost over fair value of financial assets at FVPL	**3,506,686**	6,721,130
Deferred rent	**1,944,162**	–
Unamortized past service cost	**306,556**	613,113
Net retirement benefit liability	**–**	17,993,447
	47,479,847	33,842,698
Deferred tax liabilities:		
Revaluation surplus	**1,420,311,554**	1,420,311,554
Carrying amount of ROU asset	**10,824,400**	5,659,103
Net retirement asset	**7,595,641**	–
Net unrealized foreign exchange gains	**4,806,938**	9,185,974
	1,443,538,533	1,435,156,631
Net deferred tax liabilities	**₱1,396,058,686**	₱1,401,313,933

As at December 31, 2023 and 2022, the Company did not recognize deferred tax asset pertaining to lease liabilities amounting to ₱12.2 million and ₱7.0 million, respectively.

The reconciliations between the provision for income tax based on statutory income tax rate and effective income tax rate is as follows:

	2023	2022
Income tax at statutory tax rate	**₱1,366,401,785**	₱1,232,312,202
Increase (decrease) in income tax resulting from:		
Taxable income subject to ITH	**(326,786,605)**	(263,251,783)
Interest income subjected to final tax	**(139,375,928)**	(61,513,022)
Difference arising from the use of optional standard deduction	**88,989,990**	32,810,917
Dividend income exempt from income tax	**(63,261,894)**	(52,115,056)
Nondeductible expenses	**29,849,215**	17,186,305
Trading losses (gains) on financial assets at FVPL	**(5,859,050)**	7,703,184
Change in unrecognized deferred tax asset	**5,210,415**	(2,160,131)
Income tax at effective tax rate	**₱955,167,928**	₱910,972,616

29. 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 monetary financial assets and liability.

The following table shows the Company's US dollar-denominated monetary financial assets and liability and their Philippine Peso equivalent:

	2023		2022	
	US Dollar	**Philippine Peso**	US Dollar	Philippine Peso
Financial assets:				
Cash and cash equivalents	**$49,131**	**₱2,720,384**	$14,630,178	₱815,778,725
Deposit in escrow	**900,845**	**49,879,815**	888,806	49,559,823
	949,976	**52,600,199**	15,518,984	865,338,548
Financial liability -				
Trade and other payables	**323,569**	**17,915,998**	1,214,218	67,704,796
Net US Dollar-denominated financial assets	**$626,407**	**₱34,684,201**	$14,304,766	₱797,633,752

The following table shows the Company's Euro-denominated monetary financial asset and liability and their Philippine Peso equivalent:

	2023		2022	
	Euro	**Philippine Peso**	Euro	Philippine Peso
Financial asset -				
Cash in banks	**€20,061**	**₱1,233,254**	€6,684	₱398,032
Financial liability -				
Trade and other payables	**517,679**	**31,823,724**	130,129	7,749,182
Net Euro Dollar-denominated financial asset (liability)	**(€497,618)**	**(₱30,590,470)**	(€123,445)	(₱7,351,150)

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 ₱55.37 per US $1 and ₱61.47 per €1 as at December 31, 2023 and ₱55.68 per US $1 and ₱59.72 per €1 as at December 31, 2022.

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, 2023 and 2022. 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, 2023	**+2.55**	**₱1,597,339**
	-2.55	**(1,597,339)**
December 31, 2022	+2.61	₱37,335,439
	-2.61	(37,335,439)

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, 2023 and 2022. 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, 2023	**+1.92**	**₱955,216**
	-1.92	**(955,216)**
December 31, 2022	+1.13	(₱139,493)
	-1.13	139,493

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.

Exposure of the Company to changes in share price is insignificant.

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, 2023 and 2022, the exposure to credit risk for trade receivables by type of counterparty are as follows:

	2023		
	Neither Past Due nor Impaired	**Past Due but not Impaired**	**Total**
Major term customers	**₱171,675,224**	**₱96,359,431**	**₱268,034,655**
Related parties	**23,878,394**	**44,878,472**	**68,756,866**
Others	**98,510,925**	**–**	**98,510,925**
	₱294,064,543	**₱141,237,903**	**₱435,302,446**

	2022		
	Neither Past Due nor Impaired	Past Due but not Impaired	Total
Major term customers	₱43,698,946	₱53,338,615	₱97,037,561
Related parties	–	92,029,052	92,029,052
Others	24,301,010	18,449,169	42,750,179
	₱67,999,956	₱163,816,836	₱231,816,792

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	**2023**	2022
1 to 30 days	**₱59,400,058**	₱56,150,753
31 to 90 days	**30,338,367**	15,566,526
91 to 365 days	**46,612,608**	35,689,445
More than 365 days	**4,886,870**	56,410,112
Total	**₱141,237,903**	₱163,816,836

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 are therefore considered to be low credit risk investments.

For refundable deposits and other receivables (including interest receivable, 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 the 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.

	2023				
	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	**₱8,595,402,388**	**₱–**	**₱–**	**₱–**	**₱8,595,402,388**
Other receivables*	**1,385,117,091**	**–**	**–**	**–**	**1,385,117,091**
Debt securities at FVPL	**–**	**–**	**–**	**987,236,021**	**987,236,021**
Long-term placements	**150,000,000**				**150,000,000**
Refundable deposits	**55,858,355**	**–**	**–**	**–**	**55,858,355**
Deposit in escrow	**49,879,815**	**–**	**–**	**–**	**49,879,815**
Restricted cash	**33,253,715**	**–**	**–**	**–**	**33,253,715**
	₱10,269,511,364	**₱–**	**₱–**	**₱987,236,021**	**₱11,256,747,385**

**Includes receivable from a related party, dividends receivables, advances to related parties, interest receivable and other receivables.*

	2022				
	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	₱8,003,963,110	₱–	₱–	₱–	₱8,003,963,110
Debt securities at FVPL	–	–	–	973,378,244	973,378,244
Long-term placements	650,000,000	–	–	–	650,000,000
DSRA	363,846,083	–	–	–	363,846,083
Other receivables*	117,288,152	–	–	–	117,288,152
Refundable deposits	56,266,004	–	–	–	56,266,004
Deposit in escrow	49,879,815	–	–	–	49,879,815
Restricted cash	32,360,736	–	–	–	32,360,736
	₱9,273,603,900	₱–	₱–	₱973,378,244	₱10,246,982,144

* *Includes receivable from a related party, dividends receivables, advances to related parties, 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, 2023 and 2022:

	2023					
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 Years**	**Total**
Trade and other payables*	**₱3,049,117,423**	**₱354,016,907**	**₱455,548,600**	**₱–**	**₱–**	**₱3,858,682,930**
Lease liabilities	**1,243,367**	**2,486,733**	**11,046,592**	**28,526,573**	**38,411,604**	**81,714,869**
	₱3,050,360,790	**₱356,503,640**	**₱466,595,192**	**₱28,526,573**	**₱38,411,604**	**₱3,940,397,799**

**Excluding nonfinancial liabilities amounting to ₱579.5 million as at December 31, 2023.*

	2022					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱2,503,810,683	₱1,041,012,512	₱210,719,085	₱–	₱–	₱3,755,542,280
Lease liabilities	–	2,938,774	5,847,621	23,560,644	–	32,347,039
Loans payable**	–	370,901,724	1,085,790,369	3,010,108,243	–	4,466,800,336
	₱2,503,810,683	₱1,414,853,010	₱1,302,357,075	₱3,033,668,887	₱–	8,254,689,655

**Excluding nonfinancial liabilities amounting to ₱351.3 million as at December 31, 2022.*
***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 ₱37,035.3 and ₱38,124.9 million as at December 31, 2023 and 2022, 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 not subject to any externally imposed capital requirements.

30. 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:

		2023			
			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 asset at FVPL	6	**₱987,236,021**	**₱987,236,021**	**₱–**	**₱–**
Financial assets at FVOCI	10	**96,678,750**	**96,678,750**	**–**	**–**
Nonfinancial Asset -					
Land	11	**6,329,071,102**	**–**	**–**	**6,329,071,102**
		₱7,412,985,873	**₱1,083,914,771**	**₱–**	**₱6,329,071,102**

		2022			
			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	₱3,976,563,802	₱–	₱3,976,563,802	₱–
Quoted financial assets at FVPL	6	974,378,244	974,378,244	–	–
Financial assets at FVOCI	10	100,012,500	100,012,500	–	–
Nonfinancial Assets:					
Land	11	6,327,280,453	–	–	6,327,280,453
		₱11,378,234,999	₱1,074,390,744	₱3,976,563,802	₱6,327,280,453
Financial Liability -					
Loans payable	16	₱4,040,380,818	₱–	₱4,040,380,818	₱–

The Company used the following techniques to determine fair value measurements:

- *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, 2023 and 2022 are carried at fair values based on quoted market prices from active markets classified under the Level 1 category.

- *Unquoted Financial Asset at FVPL.* The Company's unquoted financial asset at FVPL as at December 31, 2022 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 2022. This is classified under the Level 2 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, 2023 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 3.86% as at December 31, 2022. 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 2023 and 2022.

The table below presents the financial assets and liabilities whose carrying amounts approximate their fair values as at December 31, 2023 and 2022:

	2023	2022
Financial assets at amortized cost:		
Cash and cash equivalents	**₱8,596,199,398**	₱8,004,790,120
Trade and other receivables*	**1,820,419,537**	349,104,944
Long-term placements	**150,000,000**	650,000,000
Refundable deposits	**55,858,355**	56,266,004
Deposit in escrow	**49,879,815**	49,879,815
Restricted cash	**33,253,715**	32,360,736
DSRA	**–**	363,846,083
	₱10,705,610,820	₱9,506,247,702
Financial liability at amortized cost -		
Trade and other payables**	**₱3,858,682,930**	₱3,755,542,280

**Excluding nonfinancial assets aggregating to ₱7.0 million and ₱4.5 million as at December 31, 2023 and 2022, respectively.*
***Excluding nonfinancial liabilities aggregating to ₱579.6 million and ₱351.3 million as at December 31, 2023 and 2022, 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 their fair values. Management believes that the effect of discounting the future receipts from these financial instruments using the prevailing market rates is not significant.

31. 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 ₱5.2 million and ₱13.4 million in 2023 and 2022, 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.

  Allotment for community development activities amounted to ₱2.6 million and ₱5.3 million in 2023 and 2022, respectively.

Legal Claims

The Company is either a defendant or plaintiff in civil cases primarily involving claims for damages. The outcomes of the legal proceedings for these 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.

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 wholly-owned subsidiary of San Miguel Equity Investments Inc.) (the Company) as at and for the years ended December 31, 2023 and 2022, on which we have rendered our report dated March 12, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has six (6) stockholders owning 100 or more shares each.

REYES TACANDONG & CO.

MANUEL P. BUENSUCESO, JR.
Partner
CPA Certificate No. 143561
Tax Identification No. 311-867-595-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-020-2022
Valid until March 15, 2025
PTR No. 10072428
Issued January 2, 2024, Makati City

March 12, 2024
Makati City, Metro Manila

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 wholly-owned subsidiary of San Miguel Equity Investments Inc.) (the Company) as at and for the years ended December 31, 2023 and 2022 and have issued our report thereon dated March 12, 2024. 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.

MANUEL P. BUENSUCESO, JR.
Partner
CPA Certificate No. 143561
Tax Identification No. 311-867-595-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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Valid until March 15, 2025
PTR No. 10072428
Issued January 2, 2024, Makati City

March 12, 2024
Makati City, Metro Manila

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

EAGLE CEMENT CORPORATION
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

		Amount
Unappropriated retained earnings, beginning of reporting period		₱10,599,386,048
Less: <u>Category B</u>: **Items that are directly debited to unappropriated retained earnings**		
Dividend declaration during the reporting period	(5,600,000,006)	
Sub-total		(5,600,000,006)
Unappropriated retained earnings, as adjusted		**4,999,386,042**
Add/less: Net income for the current year		**4,510,439,212**
Less: <u>Category C.1</u>: **Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(28,007,699)	
Sub-total		(28,007,699)
Add: <u>Category C.2</u>: **Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)**		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	29,190,224	
Sub-total		29,190,224
Adjusted net income		**4,511,621,737**
Total retained earnings, end of the reporting period available for dividend		**₱9,511,007,779**

Unappropriated retained earnings, *end of year, as shown in the financial statements*	**₱9,509,825,254**
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(28,007,699)
Realized foreign exchange gain, except those attributable to cash and cash equivalents	29,190,224
Unappropriated retained earnings available for dividend declaration, *end of year*	**₱9,511,007,779**

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Eagle Cement Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, 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 12th day of March 2024

REPUBLIC OF THE PHILIPPINES}
QUEZON CITY

APR 16 2024

SUBSCRIBED AND SWORN to before me this ___ day of April 2024 in QUEZON CITY, affiants exhibited to me their competent evidence of identity.

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

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2024
PTR No. 5565783 / January 03, 2024 Q.C
IBP No. 399899 / January 04, 2024 Q.C
Roll No. 30457 / 05-09-1980
MCLE VII-0006994 / 09-21-2021
ADM. MATTER No. NP-021 (2024-2025)
TIN NO 131-942-754
Matalino Corner Malakas ST., Brgy. Central
District IV, Diliman Quezon City

Doc No. 300;
Page No. 61;
Book No. 24;
Series of 2024.

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Transaction Code: **AFS-0-44XR2YRT0AKB79A8BP323QYZP0BA7FL887**
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Transaction Code: **AFS-0-VWWS4RM03QV3V2X4M4YZ32YY09EKGDL9H**
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Transaction Code: **AFS-0-3W2WPZTR0M2QNVXR4P4NPNZVY0P2NT2RSQ**
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Transaction Code: **AFS-0-6JF5BL602Y33V1YTQSWM44VT0F5L6666**
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SEC FORM 17-Q
QUARTERLY REPORT WITH UNAUDITED INTERIM CONSOLIDATED STATEMENTS AS OF 31 MARCH 2024
(ANNEX C)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **31 March 2024**
2. Commission identification number **ASO95-005885** 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. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
   2F SMITS Corporate Center, 155 EDSA, Barangay Wack-Wack, Mandaluyong City 1554
8. Issuer's telephone number, including area code
   (632) 5301-3453
9. Former name, former address and former fiscal year, if changed since last report
   N.A.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common (Outstanding)	**5,000,000,005**

* The total issued and outstanding shares as at March 31, 2024 are:

Common	5,000,000,005

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

    Yes [ ] No [**X**]

    If yes, state the name of such Stock Exchange and the classes of securities listed therein:

    N.A.

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 Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 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.

SIGNATURES

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

Issuer:
EAGLE CEMENT CORPORATION

By:

JOHN PAUL L. ANG
President/Chief Executive Officer
Date: 8 May 2024

PART I--FINANCIAL INFORMATION

Financial Statements

1. Unaudited Interim Consolidated Statement of Financial Position as at March 31, 2024 and Audited Consolidated Statement of Financial Position as at December 31, 2023

2. Unaudited Interim Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2024 and 2023

3. Unaudited Interim Consolidated Statements of Changes in Equity for the Three Months Ended March 31, 2024 and 2023

4. Unaudited Interim Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2024 and 2023

5. Notes to Unaudited interim consolidated financial statements

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

Item 1. Financial Statements

The audited consolidated statement of financial position as at December 31, 2023, and the unaudited interim consolidated financial statements as at March 31, 2024 and for the three months ended March 31, 2024 and 2023 and selected notes to the unaudited interim consolidated financial statements of Eagle Cement Corporation (Eagle Cement or the Parent Company) and its subsidiaries (collectively referred to as the “Group”) are filed as part of this Form 17-Q.

Eagle Cement is primarily engaged in the business of manufacturing, marketing, sale and distribution of cement products. The Parent Company is the third largest player in the Philippine cement industry based on revenue, with the fastest growing market share among all competitors in the industry since it started its commercial operations in 2010. The Parent Company was incorporated and registered with the Securities and Exchange Commission (SEC) on June 21, 1995.

The Group currently employs 637 individuals for its existing lines and business operations in Luzon. Neither Eagle Cement nor any of its subsidiaries has experienced a work stoppage as a result of labor disagreements. None of the employees of the Parent Company belong to a union since its incorporation in 1995.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2024

(With Comparative Audited Figures as at December 31, 2023)

	Note	**March 31, 2024**	December 31, 2023
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱12,421,915,750**	₱10,746,976,158
Financial assets at fair value through profit or loss (FVPL)	6	**509,498,993**	1,011,642,206
Trade and other receivables	7	**2,511,278,887**	2,346,336,240
Current portion of long-term placements	9	**150,000,000**	150,000,000
Inventories	8	**2,166,813,258**	2,185,653,992
Other current assets	9	**912,284,720**	646,355,360
Total Current Assets		**₱18,671,791,608**	₱17,086,963,956
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	10	**96,478,725**	96,678,750
Property, plant and equipment	11	**29,692,311,534**	29,849,640,478
Intangible assets	12	**2,623,075,999**	2,593,896,808
Net retirement asset		**25,094,366**	30,382,564
Other noncurrent assets	13	**512,156,326**	466,742,006
Total Noncurrent Assets		**32,949,116,950**	33,037,340,606
Total Assets		**₱51,620,908,558**	₱50,124,304,562
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	**₱6,109,059,520**	₱4,818,311,929
Current portion of lease liabilities		**13,300,026**	15,072,971
Total Current Liabilities		**6,122,359,546**	4,833,384,900
Noncurrent Liabilities			
Net deferred tax liabilities	18	**1,566,564,232**	1,566,564,232
Other noncurrent liabilities	15	**81,996,509**	86,763,882
Net retirement benefit liability		**631,230**	631,230
Total Noncurrent Liabilities		**1,649,191,971**	1,653,959,344
Total Liabilities		**₱7,771,551,517**	₱6,487,344,244
Equity	16		
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		**16,600,000,000**	16,600,000,000
Unappropriated		**11,282,086,907**	11,069,490,159
Treasury stock		**(3,000,000,000)**	(3,000,000,000)
Other equity reserves		**4,441,764,031**	4,441,964,056
Total Equity		**43,849,357,041**	43,636,960,318
		₱51,620,908,558	₱50,124,304,562

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

	Note	2024	2023
NET SALES		**₱6,298,306,288**	₱7,006,153,513
COST OF GOODS SOLD		**4,240,043,704**	4,671,744,671
GROSS PROFIT		**2,058,262,584**	2,334,408,842
OPERATING EXPENSES		**761,773,450**	777,532,876
INCOME FROM OPERATIONS		**1,296,489,134**	1,556,875,966
FINANCE COSTS		**(1,695,222)**	(60,877,829)
INTEREST INCOME		**166,510,659**	130,166,371
OTHER INCOME - Net		**(1,470,477)**	42,256,330
INCOME BEFORE INCOME TAX		**1,459,834,094**	1,668,420,838
INCOME TAX EXPENSE (BENEFIT)	18		
Current		**247,237,345**	297,952,859
Deferred		**–**	–
		247,237,345	297,952,859
NET INCOME		**1,212,596,749**	1,370,467,979
OTHER COMPREHENSIVE INCOME			
Revaluation surplus (net of deferred tax)		**–**	–
Unrealized gains (losses) on financial assets at FVOCI		(3,533,775)	(1,066,800)
		(3,533,775)	(1,066,800)
TOTAL COMPREHENSIVE INCOME		**₱1,209,062,974**	₱1,369,401,179
Basic/Diluted Earnings Per Share	19	**₱0.24**	₱0.27

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

		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, 2023		**₱5,000,000,005**	**₱3,000,000,000**	**₱6,525,506,098**	**₱16,600,000,000**	**₱11,069,490,159**	**₱4,387,067,333**	**₱58,230,473**	**(₱3,333,750)**	**(₱3,000,000,000)**	**₱43,636,960,318**
Net income		**–**	**–**	**–**	**–**	**1,212,596,749**	**–**	**–**	**–**	**–**	**1,212,596,749**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(200,025)**	**–**	**(200,025)**
Cash dividends declared	15	**–**	**–**	**–**	**–**	**(1,000,000,001)**	**–**	**–**	**–**	**–**	**(1,000,000,001)**
Balances as at March 31, 2024		**₱5,000,000,005**	**₱3,000,000,000**	**₱6,525,506,098**	**₱16,600,000,000**	**₱11,282,086,907**	**₱4,387,067,333**	**₱58,230,473**	**(₱3,533,775)**	**(₱3,000,000,000)**	**₱43,849,357,041**
Balances as at December 31, 2022		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱12,246,223,824	₱4,387,067,333	₱77,528,774	₱–	(₱3,000,000,000)	₱44,236,326,034
Net income		–	–	–	–	1,370,467,979	–	–	–	–	1,370,467,979
Other comprehensive income		–	–	–	–	–	–	–	(1,066,800)	–	(1,066,800)
Cash dividends declared	15	–	–	–	–	–	–	–	–	–	–
Balances as at March 31, 2023		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱13,616,691,803	₱4,387,067,333	₱77,528,774	(₱1,066,800)	(₱3,000,000,000)	₱45,605,727,213

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,459,834,094**	₱1,668,420,839
Adjustments for:		
Depreciation and amortization	**366,743,581**	360,310,366
Finance costs	**1,695,222**	60,877,829
Interest income	**(166,510,659)**	(130,166,369)
Dividend income	**(1,700,003)**	(557,374)
Trading losses (gains) on financial assets at FVPL	**2,143,213**	1,859,418
Unrealized foreign exchange losses (gains)	**(1,701,353)**	5,247,022
Retirement benefit costs	**4,402,108**	(51,699,357)
Loss (gain) on sale of assets	**(296,281)**	(357,143)
Operating income before working capital changes	**1,664,609,922**	1,913,935,231
Decrease (increase) in:		
Trade and other receivables	**(157,096,334)**	(147,761,250)
Inventories	**63,606,966**	240,440,795
Other current assets	**(296,571,083)**	(93,100,000)
Other noncurrent assets	**(25,947,069)**	2,176,372
Increase in trade and other payables	**73,782,426**	(435,184,571)
Net cash generated from operations	**1,322,384,828**	1,480,506,577
Interest received	**158,688,848**	129,329,092
Net cash provided by operating activities	**1,481,073,676**	1,609,835,669
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	**(237,694,219)**	(283,254,652)
Deposit on asset purchase	**(23,210,978)**	(62,875,084)
Intangible asset	**(44,779,750)**	(15,452,891)
Deposit for future investment	**(103,172)**	(61,619)
Dividends received	**1,700,003**	51,699,357
Proceeds from sale of:		
Financial assets at FVPL	**500,000,000**	–
Property, plant and equipment	**296,281**	357,143
Net cash provided by (used in) investing activities	**196,208,165**	(309,587,746)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Loans	–	(311,500,000)
Interest	–	(60,587,832)
Lease liability	**(4,043,602)**	(2,249,467)
Net cash used in financing activities	**(4,043,602)**	(374,337,299)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,673,238,239**	925,910,624
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,701,353**	(1,859,418)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**10,746,976,158**	9,547,285,514
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱12,421,915,750**	₱10,471,336,720

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

AGING OF TRADE AND OTHER RECEIVABLES

AS AT MARCH 31, 2024

	Total	Current	1- 30 Days	31- 90 Days	91-365 Days	365 Days or More
Trade	₱761,266,239	₱353,806,556	₱202,091,357	₱199,066,993	₱601,646	₱5,699,687
Nontrade	1,745,622,618	1,400,014,405	-	13,779,382	6,070,168	325,758,663
Others	4,390,030	4,390,030	-	-	-	-
Total	₱2,511,278,887	₱1,758,210,991	₱202,091,357	₱212,846,375	₱6,671,814	₱331,458,350

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2024
(With Comparative Information for 2023)

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 21, 1995. It is primarily engaged in the business of manufacturing, marketing, sale and distribution of cement products. The Parent Company and its wholly-owned subsidiaries, South Western Cement Corporation (SWCC), Solid North Mineral Corp. (SNMC) and Armstrong Fly-Ash and Logistics Company Inc. (AFALCI) are collectively referred to herein as “the Group”. SWCC, SNMC and AFALCI are also incorporated in the Philippines and registered with the SEC.

The Parent Company was listed on the Philippine Stock Exchange (PSE) in May 2017. In December 2022, San Miguel Equity Investments, Inc. (SMEII) became the owner of 99.9581% of the common shares in the Company by way of share purchase and tender offer of shares. SMEII is a wholly-owned subsidiary of San Miguel Corporation (SMC).

Following SMEII’s acquisition of 99.958% equity interest in the Company, the latter filed a petition for voluntary delisting of its common shares listed on the main board of the PSE. In January 2023, the PSE approved the delisting of the Company effective end of business on February 28, 2023.

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

Subsidiaries

The following are the subsidiaries of the Parent Company, which are all incorporated in the Philippines and registered with the SEC:

		Percentage (%) of Ownership		
Name of Subsidiary	Principal Activity	**2024**	2023	2022
South Western Cement Corporation (SWCC)	Manufacturing, marketing, sale and distribution of cement products	**100**	100	100
Solid North Mineral Corp. (SNMC)	Mining activities and processing of limestones	**100**	100	100
Armstrong Flyash and Logistics Company, Inc. (AFALCI)	Processing of fly ash	**100**	100	100

SWCC have not started commercial operations as at May 9, 2024.

Status of 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	August 6, 2020	Limestone	Development
SWCC	060-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020	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.

In August 2022, the Group applied for an extension of the term of MPSAs 100-97-VII and 101-97-VII in Cebu sites. As at May 9, 2024, the Group has not yet received the approval for the extension.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The unaudited interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting and do not include all the information required in the annual consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements as at December 31, 2023.

The unaudited interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on May 8, 2024.

Measurement Bases

The unaudited interim consolidated financial statements are presented in Philippine Peso, the Group’s functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The unaudited interim consolidated financial statements of the Group 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, included as part of “Property, plant and equipment”	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 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 unaudited interim consolidated financial statements:

- Note 6 – Financial Assets at FVPL
- Note 10 – Financial Assets at FVOCI
- Note 11 – Property, Plant and Equipment

The principal accounting policies adopted in the preparation of the unaudited interim consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below.

<u>Adoption of Amended Standards</u>
The Group has adopted the following amendments to PFRS effective January 1, 2024 and accordingly, changed its accounting policies in the following areas:

- Classification of Liabilities as Current or Noncurrent – 2020 Amendments and Noncurrent Liabilities with Covenants – 2022 Amendments (Amendments to PAS 1). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

    - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;

    - clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

    - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and

    - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

- Supplier Finance Arrangements (Amendments to PAS 7, *Statement of Cash Flows,* and PFRS 7, *Financial Instruments: Disclosures).* The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

  Under the amendments, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

  The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The adoption of the amendments to standards did not have a material effect on the unaudited interim consolidated financial statements.

Amendments to PFRS in Issue But Not Yet Adopted

A number of new and amended standards are effective for annual periods beginning after January 1, 2024 and have not been applied in preparing the unaudited interim consolidated financial statements. None of these are expected to have a significant effect on the unaudited interim consolidated financial statements.

The Group will adopt the following new and amended standards on the respective effective dates:

- PFRS 17, *Insurance Contracts*, replaces the interim standard, PFRS 4, *Insurance Contracts*, and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The new standard applies to all insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  PFRS 17 aims to increase transparency and to reduce diversity in the accounting for insurance contracts. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and simplified approach (the premium allocation approach) mainly for short-duration contracts.

  On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board (IASB).

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

- Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*). The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the entity uses a presentation currency other than its functional currency.

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

Current versus Noncurrent Classification

The Group presents assets and liabilities in the unaudited interim financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within twelve months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Basis of Consolidation

The unaudited interim 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 interest 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 unaudited interim 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.

<u>Financial Instruments</u>

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

The Group recognizes a financial asset or a financial liability in the unaudited interim consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as fair value through profit or loss (FVPL), includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets
The Group classifies its financial assets at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to the management:

- the stated policies and objectives for the portfolio and the operation of these policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of the cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statements of comprehensive income when the financial asset is derecognized, modified or impaired.

As at March 31, 2024 and December 31, 2023, the Group's cash and cash equivalents, trade and other receivables (except advances to officers and employees), long-term placements, restricted cash, refundable deposits, and deposit in escrow are classified under this category (see Notes 5, 7, 9 and 13).

Financial Assets at FVOCI. Financial Assets at FVOCI. A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in the unaudited interim other comprehensive income

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the unaudited interim consolidated statement of comprehensive income when the right to receive the payment has been established. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the unaudited interim consolidated statement of changes in equity are never reclassified to the unaudited interim consolidated statements of comprehensive income.

As at March 31, 2024 and December 31, 2023, 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. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes all derivative financial assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, a financial asset may be designated as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the unaudited interim consolidated statements of comprehensive income as incurred.

Changes in fair value and realized gains or losses are recognized in the unaudited interim consolidated statements of comprehensive income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in the unaudited interim other comprehensive income. Any interest earned from investment in debt instrument is recognized in the unaudited interim consolidated statements of comprehensive income. Any dividend income from investment in equity instrument is recognized in the unaudited interim consolidated statements of comprehensive income when the right to receive payment has been established.

As at March 31, 2024 and December 31, 2023, 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 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.

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. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities at amortized cost. All financial liabilities are recognized initially at fair value and, in case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option.

As at March 31, 2024 and December 31, 2023, the Group does not have financial liabilities at FVPL.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Finance costs" account in the unaudited interim consolidated statements of comprehensive income. Gains and losses are recognized in the unaudited interim consolidated statements of comprehensive income when the liabilities are derecognized as well as through amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the unaudited interim consolidated statements of comprehensive income.

As at March 31, 2024 and December 31, 2023, the Group's trade and other payables (except advances from customers, statutory payables, output VAT payable and deferred revenue) and lease liabilities are classified under this category (see Notes 14 and 15).

Derecognition of Financial Assets and Financial Liabilities

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

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; 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 rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

Financial Liabilities. 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. The difference in the respective carrying amounts is recognized in the unaudited interim consolidated statements of comprehensive income.

Impairment of Financial Assets
The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including appropriate forward-looking information. The Group recognizes lifetime ECL for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants. The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECL on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the unaudited interim consolidated statements of comprehensive income.

<u>Classification of Financial Instruments between Liability and Equity</u>
Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

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

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments

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

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 unaudited interim 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

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized as expense in the unaudited interim consolidated statements of comprehensive income as they are consumed or expire with the passage of time.

Prepayments are classified as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Group’s normal operating cycle. Otherwise, these are classified as noncurrent assets.

Advances To Suppliers

Advances to suppliers represent advance payments made in relation to purchase of raw materials and services and are carried at cost. These are to be applied against the suppliers’ billing upon the receipt of materials or services.

Other Current Assets

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. 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 initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation. Expenditures incurred after the asset has been put into operations, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. Upon completion of the projects, the related CPIP will be transferred to the specific property, plant and equipment accounts. CPIP is not depreciated until such time that the relevant assets are ready for use

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 remaining useful lives and depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

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

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

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the unaudited consolidated statements of comprehensive income in the period of retirement or disposal.

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 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 unaudited interim 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 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, 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 Group from its customers as advance collections for the sale of goods. These are recorded at face amount in the unaudited interim consolidated statements of financial position and recognized as revenue in the unaudited interim consolidated statements of comprehensive income when the goods for which the advances were made are delivered to the customers.

Fair Value Measurements

The Group measures financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the unaudited interim consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

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 or losses 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, and 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 to the buyer, which is normally upon delivery or pick of goods, the seller has no obligation that could affect the buyer's acceptance of goods and the amount of sales can be measured reliably. The sales are net of returns, trade discounts and sale rebates.

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.

Sales Rebates. The Group provides sales 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 sales 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 unaudited interim consolidated statements of financial position (Note 14).

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.

All finance costs are recognized in the unaudited interim consolidated statements of comprehensive income in the period they are incurred.

Employee Benefit

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 unaudited interim consolidate statements of financial position (see Note 14).

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 thirty (30) 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.

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.

Current tax and deferred tax are recognized in the unaudited interim consolidated statements of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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, or 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 unaudited interim 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) prior to 2022 with an aggregate acquisition cost (exclusive of VAT) in each of the calendar months 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.

In accordance with Section 35 of Republic Act (RA) No. 10963 otherwise known as the "Tax Reform for Acceleration or Inclusion", the amortization of the input VAT shall only be allowed until December 31, 2021 after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized. Accordingly, all input tax on purchases of capital goods starting January 1, 2022 shall already be allowed upon purchase/payment and no longer be deferred based on Revenue Memorandum Circular No. 21-2022.

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.

Provision 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 unaudited interim consolidated statements of financial position (Note 13).

Contingencies
Contingent liabilities are not recognized in the unaudited interim 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 unaudited interim consolidated financial statements but are disclosed in the notes to the unaudited interim 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 Reporting Date
Post year-end events that provide additional information about the Group's unaudited consolidated statements of financial position at reporting date (adjusting events) are reflected in the unaudited interim consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the unaudited unaudited interim consolidated financial statements when material.

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3. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the unaudited interim consolidated financial statements requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the unaudited interim consolidated financial statements and related notes. The judgments and accounting estimates used in the unaudited interim 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 irrevocably 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 debt securities and investment in unquoted redeemable perpetual securities were designated as financial assets at FVPL (see Note 6).

Cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), long-term placements, refundable deposits, deposit in escrow and restricted cash 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 13)

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

When the fair values of financial assets recorded in the unaudited interim 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 unaudited interim consolidated statement of financial position.

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 ₱8,007.2 million and ₱7,979.2 million as at March 31, 2024 and December 31, 2023, respectively, are classified as property, plant and equipment (see Note 11).

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 November 10, 2023, the Cebu and Mindanao 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 unaudited interim consolidated statements of financial position, amounted to ₱44.7 million as at March 31, 2024 and December 31, 2023 (see Note 13).

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 unaudited interim consolidated financial statements. The Group assessed that it has a single reportable operating segment based on the criteria above.

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 year while none of remaining balances are written-off or are credit impaired as at reporting date. Accordingly, no provision for ECL on trade receivables was recognized for the three months ended March 31, 2024 and 2023. The carrying amount of trade receivables is ₱1,113.9 million and ₱621.1 million as at March 31, 2024 and December 31, 2023, 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 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 borrower.

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 as at March 31, 2024 and December 31, 2023.

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

	Note	**March 31, 2024**	December 31, 2023
Cash in banks and cash equivalents	6	**12,421,003,739**	10,746,019,148
Other receivables*	7	**1,393,036,197**	1,388,844,456
Long-term placement	9	**150,000,000**	150,000,000
Refundable deposits	13	**79,488,582**	63, 575,285
Deposit in escrow	13	**49,879,815**	49,879,815
Restricted cash	13	**87,566,869**	81,379,994

**Includes interest receivable, receivable from a related party, dividends receivable 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 future 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 and it 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 March 31, 2024 and December 31, 2023, the cost of inventories is lower than its NRV. The carrying amount of inventories is ₱2,166.8 million and ₱2,185.7 million as at March 31, 2024 and December 31, 2023, respectively (see Note 8)

Estimation of Mineral and Quarry Reserves. Mineral and quarry reserves are estimates of the amount of minerals that can be economically and legally extracted from the Group's mining and quarry properties. The Group estimates its mineral and quarry reserves based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of minerals to be mined and processed, the configuration of the mineral body, expected recovery rates of minerals, estimated operating costs, estimated climatic conditions and other factors.

Changes in the mineral reserve or resource estimates may impact the carrying amounts of property, plant and equipment, provision for mine rehabilitation and decommissioning, recognition of deferred tax assets, and amortization charges.

The Group also makes estimates and assumptions regarding a number of economic and technical factors, such as production rates, grades, production, and delivery costs and prices. These economic and technical estimates and assumptions may change depending on the quality and quantity of mineral extracted. The Group reviews and updates estimates annually, to reflect actual production, new exploration data or developments, and changes in other assumptions or parameters.

These estimates will change from time to time to reflect mining and quarrying activities, analyses of new engineering and geological data, changes in reserve and mineral resource holdings, modifications of mining and quarrying plans or methods, changes in mineral prices or production costs, and other factors.

Estimation of 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 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 for the three-months ended March 31, 2024 and 2023.

The carrying amount of property, plant and equipment and intangible assets are as follows:

	Note	**March 31, 2024**	December 31, 2023
Property, plant and equipment*	11	**20,938,565,109**	₱20,963,564,407
Mining rights	12	**1,158,305,101**	1,124,993,431
Computer software	12	**205,818,194**	209,950,673

**excluding land and construction in progress aggregating to ₱8753.7 million and ₱8,886.1 million as at March 31, 2024 and December 31, 2023.*

Leases – Estimation of the Incremental Borrowing Rate. 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 2.25% to 8.31% for the computation of lease liabilities and ROU assets. Lease liabilities amounted to ₱30.0 million and ₱33.5 million as at March 31, 2024 and December 31, 2023 respectively. ROU assets amounted to ₱24.9 million and ₱27.8 million as at March 31, 2024 and December 31, 2023 respectively.

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 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 for the three months ended March 31, 2024 and for the year ended December 31, 2023. The carrying amounts of nonfinancial assets are as follows:

	Note	**March 31, 2024**	December 31, 2023
Property, plant and equipment	11	**₱29,692,311,535**	₱29,849,640,478
Deposits on asset purchase	13	**246,067,791**	222,856,814
Intangible assets*	12	**1,364,123,295**	1,334,944,104
Prepayments	9	**517,059,998**	245,970,600
Advances to suppliers	9	**106,324,394**	138,718,894
Deferred input VAT	9	**228,321,098**	255,441,264
Deferred exploration and development costs	13	**44,678,353**	44,678,353
Advances to officers and employees	7	**4,390,030**	7,519,050
Deposits for future investment	13	**4,474,916**	4,371,745
Others	9	**60,579,230**	6,224,602

**excluding goodwill amounting to 1,259.0 million as at March 31, 2024 and December 31, 2023.*

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 as at March 31, 2024 and December 31, 2023. The carrying amount of goodwill amounted to ₱1,259.0 million as at March 31, 2024 and December 31, 2023.

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 as at March 31, 2024 and December 31, 2023. The carrying amount of deferred exploration and evaluation costs amounted to ₱44.7 million as at March 31, 2024 and December 31, 2023 (see Note 13).

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 ₱53.8 million and ₱53.5 million as at March 31, 2024 and December 31, 2023, respectively (see Note 15).

Determination of Retirement Benefits. The determination of the net retirement benefits liability and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions include, among others, discount rates, salary increase rates and expected rates of return on plan assets. 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 benefits liability.

Net retirement benefit assets amounted to and ₱24.5 million and ₱29.8 million as at March 31, 2024 and December 31, 2023, respectively.

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 ₱22.4 million were not recognized as at March 31, 2024 and December 31, 2023. 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 18).

Deferred tax assets recognized amounted to ₱119.0 million as at March 31, 2024 and December 31, 2023 (see Note 18).

4. Financial Risk Management and Financial Instruments

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), financial assets at FVOCI, long-term placements, refundable deposits, deposit in escrow, restricted cash, trade and other payables (excluding advances from customers and statutory payables), and lease liabilities.

The main financial risk arising from the Group'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 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 financial assets and liability.

The following table shows the Group's US dollar-denominated monetary financial assets and liability and their Philippine Peso equivalent:

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	US Dollar	**Philippine Peso**	US Dollar	Philippine Peso
Financial assets:				
Cash and cash equivalents	**$3,036,804**	**₱170,789,868**	$53,563	₱2,965,781
Deposit in escrow	**928,744**	**52,232,570**	900,845	49,879,815
	3,965,548	**223,022,438**	954,408	52,845,596
Financial liability -				
Trade and other payables	**353,423**	**19,876,503**	628,162	34,781,303
Installment payable	**266,715**	**15,000,065**	327,248	18,119,746
	620,138	**34,876,568**	955,410	52,901,049
Net US Dollar-denominated financial assets	**$3,345,410**	**₱188,145,870**	($1,002)	(₱55,453)

The following table shows the Group's Euro-denominated monetary financial asset and liability and their Philippine Peso equivalent:

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	US Dollar	**Philippine Peso**	US Dollar	Philippine Peso
Financial asset -				
Cash in banks	**€6,721**	**₱408,086**	€20,061	₱1,233,254
Financial liability -				
Trade and other payables	**431,107**	**26,177,419**	517,679	31,823,724
Net Euro-denominated financial liability	**€424,386**	**₱25,769,333**	€497,618	₱30,590,470

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 ₱56.24 per US $1 and ₱60.72 per €1 as at March 31, 2024 and ₱55.37 per US $1 and ₱61.47 per €1 as at December 31, 2023.

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 for the three months ended March 31, 2024 and for the year ended December 31, 2023. 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
March 31, 2024	**+2.26**	**₱7,543,900**
	-2.26	**(7,543,900)**
December 31, 2023	+2.55	(₱2,554)
	-2.55	2,554

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 for the three months ended March 31, 2024 and for the year ended December 31, 2023. 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
March 31, 2024	**+2.03**	**(₱862,367)**
	-2.03	**862,367**
December 31, 2023	+1.92	(₱955,216)
	-1.92	955,216

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 quoted 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 unaudited interim consolidated statements of financial position. Exposure of the Group to changes in share price is insignificant.

Interest Rate Risk. The Group has no outstanding interest-bearing loans payable as at March 31, 2024.

Credit Risk

The Group's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling 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 80% of the total revenues for the past three years. Historically, trade receivables are substantially collected within one year and it 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 March 31, 2024 and December 31, 2023, the exposure to credit risk for trade receivables by type of counterparty are as follows:

	March 31, 2024		
	Neither Past due nor Impaired	**Past Due but not Impaired**	**Total**
Major term customers	**₱270,531,216**	**₱152,289,424**	**₱422,820,640**
Related parties	**73,795,621**	**255,170,259**	**328,965,880**
Others	**9,479,719**	**–**	**9,479,719**
	₱353,806,556	**₱407,459,683**	**₱761,266,239**

	December 31, 2023		
	Neither Past due nor Impaired	Past Due but not Impaired	Total
Major term customers	₱171,900,928	₱96,312,915	₱268,213,843
Related parties	225,855,707	27,880,822	253,736,529
Others	99,106,424	–	99,106,424
	₱496,863,059	₱124,193,737	₱621,056,796

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	**March 31, 2024**	December 31, 2023
1 to 30 Days	**₱202,091,358**	₱46,423,527
31 to 90 Days	**199,066,992**	52,439,417
91 to 365 Days	**601,646**	14,410,081
366 days or more	**5,699,687**	10,920,712
Total	**₱407,459,683**	₱124,193,737

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 composed of cash and cash equivalents, long-term placements, refundable deposits, deposit in escrow, and restricted cash.

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 refundable deposits and other receivables (including interest receivable, dividends receivable and other receivables), credit risk is low since the Group transacts only with reputable counterparties and with good credit standing

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 arising 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.

	March 31, 2024				
	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	**₱12,421,003,739**	**₱–**	**₱–**	**₱–**	**₱12,421,003,739**
Long-term placements	**150,000,000**	**–**	**–**	**–**	**150,000,000**
Due from related parties	**339,517,644**	**–**	**–**	**–**	**339,517,644**
Restricted cash	**87,566,869**	**–**	**–**	**–**	**87,566,869**
Refundable deposits	**79,488,582**	**–**	**–**	**–**	**79,488,582**
Deposit in escrow	**49,879,815**	**–**	**–**	**–**	**49,879,815**
Other receivables*	**1,393,036,197**	**–**	**–**	**–**	**1,393,036,197**
Debt securities at FVPL	**–**	**–**	**–**	**509,498,993**	**509,498,993**
	₱14,520,492,846	**₱–**	**₱–**	**₱509,498,993**	**₱15,029,991,839**

**Includes receivable from a related, dividends receivable, interest receivable, and other receivables*

	December 31, 2023				
	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	₱10,746,019,148	₱–	₱–	₱–	₱10,746,019,148
Long-term placements	150,000,000	–	–	–	150,000,000
Due from related parties	328,915,938	–	–	–	328,915,938
Restricted cash	81,379,994	–	–	–	81,379,994
Refundable deposits	63,575,285	–	–	–	63,575,285
Deposit in escrow	49,879,815	–	–	–	49,879,815
Other receivables*	1,388,844,456	–	–	–	1,388,844,456
Debt securities at FVPL	–	–	–	1,011,642,206	1,011,642,206
	₱12,808,614,636	₱–	₱–	₱1,011,642,206	₱13,820,256,842

**Includes receivable from a related party, dividends receivable, interest receivable, and other receivables*

<u>Liquidity Risk</u>
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 March 31, 2024 and December 31, 2023:

	March 31, 2024 (Unaudited)					
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 Years**	**Total**
Trade and other payables*	**₱3,807,642,000**	**₱880,459,182**	**₱441,068,952**	**₱–**	**₱–**	**₱5,129,170,134**
Installment payable	**–**	**–**	**3,494,791**	**11,505,274**	**–**	**15,000,065**
Lease liabilities	**1,260,199**	**3,818,437**	**8,159,957**	**16,766,184**	**–**	**30,004,777**
	₱3,808,902,199	**₱884,277,619**	**₱452,723,700**	**₱28,271,458**	**₱–**	**₱5,174,174,976**

**Excluding nonfinancial and statutory liabilities amounting to ₱493.9 million as at March 31, 2024.*

	December 31, 2023 (Audited)					
	On Demand	>1 to 3 Months	>3 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱2,994,072,289	₱656,820,827	₱545,458,419	₱–	₱–	₱4,196,351,535
Installment payable	–	–	3,297,671	14,822,075	–	18,119,746
Lease liabilities	1,243,367	2,486,733	16,458,314	28,526,573	–	48,714,987
	₱2,995,315,656	₱659,307,560	₱565,214,404	₱43,348,648	₱–	₱4,263,186,268

**Excluding nonfinancial and statutory liabilities amounting to ₱622.0 million as at December 31, 2023.*

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 to ₱39,407.6 million and ₱39,195 million as at March 31, 2024 and December 31, 2023, respectively. The Group 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 Group may adjust its borrowings or raise equity.

No changes were made in the capital management objectives, policies, or processes as at March 31, 2024 and in 2023.

5. Cash and Cash Equivalents

This account consists of:

	March 31, 2024	December 31, 2023
Cash on hand	**₱912,011**	₱957,010
Cash in banks	**438,265,247**	1,250,312,981
Short-term placements	**11,982,738,492**	9,495,706,167
	₱12,421,915,750	₱10,746,976,158

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 months depending on the immediate cash requirements of the Group and earn annual interest at rates ranging from 5.25% to 8.00% for the three months ended March 31, 2024 and 4.50% to 7.25% for the three months ended March 31, 2023.

6. Financial Assets at FVPL

This account consists of debt securities amounting to ₱509.5 million and ₱1,011.6 million as at March 31, 2024 and December 31, 2023, respectively.

Debt securities are quoted and earn annual interest rate ranging from 5.08% to 6.25% for the three months ended March 31, 2024 and 2023.

The Group's quoted debt securities at FVPL are carried at fair values based on quoted market or bidding dealer price quotations from active markets as at the reporting period.

7. Trade and Other Receivables

This account consists of:

	Note	**March 31, 2024**	December 31, 2023
Trade:			
Third parties		**₱432,300,359**	₱367,320,267
Related parties	17	**328,965,880**	253,736,529
Due from related parties	17	**1,638,662,901**	1,628,915,938
Dividends receivable	17	**1,702,013**	1,702,013
Interest receivable		**91,334,184**	83,512,374
Advances to officers and employees		**4,390,030**	7,519,050
Others		**13,923,520**	3,630,069
		₱2,511,278,887	₱ 2,346,336,240

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

Interest receivable pertains to interest income earned but not yet received by the Group and are normally settled within 35 days.

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 non-interest bearing and normally settled within 12 months from the reporting date.

8. Inventories

This account consists of:

	March 31, 2024	December 31, 2023
Raw materials	**₱599,444,245**	₱472,485,701
Spare parts	**606,806,704**	552,348,809
Goods in process	**621,809,171**	768,454,267
Supplies	**293,040,055**	295,288,254
Finished goods	**45,713,083**	97,076,961
	₱2,166,813,258	₱2,185,653,992

Cost of inventories as at March 31, 2024 and December 31, 2023 is lower than its NRV.

9. Other Current Assets

This account consists of:

	March 31, 2024	December 31, 2023
Advances to suppliers	**₱106,324,394**	₱138,718,894
Prepayments for:		
Taxes	**515,119,419**	240,883,927
Insurance	**1,940,579**	5,086,673
Current portion of deferred input VAT	**228,321,098**	255,441,264
Others	**60,579,230**	6,224,602
	₱912,284,720	₱646,355,360

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.

10. **Financial Assets at FVOCI**

This account consists of quoted equity securities amounting to ₱96.5 million and ₱96.7 million as at March 31, 2024 and December 31, 2023, respectively.

Dividend income earned from financial assets at FVOCI amounted to ₱1.7 million as at March 31, 2024 and 2023.

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

	March 31, 2024	December 31, 2023
Balance at beginning of year	**(₱3,333,750)**	₱–
Unrealized gain (loss) for the year	**(200,025)**	(3,333,750)
Balance at end of year	**(₱3,533,775)**	(₱3,333,750)

The Group's financial assets at FVOCI as at March 31, 2024 and December 31, 2023 are carried at fair value based on quoted market prices or bidding dealer price quotations from active markets as at the reporting date.

11. **Property, Plant and Equipment**

The balances and movements in this account are as follows:

	March 31, 2024							
	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	**₱7,979,249,336**	**₱25,131,811,744**	**₱5,198,766,678**	**₱310,757,085**	**₱210,093,566**	**₱86,711,199**	**₱906,826,735**	**₱39,824,216,343**
Additions/(Adjustment)	**(50,000)**	**30,533,354**	**(3,130,674)**	**364,580**	**–**	**–**	**162,403,270**	**190,120,530**
Disposals	**–**	**–**	**–**	**–**	**(18,726,481)**	**–**	**–**	**(18,726,481)**
Settlement of construction in progress	**27,994,790**	**218,142,614**	**55,902,320**	**14,887,982**	**5,750,000**	**–**	**(322,677,706)**	**–**
Balances at end of year	**8,007,194,126**	**25,380,487,712**	**5,251,538,324**	**326,009,647**	**197,117,085**	**86,711,199**	**746,552,299**	**39,995,610,392**
Accumulated Depreciation and Amortization								
Balances at beginning of year	**–**	**7,547,672,086**	**1,931,713,912**	**238,188,032**	**198,131,899**	**58,869,936**	**–**	**9,974,575,865**
Depreciation and amortization	**–**	**281,790,722**	**51,486,733**	**8,095,734**	**3,166,530**	**2,909,754**	**–**	**347,449,473**
Disposals	**–**	**–**	**–**	**–**	**(18,726,480)**	**–**	**–**	**(18,726,480)**
Balances at end of year	**–**	**7,829,462,808**	**1,983,200,645**	**246,283,766**	**182,571,949**	**61,779,690**	**–**	**10,303,298,858**
Carrying Amounts	**₱8,007,194,126**	**₱17,551,024,904**	**₱3,268,337,679**	**₱79,725,881**	**₱14,545,136**	**₱24,931,509**	**₱746,552,299**	**₱29,692,311,534**

	December 31, 2023							
	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	₱7,947,234,644	₱24,415,953,354	₱5,147,034,536	₱326,441,914	₱228,617,271	₱74,049,299	₱594,871,784	₱38,734,202,802
Additions	–	248,567,942	3,130,673	–	–	12,661,900	986,448,231	1,250,808,746
Disposals	–	(84,805,566)	(3,174,806)	(36,780,201)	(19,255,848)	–	–	(144,016,421)
Reclassification	–	(12,081,299)	(3,225,662)	(1,471,823)	–	–	–	(16,778,784)
Settlement of construction in progress	32,014,692	564,177,313	55,001,937	22,567,195	732,143	–	(674,493,280)	–
Balances at end of year	7,979,249,336	25,131,811,744	5,198,766,678	310,757,085	210,093,566	86,711,199	906,826,735	39,824,216,343
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	6,483,827,994	1,729,691,085	240,740,814	208,666,334	44,562,668	–	8,707,488,895
Depreciation and amortization	–	1,147,485,199	205,197,632	34,113,767	8,721,414	14,307,268	–	1,409,825,280
Disposals	–	(83,641,107)	–	(36,666,549)	(19,255,849)	–	–	(142,738,310)
Balances at end of year	–	7,547,672,086	1,931,713,912	238,188,032	198,131,899	58,869,936	–	9,974,575,865
Carrying Amounts	₱7,979,249,336	₱17,584,139,658	₱3,267,052,766	₱72,569,053	₱11,961,667	₱27,841,263	₱906,826,735	₱29,849,640,478

12. **Intangible Assets**

The balances and movements in this account as at March 31, 2024 and for the year ended December 31, 2023 are as follows:

	March 31, 2024			
	Mining Rights	**Computer Software**	**Goodwill**	**Total**
Cost				
Balance at beginning of year	**₱1,209,969,143**	**₱269,105,687**	**₱1,258,952,704**	**₱2,738,027,534**
Additions	**33,523,706**	**2,534,004**	**–**	**36,057,710**
Balance at end of year	**1,243,492,849**	**271,639,691**	**1,258,952,704**	**2,774,085,244**
Accumulated Amortization				
Balance at beginning of year	**84,975,712**	**59,155,014**	**–**	**144,130,726**
Amortization	**212,036**	**6,666,483**	**–**	**6,878,519**
Balance at end of year	**85,187,748**	**65,821,497**	**–**	**151,009,245**
Carrying Amounts	**₱1,158,305,101**	**₱205,818,194**	**₱1,258,952,704**	**₱2,623,075,999**

	December 31, 2023			
	Mining Rights	Computer Software	Goodwill	Total
Cost				
Balance at beginning of year	₱1,209,969,143	₱219,032,217	₱1,258,952,704	₱2,687,954,064
Additions	–	50,073,470	–	50,073,470
Balance at end of year	1,209,969,143	269,105,687	1,258,952,704	2,738,027,534
Accumulated Amortization				
Balance at beginning of year	49,239,408	35,257,200	–	84,496,608
Amortization	35,736,304	23,897,814	–	59,634,118
Balance at end of year	84,975,712	59,155,014	–	144,130,726
Carrying Amounts	₱1,124,993,431	₱209,950,673	₱1,258,952,704	₱2,593,896,808

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.

Computer software pertains to enterprise resource planning (ERP) system.

Amortization of mining rights and computer software is recognized under "Operating expenses" account in the unaudited interim consolidated statements of comprehensive income.

Goodwill

Goodwill recognized as a result of the acquisition of Armstrong in 2022 amounted to ₱927.4 million.

Goodwill amounting to ₱327.8 million was recognized as a result of the acquisition by the Parent Company of 100% ownership in SNMC in 2021.

Goodwill amounting to ₱3.8 million was recognized as a result of the acquisition by the Parent Company of 100% ownership in SWCC in 2016.

Goodwill is tested for impairment annually. No impairment loss on goodwill was recognized as at March 31, 2024 and for the year ended December 31, 2023.

13. **Other Noncurrent Assets**

This account consists of:

	March 31, 2024	December 31, 2023
Financial Assets:		
Restricted cash	**₱87,566,869**	₱81,379,994
Refundable deposits	**79,488,582**	63,575,285
Deposit in escrow	**49,879,815**	49,879,815
Nonfinancial assets:		
Deposit on asset purchase	**246,067,791**	222,856,814
Deferred exploration and evaluation costs	**44,678,353**	44,678,353
Deposit for future investment	**4,474,916**	4,371,745
	₱512,156,326	₱466,742,006

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 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.

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

Deposit on asset purchase represents advance payments for the construction of a building, acquisition of machinery and equipment and long-term deposit for inventory acquisition.

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

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.

14. **Trade and Other Payables**

This account consists of:

	Note	**March 31, 2024**	December 31, 2023
Trade:			
Third parties		**₱2,014,299,427**	₱ 1,667,993,347
Related parties	17	**1,419,016,173**	1,336,140,248
Accruals for:			
Sales rebates		**168,701,508**	452,568,599
Personnel costs		**191,316,017**	239,363,890
Advertising		**230,353,919**	219,716,204
Dividend payable		**1,000,000,001**	–
Advances from customers		**248,621,759**	280,943,293
Output VAT payable		**281,705,799**	288,030,838
Income tax payable		**402,014,617**	189,241,392
Retention payable		**70,937,016**	47,581,583
Statutory payables		**36,069,735**	45,209,615
Deferred rent	17	**7,776,648**	7,776,648
Current portion of installment payable		**3,494,791**	3,297,671
Others		**34,752,110**	40,448,601
		₱6,109,059,520	₱4,818,311,929

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

Accrual for sales rebates, personnel costs, advertising and outside services are usually settled within one (1) year.

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.

Statutory payables include withholding taxes and statutory contributions that are remitted to the government agencies on a monthly or quarterly basis.

Deferred rent pertains to advance payments made by a tenant for rental of land.

Installment payable pertains to an installment contract entered in 2016 with a third party for the supply and commissioning on site of a fly-ash carbon separator, the supply of belts, and the provision of technical services for $3.8 million (₱173.5 million).

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

15. **Other Noncurrent Liabilities**

This account consists of:

	March 31, 2024	December 31, 2023
Provision for mine rehabilitation and decommissioning	**₱ 53,786,484**	₱ 53,504,011
Lease liabilities – net of current portion	**16,704,751**	18,437,796
Installment payable – net of current portion	**11,505,274**	14,822,075
	₱ 81,996,509	₱ 86,763,882

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.

16. **Equity**

Capital Stock

The Parent Company's authorized, issued and outstanding capital stock as at March 31, 2024 and December 31, 2023 are 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

Dividends Declaration

The Parent Company's BOD authorized the declaration of the following cash dividends in 2024 and 2023:

2024

Type	Declaration Date	Payment Date	Dividend Per Share	Amount
Common	March 12, 2024	April 24, 2024	₱0.20	₱1,000,000,001
				₱1,000,000,001

2023

Type	Declaration Date	Payment Date	Dividend Per Share	Amount
Common	July 19, 2023	August 9, 2023	₱0.56	₱2,800,000,003
Common	November 14, 2023	December 18, 2023	0.56	2,800,000,003
				₱5,600,000,006

Appropriations of Retained Earnings

Details of appropriated retained earnings as at March 31, 2024 and December 31, 2023 are as follows:

Year of Appropriation	Amount	Project Completion
2023	₱8,500,000,000	To be completed in 2028
2023	5,000,000,000	To be completed in 2028
2023	2,500,000,000	To be completed in 2028
2023	500,000,000	To be completed in 2026
2023	100,000,000	To be completed in 2025
	₱16,600,000,000	

On February 2, 2023, the Group's BOD approved appropriation of retained earnings amounting to ₱100.0 million to fund the cost of budgeted capital expenditures and other improvement projects expected to be completed in December 2025.

On November 14, 2023, the Group's BOD approved extension of previous appropriation of unrestricted retained earnings amounting to ₱16,000.0 million to fund the construction of its fourth manufacturing line and production facility in Cebu, and other future expansion projects which are expected to be completed in 2028.

On November 23, 2023, the Group's BOD approved appropriation of retained earnings amounting to ₱500.0 million to fund acquisitions of land, and expansion of manufacturing plant which are expected to be completed in 2026.

Other Equity Reserves

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

	March 31, 2024	December 31, 2023
Revaluation surplus (net of deferred tax)	**₱4,387,067,333**	₱4,387,067,333
Cumulative remeasurement gains on net retirement benefit liability or asset (net of deferred tax)	**58,230,473**	58,230,473
Cumulative unrealized gains on financial assets at FVOCI	**(3,533,775)**	(3,333,750)
	₱4,441,764,031	₱4,441,964,056

17. 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 are as follows:

Nature of Relationship	Nature of Transactions	**March 31, 2024**		December 31, 2023	
		Amount of Transactions	**Outstanding Balance**	Amount of Transactions	Outstanding Balance
Cash and Cash Equivalents					
Entity under common key management	Cash deposits and investment in short-term placements	**₱103,499,097**	**₱7,129,376,979**	₱416,523,213	₱7,455,345,256
Financial Assets at FVPL (see Note 6)					
Entity under common key management	Investment in quoted debt security	**₱–**	**₱49,202,670**	₱–	₱48,812,370
			₱49,202,670		₱48,812,370
Trade Receivables (see Note 7)					
Entities under common control	Sale of inventories	**₱358,269,743**	**₱328,894,550**	₱803,659,630	₱253,350,216
Entity under common key management	Sale of inventories	**73,476**	**71,330**	2,258,841	386,313
Intermediate Parent Company	Sale of inventories	**1,696,916**	**–**		
			₱328,965,880		₱253,736,529
Receivable from a related party (see Note 7)					
Entity under common key management	Assignment of receivable	**₱–**	**₱1,300,000,000**	₱1,300,000,000	₱1,300,000,000
Due from related parties (see Note 7)					
Entities under common key management	Working capital advances	**₱–**	**₱338,662,901**	₱75,257	₱328,915,938

Nature of Relationship	Nature of Transactions	March 31, 2024		December 31, 2023	
		Amount of Transactions	**Outstanding Balance**	Amount of Transactions	Outstanding Balance
Dividends receivable (see Note 7)					
Intermediate Parent Company	Dividends earned	**₱1,702,013**	**₱1,702,013**	₱86,800,231	₱1,702,013
Advances to Suppliers					
Entities under common control	Purchase of services	**₱400,000**	**₱10,389,223**	₱10,451,507	₱10,451,507
Financial Assets at FVOCI (see Note 10)					
Entity under common control	Investments in quoted equity instruments	**₱–**	**₱96,478,725**	₱–	₱96,678,750
Refundable Deposits					
Entities under common control	Supply of services	**₱–**	**₱55,530,073**	₱187,035	₱55,530,073
Entities under common key management	Supply of services		**500,000**		500,000
			₱56,030,073		₱56,030,073
Trade Payables (see Note 14)					
Entities under common control	Hauling, rental and other services	**₱1,105,460,568**	**₱836,965,931**	₱5,342,733,469	₱834,912,335
Entities under common key management	Purchase of raw materials and outside services	**261,107,131**	**360,766,407**	1,212,218,414	302,631,651
Immediate Parent Company	Management and technical fees	**228,261,723**	**221,283,835**	414,694,939	198,596,262
			₱1,419,016,173		₱1,336,140,248
Deferred rent					
Entities under common control	Capital expenditure	**₱–**	**₱7,776,648**	₱7,776,648	₱7,776,648
Lease Liability					
Entity under common key management	Rental	**₱–**	**₱2,688,342**	₱–	₱3,689,453
Dividends Payable					
Immediate Parent Company	Dividends declared	**₱999,580,735**	**₱999,580,735**	₱5,597,652,115	₱–
Loans Payable					
Entity under common key management	Borrowings	**₱–**	**₱–**	₱18,685,371	₱–

Terms and Conditions of Transactions and Balances with Related Parties

Trade and other receivables, dividend receivables, trade payables and due to and from related parties and are unsecured, noninterest-bearing except for cash and cash equivalents which earn interest at prevailing bank deposit rates and generally settled and settled within the respective related parties' normal settlement period. No allowance for ECL was provided for trade and other receivables and advances to related parties.

Advances to suppliers for payments of purchases of inventories and services, are settled upon delivery which are expected within one year from date of the advance payment.

Refundable deposits are noninterest-bearing and refundable upon termination of services.

Financial assets at FVPL pertains to unquoted redeemable perpetual securities of a related party which earns dividend income with a distribution rate of 5.0% per annum to be distributed quarterly, and quoted debt securities of a related party which earns interest income at rates ranging from 5.17% to 6.25%. In May 2023, the Parent Company redeemed the unquoted perpetual redeemable securities.

Financial assets at FVOCI pertains to quoted equity securities of a related party which earns dividend income.

Assignment of Receivables

On June 16, 2023, ECC assigns to FEHI the deposit for future subscription of ECC to the common shares of KSHI amounting to ₱1,300.0 million. Receivable from a related party is unsecured, noninterest-bearing, and shall be collectible on demand but within two (2) years.

Technical and Service Agreement

On July 31, 2023, the Group entered into an agreement with the Immediate Parent Company for the latter to provide technical assistance, training and research and development, with technical fees as consideration. On the same date, the Group also entered into a service agreement with the Immediate Parent Company for support services, human resource, and financial accounting and budgeting, payable in fixed quarterly management fees.

Loans Payable

In 2016, the Group entered into a loan facility agreement with local banks, including a related party. The loan principal is payable in 32 quarterly installments commencing on the 9th quarter from availment and will be fully paid on March 2, 2026. In May 2023, the Group has prepaid in full the remaining principal balance of the loan.

18. Income Taxes

The components of income tax as reported in the unaudited interim consolidated statements of comprehensive income are as follows:

	For the Three-Month Periods Ended March (Unaudited)	
	2024	2023
Reported in Profit or Loss		
Current tax expense	**₱247,237,345**	₱297,952,859
Deferred tax expense (benefit)	**–**	–
	₱247,237,345	₱297,952,859
Reported in OCI		
Deferred tax expense on revaluation surplus	**₱–**	₱–
Reversal of deferred tax liability on:		
Revaluation surplus	**–**	–
Remeasurement gains on net retirement benefit liability	**–**	–
	₱–	₱–

The components of the Group's net deferred tax liabilities are as follows:

	March 31, 2024	December 31, 2023
Deferred tax assets:		
Cumulative balance of proceeds from testing of property, plant and equipment	**₱63,026,738**	₱63,026,738
Accrued expenses	**33,207,435**	33,207,435
Provision for mine rehabilitation and decommissioning	**13,376,003**	13,376,003
Excess of cost over fair value of financial assets at FVPL	**3,655,140**	3,655,140
Lease liabilities	**1,340,294**	1,340,294
Net retirement benefit liability	**157,808**	157,808
Others	**4,195,566**	4,195,566
	₱118,958,984	₱118,958,984
Deferred tax liabilities:		
Excess of revalued amount or fair value over cost of property, plant and equipment	**1,657,810,825**	1,657,810,825
Carrying amount of ROU assets	**11,384,280**	11,384,280
Net retirement benefit asset	**7,595,641**	7,595,641
Unrealized foreign exchange gains	**5,196,267**	5,196,267
Others	**3,536,203**	3,536,203
	1,685,523,216	1,685,523,216
Net deferred tax liabilities	**₱1,566,564,232**	₱1,566,564,232

19. **Earnings Per Share**

Basic and diluted EPS are calculated as follows:

For the three months ended March 31

	2024	2023
Net income attributable to common stockholders	**₱1,212,596,749**	₱1,370,467,979
Weighted average number of common shares outstanding	**5,000,000,005**	5,000,000,005
Per share amounts: Basic and diluted EPS	**₱0.24**	₱0.27

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

The following discussion and analysis relate to the unaudited interim consolidated statements of financial position and results of operations of the Group and should be read in conjunction with the accompanying unaudited interim consolidated financial statements and related notes. The unaudited interim consolidated financial statements have been prepared in compliance with PAS 34, *Interim Financial Reporting* and in compliance with PFRS issued by the Philippine Financial Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, PAS and Philippine Interpretations from IFRIC and SEC provisions.

The financial information appearing in this report and in the accompanying unaudited interim 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.

CONSOLIDATED RESULTS OF OPERATIONS

RESULTS OF OPERATIONS FOR THREE MONTHS ENDED MARCH 31, 2024 and MARCH 31, 2023

The Group posted consolidated revenues of ₱6.30 billion during the first three months of the year, 10% lower against the ₱7.01 billion during the same period last year primarily due to the significant decline in selling price.

Cost of sales decreased by 9% to ₱4.24 billion from ₱4.67 billion as a result of the improvement of major input cost mainly power and fuel.

Thus, the gross profit dropped by 12% to ₱2.06 billion with no change in gross profit margin at 33%.

Operating expenses (OPEX) decreased by 2% to ₱761.77 million from ₱777.53 million substantially due to lower distribution costs of SNMC.

Finance costs declined by 97% to ₱1.70 million from ₱60.88 million last year due to the full prepayment of the Term Loan Facility and Security Agreement (TLFSA) last May 2023.

Interest income increased by 28% to ₱166.51 million due to higher yield from short-term investments following the interest hike by BSP.

Other income (loss) decreased by 103% to (₱1.47) million, as a result of the redemption of the ₱4.00 billion SMC perpetual shares.

The income tax provision decreased by 17% to ₱247.24 million from ₱297.95 million as a result of lower taxable income this period as against the same period last year.

Net income after tax (NIAT) dropped by 12% to ₱1.21 billion from ₱1.37 billion last year. This translated to earnings per share (EPS) of ₱0.24, lower than last year's ₱0.27 by 11%.

EBITDA consequently decreased by 14% to ₱1.68 billion from ₱1.96 billion, EBITDA margin registered at 21%.

The table below summarizes the unaudited interim consolidated results of operations of the Group for the three months ended March 31, 2024 and 2023.

	For the Three Months Ended March 31			
	2024	**2023**	Increase (Decrease)	Percentage of change
Net sales	**₱6,298,306,288**	₱7,006,153,513	(₱707,847,225)	-10%
Cost of goods sold	**4,240,043,704**	4,671,744,671	(431,700,967)	-9%
Gross profit	**2,058,262,584**	2,334,408,842	(276,146,258)	-12%
Operating expenses	**761,773,450**	777,532,876	(15,759,426)	-2%
Income from operations	**1,296,489,134**	1,556,875,966	(260,386,832)	-17%
Finance costs	**(1,695,222)**	(60,877,829)	59,182,607	-97%
Interest income	**166,510,659**	130,166,371	36,344,288	28%
Other income - net	**(1,470,477)**	42,256,330	(43,726,807)	-103%
Income before income tax	**1,459,834,094**	1,668,420,838	(208,586,744)	-13%
Less income tax expense	**247,237,345**	297,952,859	(50,715,514)	-17%
Net income	**₱1,212,596,749**	₱1,370,467,979	(₱157,871,230)	-12%

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

	For the Three Months Ended	
	March 31, 2024	March 31, 2023
Net income	**₱1,212,596,749**	₱1,370,467,979
Add:		
Depreciation and amortization	**366,489,477**	360,310,364
Income tax expense	**247,237,345**	297,952,859
Finance costs	**1,695,222**	60,877,829
Foreign exchange losses (net)	**14,046,859**	–
Less:		
Interest income	**166,510,659**	130,166,371
EBITDA	**₱1,675,554,993**	₱1,959,442,660

RESULTS OF OPERATIONS FOR THREE MONTHS ENDED MARCH 31, 2023 and MARCH 31, 2022

The table below summarizes the unaudited interim consolidated results of operations of the Group for the three months ended March 31, 2023 and 2022, presented in absolute amounts as a percentage of net sales.

The Group posted a consolidated revenue of ₱7.01 billion for the first 3 months of operation, 3% growth from the ₱6.83 billion in the corresponding period last year coming from better selling price

Cost of sales increased by 10% to ₱4.67 billion from ₱4.24 billion last year mainly due to higher prices of power and fuel and coupled with higher spending in repairs and maintenance.

Thus, the gross profit dropped by 10% to ₱2.33 billion showing a contraction in profit margin to 33% from 38% last year.

OPEX swell by 9% to ₱777.53 million from ₱715.81 million due to increase in freight and trucking, advertising and warehousing driven by the inflationary effect of increasing fuel price.

Lower finance costs by 22% to 60.88 million from ₱78.53 million of the same period last year due to continuous repayment of TLFSA.

Interest income increased significantly by 156% to ₱130.17 million owing to the improved interest rates on short term placements.

Other income increased by 16% to ₱42.26 million from ₱36.56 million in the previous year reflecting the improvement on the market rates of investments in bonds.

Provision for income tax increased by 34% to ₱297.52 million from ₱222.58 million owing to the expiration of the third production line's income tax holiday incentive on April 30, 2022.

As a result, NIAT dropped by 18% to ₱1.37 billion from ₱1.66 billion year-on-year. This translated to EPS of ₱0.27, 18% lower than last year's ₱0.33.

EBITDA consequently decreased by 12% to ₱1.96 billion from ₱2.23, EBITDA margin registered at 28%.

Net income margin stood at 20% at the end of the period.

The table below summarizes the unaudited interim consolidated results of operations of the Group for the three months ended March 31, 2023 and 2022, presented in absolute amounts as a percentage of net sales.

	For the Three Months Ended March 31			
	2023	**2022**	Increase (Decrease)	Percentage of change
Net sales	**₱7,006,153,513**	₱6,829,320,681	₱176,832,832	3%
Cost of goods sold	**4,671,744,671**	4,236,267,335	435,477,336	10%
Gross profit	**2,334,408,842**	2,593,053,346	(258,644,504)	-10%
Operating expenses	**777,532,876**	715,806,357	61,726,519	9%
Income from operations	**1,556,875,966**	1,877,246,989	(320,371,023)	-17%
Finance costs	**(60,877,829)**	(78,532,694)	(17,654,865)	-22%
Interest income	**130,166,371**	50,859,066	79,307,305	156%
Other income - net	**42,256,330**	36,561,138	5,695,192	16%
Income before income tax	**1,668,420,838**	1,886,134,499	(217,713,661)	-12%
Less income tax expense	**297,952,859**	222,582,297	75,370,562	34%
Net income	**₱1,370,467,979**	₱1,663,552,202	(₱293,084,223)	-18%

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

	For the Three Months Ended	
	March 31, 2023	March 31, 2022
Net income	**₱1,370,467,979**	₱1,663,552,202
Add:		
Depreciation and amortization	**360,310,364**	313,328,677
Income tax expense	**297,952,859**	222,582,297
Finance costs	**60,877,829**	78,532,694
Less:		
Interest income	**130,166,371**	50,859,066
EBITDA	**₱1,959,442,660**	₱2,227,136,804

FINANCIAL POSITION

Comparative balances for March 31, 2024 and December 31, 2023

The financial position of the Company for the period ended March 31, 2024 remains stable with total assets increasing by 3% to ₱51.62 billion from ₱50.12 billion as at end of 2023.

Current assets increased by 9% to ₱18.67 billion.

Cash and cash equivalents increased by 16% to ₱12.42 billion mainly due to higher cash generated from operations and ₱500.00 million maturity of investment in bonds.

Noncurrent assets slightly dropped to ₱32.95 billion from ₱33.04 billion as at end of 2023 mainly because of depreciation of property, plant and equipment.

Current liabilities is up by 27% to ₱6.12 billion largely attributable to the ₱1.00 billion dividends payable to common shareholders.

Noncurrent liabilities is the same as end-2023 level of ₱1.65 billion.

Total liabilities stood at ₱7.77 billion, 20% higher than the ₱6.49 billion registered last year.

After accounting for net income, cash dividends declaration and other equity reserves, consolidated stockholders' equity increased by 0.5% to ₱43.85 billion.

The Company's debt-to-equity ratio registered at 0.18x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.05x while return on equity ended at 3%.

The below table summarizes the unaudited interim consolidated financial position of the Group as at March 31, 2024 (Unaudited) and December 31, 2023 (Audited):

	March 31, 2024	December 31, 2023	Increase (Decrease)	Percentage Change
Current Assets	**₱18,671,791,608**	₱17,086,963,956	₱1,584,827,652	9%
Noncurrent Assets	**32,949,116,950**	33,037,340,606	(88,223,656)	-0%
Total Assets	**51,620,908,558**	50,124,304,562	1,496,603,996	3%
Current Liabilities	**6,122,359,546**	4,833,384,900	1,288,974,646	27%
Noncurrent Liabilities	**1,649,191,971**	1,653,959,344	(4,767,373)	-0%
Total Liabilities	**7,771,551,517**	6,487,344,244	1,284,207,273	20%
Equity	**43,849,357,041**	43,636,960,318	212,396,724	0%
Total Liabilities and Equity	**₱51,620,908,558**	₱50,124,304,562	₱1,496,603,997	3%

Key Performance Indicators

Relevant Financial Ratios

The following are the major financial indicators being used by the Group:

Financial KPI	Definition	2024	2023
Current/liquidity ratio*	$\frac{\text{Current assets}}{\text{Current liabilities}}$	3.05	3.54
Solvency ratio**	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	0.20	0.17
Debt-to-equity ratio*	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.18	0.15
Asset-to-equity ratio*	$\frac{\text{Total assets}}{\text{Total equity}}$	1.18	1.15
Return on asset ratio**	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	0.02	0.03
Return on equity ratio**	$\frac{\text{Net income}}{\text{Average total equity}}$	0.03	0.03

**Comparative balance for 2023 is as at December 31, 2023.*
***Comparative balance for 2023 is as at and for the three months ended March 31, 2023.*

Comparative balances for March 31, 2023 and December 31, 2022

The financial position of the Company for the period ended March 31, 2023 remains solid. Total assets increased to ₱55.50 billion from ₱55.29 billion on December 31, 2022.

Current assets at the end of the period totaled to ₱23.13 billion, 5% higher against end of 2022 primarily due to the increase in cash and cash equivalents resulting from higher revenue.

Noncurrent assets decreased by 3% to ₱32.37 billion from ₱33.26 billion resulting from the reclassification of long-term placements maturing during the year to current assets.

Current liabilities decreased by 3% to ₱5.67 billion largely resulting from subsequent payments made to the company's trade suppliers. These decreases were partially negated by the increase in income tax payable owing to the expiration of the third production line's income tax holiday incentive.

Noncurrent liabilities declined by 7% to ₱4.23 billion resulting from the quarterly principal repayments made on the TLFSA.

Stockholders' equity, on the other hand, increased by 1% to ₱45.61 billion from the group's net income generated during the first three month of the year.

ECC maintained its current gearing at healthy levels, with debt-to-equity and financial debt-to-equity ratios registering at 0.22x and 0.08x, respectively, giving the Company the flexibility to pursue its future investment plans. Meanwhile, current ratio stood at 3.50x.

The below table summarizes the unaudited interim consolidated financial position of the Group as at March 31, 2023 (Unaudited) and December 31, 2022 (Audited):

	March 31, 2023	December 31, 2022	**Increase (Decrease)**	**Percentage Change**
Current Assets	**₱23,131,202,213**	₱22,028,655,153	₱1,102,547,060	5%
Noncurrent Assets	**32,366,516,339**	33,262,196,214	(895,679,875)	-3%
Total Assets	**55,497,718,552**	55,290,851,367	206,867,185	0%
Current Liabilities	**5,666,542,423**	5,816,934,549	(150,392,126)	-3%
Noncurrent Liabilities	**4,225,448,916**	4,536,338,593	(310,889,677)	-7%
Total Liabilities	**9,891,991,339**	10,353,273,142	(461,281,803)	-4%
Equity	**45,605,727,214**	44,937,578,225	668,148,989	1%
Total Liabilities and Equity	**₱55,497,718,553**	₱55,290,851,367	₱206,867,186	0%

<u>Liquidity and Capital Resources</u>

Cash Flows

COMPARATIVE FOR THREE MONTHS ENDED MARCH 31, 2024 AND MARCH 31, 2023

The primary sources and uses of cash of the Group for the three months ended March 31, 2024 and 2023 are summarized below.

	March 31, 2024	March 31, 2023
Net cash provided by operating activities	**₱1,481,073,676**	₱1,609,835,669
Net cash provided by (used in) investing activities	**196,208,165**	(309,587,746)
Net cash used in financing activities	**(4,043,602)**	(374,337,299)
Net increase (decrease) in cash and cash equivalents	**1,673,238,239**	925,910,624
Effects of exchange rate changes	**1,701,353**	(1,859,418)
Cash and cash equivalents at beginning of period	**10,746,976,158**	9,547,285,514
Cash and cash equivalents at end of period	**₱12,421,915,750**	₱10,471,336,720

Net cash provided by operating activities arises from the following:

	March 31, 2024	March 31, 2023
Operating income before working capital changes	**₱1,664,609,922**	₱1,913,935,231
Decrease/(Increase) in net working capital	**(342,225,094)**	(433,428,654)
Interest received	**158,688,848**	129,329,092
Net cash provided by operating activities	**₱1,481,073,676**	₱1,609,835,669

The net increase in net working capital pertains mainly on the increase in receivables and other current assets during the first three months of 2024.

Net cash provided by investing activities are mainly attributable to the ₱500.00 million maturities of investment in bonds negated by acquisition of capital expenditures and intangible assets amounting to ₱ 305.79 million.

Net cash used in financing activities include the following:

	March 31, 2024	**March 31, 2023**
Payment of loans payable	**₱–**	₱311,500,000
Payments of interest	**–**	60,587,832
Payment of lease liabilities	**4,043,602**	2,249,467

Term Loan Facility and Security Agreement

On February 2016, the Parent Company entered into a TLFSA with various local financial institutions for a fixed rate loan amounting to ₱11,000.0 million with a tenor of 10 years. As at March 31, 2017, the Parent Company availed ₱8,200.0 million from the facility to refinance its debt obligations and to finance the construction, installation, commissioning, and operation of Line 3 of the Bulacan cement plant. In April 2017, the Parent Company availed of an additional ₱750.0 million from the facility. Payments under the TLFSA are made quarterly in arrears and based on the scheduled payments as agreed upon.

On May 29, 2023, the Parent Company fully paid the total outstanding principal as of that date amounting to ₱3,738.0 million incurring prepayment fees of ₱95.1 million. The payment was funded by the proceeds from the redemption on May 25, 2023 of the ₱4,000.0 million SMC Redeemable Preferred Shares issued in 2020.

Capital Expenditure

The total capital expenditure of the Company for the three months ended March 31, 2024 amounted to ₱174.52 million. Of that amount, 83% was spent for plant building, machinery and equipment, 16% was accounted for land, while the remaining 1% was spent for transportation equipment, furniture, fixtures and office equipment.

MINUTES OF THE 2023 ANNUAL MEETING OF THE STOCKHOLDERS HELD ON 19 JULY 2023

(ANNEX D)

EAGLE CEMENT CORPORATION
Minutes of the Annual Meeting of the Stockholders
19 July 2023; Wednesday; 2:45 PM
via Videoconference

STOCKHOLDERS PRESENT:	**TYPE OF SHARES**	**NO. OF SHARES**
In Person:		
Ramon S. Ang	Common	1
John Paul L. Ang	Common	1
Manny C. Teng	Common	1
Monica L. Ang-Mercado	Common	1
Mario K. Surio	Common	1
Manuel P. Daway	Common	1
Luis A. Vera Cruz, Jr.	Common	1
Melinda Gonzales-Manto	Common	1
Ricardo C. Marquez	Common	1
Martin S. Villarama, Jr.	Common	1
By Proxy:		
San Miguel Equity Investments Inc. Represented by: Ramon S. Ang	Common	4,997,903,671
Total No. of Shares Present or Represented at the Meeting	Common	4,997,903,681
Total No. of Shares Issued and Outstanding	Common	5,000,000,005
Percentage of Shares of Stock Present	Common	99.96%

DIRECTORS PRESENT:

RAMON S. ANG
JOHN PAUL L. ANG
MANNY C. TENG
MONICA L. ANG-MERCADO
MARIO K. SURIO
MANUEL P. DAWAY
LUIS A. VERA CRUZ, JR.
MELINDA GONZALES-MANTO *(ID)*
RICARDO C. MARQUEZ *(ID)*
MARTIN S. VILLARAMA, JR. *(ID)*

ALSO PRESENT:

FABIOLA B. VILLA
MARLON P. JAVARRO
MARIA FARAH Z.G. NICOLAS-SUCHIANCO
CHERYL S. SALDAÑA-DE LEON
JULIAN ELIZAR D. TORCUATOR
MA. CRISTINA M. LLEVA

VOTING RESULTS: Please see ***Annex A***

I. NATIONAL ANTHEM AND INVOCATION

The Philippine national anthem was played *via* livestream. Afterwards, Director Manny C. Teng led the invocation.

II. CALL TO ORDER

The President and CEO, Mr. John Paul L. Ang, was appointed as Chairman of the Meeting. Mr. Ang called the meeting to order and presided over the same. The Corporate Secretary, Atty. Maria Farah Z.G. Nicolas-Suchianco, recorded the minutes of the meeting.

III. CERTIFICATION OF NOTICE AND QUORUM

The Board of Directors approved a resolution dated 15 May 2023 authorizing the holding of the meeting by remote communication pursuant to Section 57 of the Revised Corporation Code, and the Securities and Exchange Commission (SEC) Memorandum Circular No. 06, Series of 2020. The Corporate Secretary advised the stockholders that, in compliance with the requirements of the SEC for meetings held through remote communication, the meeting was being recorded, which recording would form part of the records of the Corporation. The Corporate Secretary likewise ensured that the proceedings were effectively livestreamed, and that all registered participants could see and hear the livestream from their individual devices.

The Corporate Secretary certified that the notice of annual meeting of the stockholders, along with the procedure for participation and casting of votes through remote communication, was published in the business section of two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days, or on 27 and 28 June 2023. The Corporate Secretary noted that copies of the Information Statement, Management Report, Minutes of the 2022 Annual Stockholders' Meeting, and Annual Report were available and could be accessed through the Corporation's website.

In accordance with the Information Statement, the votes of stockholders cast through ballots or proxies submitted on or before July 12, 2023 at 5:00PM, were verified and tabulated by the Office of the Corporate Secretary, ascertaining the votes on each agenda item for approval, as further discussed below.

As confirmed by the Corporation's Stock Transfer Agent, Rizal Commercial Banking Corporation, the Corporate Secretary certified that out of 5,000,000,005 issued and outstanding common shares, stockholders owning a total of 4,997,903,681 common shares, representing 99.96% of the total issued and outstanding common shares of the Corporation, were present through remote communication and by proxy. Proxies and the votes on each agenda item were tabulated by the office of the Corporate Secretary. There was, therefore, a quorum present for the transaction of business.

IV. APPROVAL OF THE PREVIOUS STOCKHOLDERS' MEETING MINUTES

The Chairman of the Meeting presented the minutes of the previous stockholders' meeting held on 23 June 2022 for ratification by the stockholders. Following validation of votes cast, and upon motion duly made and seconded, the stockholders passed and approved the following resolution:

> "RESOLVED, that the minutes of the Annual Meeting of Stockholders held on 23 June 2022 be approved and ratified."

V. PRESENTATION OF THE ANNUAL REPORT

The Chairman of the Meeting called the Chief Finance Officer, Director Monica L. Ang-Mercado, to deliver the Annual Report to the stockholders.

A. 2022 Financial Performance and 2023 Latest Interim Financial Performance

Ms, Ang-Mercado announced that the Corporation recorded a 23% increase in net sales at the end of 2022. Gross profit margin registered at 31%. Sales of Bagged Cement remains the biggest contributor accounting for 83% of the total sales, Bulk Cement represents 17%. EBITDA decreased by 46% with a compressed margin of 27%. Net Income ended lower by 22%, with margin at 18%.

The Corporation maintained its strong performance despite market contraction with net sales for the first quarter of 2023 increasing by 3%. Inflationary cost pressure pulled down EBITDA by 12% and net income by 18%.

The Corporation's total asset value grew to PhP55.5Billion, total liabilities decreased by 4% from end-2022 level, and shareholders' equity improved by 3%. The Corporation also has a strong cash flow generation that helped maintain its very healthy debt profile.

B. Business Highlights

Ms. Ang-Mercado reported that the acquisition of the Corporation by San Miguel Equity Investments Inc. (SMEII) was completed on 14 December 2022. The acquisition strengthens the Corporation's ability to tap opportunities within the San Miguel group to grow its business and will will strongly benefit from the backing of a large conglomerate like San Miguel Corporation.

She also reported that in order to mitigate inflationary pressures, the Corporation has implemented cost-efficiency measures in its operations. In 2022, the Corporation commissioned the installation of hot gas duct from Pyro Line 3 to Finish Mill 5. This has reduced diesel consumption and subsequently CO_2 emission in the plant.

C. Sustainable Development and Corporate Social Responsibility

Ms. Ang-Mercado reported that the Corporation continues to undertake its Social and Development Management Program and Corporate Social Responsibility activities as follows:

1. *Family and Community* – The Corporation continues its feeding program for the children from low-income families to promote health and nutrition. The Corporation also donated relief goods, consisting of rice, canned good, biscuits and drinks, among others, to 150 families of Barangay Anyatam affected by Super Typhoon Karding on 30 September 2022. In December, the Corporation held its 7th Krismasaya Outreach Program in partnership with SNMC and SDMP Scholars. Each of the 500 children from Barangays Akle, Talbak, Alagao, Gabihan, and Camachin received a bag of Christmas goodies, meals, and toys.

2. *Heath and Emergency Response* – The Corporation continues to provide various healthcare services, supplies, and equipment to various communities. Among these programs, the Corporation conducts a weekly community clinic to provide free treatment and medication to community residents. On 24 June 2022, the Corporation partnered with Medicard Foundation to conduct a medical mission at Barangay Talbak. A total of 401 patients were attended to for medical, optical, and dental services.

3. *Scholarship Program and Support to Public Schools* – The Corporation has granted a total of 800 scholarships to high school and college students. In December 2022, the Corporation turned over 1 unit each of motorcycle with side car to DepEd Narra Elementary School and Alternative Learning System of Barangay Doña Remedios Trinidad to cater to the transport requirements of the school, teachers, and students.

4. *Environment-related Programs* – As part of the National Greening Program and Mining Forest Program, the Corporation planted 9,642 trees over 15.43 hectares of land. In June 2022, the Corporation also launched Bambusetum, a garden with a collection of bamboo trees, as part of its commitment to conservation and rehabilitation. On the same month,

the Corporation also signed a Memorandum of Agreement with Region 3's DENR and MGB for the National Greening Program. This involved the adoption of 50 hectares of forest land located in DRT, Bulacan.

5. *Awards and Recognitions* – The Corporation defines excellence by embedding every aspect of sustainability into our business. For the ninth consecutive year, the Company won the Presidential Mineral Industry Environmental Award (PMIEA) and bagged its first Best Mining Forest Award, third-runner up, in the Non-Metallic Category in 2022. These awards demonstrate the Corporation's continuing commitment to environmental stewardship and responsibility.

   The Corporation also received the highest score for Tenement, Safety, Health, Environment and Social Development (TSHES) for 2021 and 2022 in Region 3. The award shows the strong commitment and advocacy for safety, health, environment and social development of the Corporation. The Corporation also received the Best Poster Award in the said event.

   In January 2023, the Institute of Corporate Directors awarded the Corporation a 2-Golden Arrow Recognition for its 2021 ASEAN Corporate Governance Scorecard. The Corporation will also be awarded its first 3-Golden Arrow Recognition in September 2023 for the 2022 ASEAN Corporate Governance Scorecard.

The Chairman of the Meeting thanked Director Ang-Mercado for the Report and opened the floor for questions from the audience. The stockholders were also given the opportunity to send their questions and/or comments to the Corporate Secretary's email prior to and during the meeting, as indicated in the Definitive Information Statement.

Following validation of votes cast, there being no questions, and upon motion duly made and seconded, the stockholders passed and approved the following resolution:

> "RESOLVED, that the Annual Report of the Corporation as presented be approved."

VI. APPROVAL AND RATIFICATION OF ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Chairman of the Meeting requested the Corporate Secretary to present a summary of all acts of the Board of Directors and Management, embodied in the resolutions issued from 23 June 2022 up to the date of this meeting. The summary of all acts was thereafter flashed on the screen. The stockholders thereafter approved and ratified the acts as presented to them.

Following validation of votes cast, and upon motion duly made and seconded, the following resolution was passed and approved:

> "RESOLVED, that the acts of the Corporation's Officers and Board of Directors embodied in the resolutions that have been issued in accordance with the procedures provided in the Corporation's By-Laws from 23 June 2022, up to 19 July 2023, be approved, confirmed and ratified."

VII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman of the Meeting requested Director Melinda Gonzales-Manto, the Chairperson of the Audit and Risk Committee, to make a recommendation on the appointment of an external auditor. Director Gonzales-Manto recommended the re-appointment of the professional services firm of Reyes Tacandong & Co., CPAs, as the Corporation's external auditor for the year 2023.

Following validation of votes cast, and upon motion duly made and seconded, the stockholders passed and approved the following resolutions:

"RESOLVED, that the professional services firm of Reyes Tacandong & Co., CPAs, is hereby appointed as the Corporation's external auditor for the year 2023."

VIII. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Corporate Secretary presented the list of nominees for Independent Directors as pre-qualified by the Corporate Governance Committee, and the list of other nominees for the election to the Board of Directors. All the following nominees have all the qualifications and none of the disqualifications to be a director under the law, the Corporation's By-Laws, and the Corporation's Manual on Corporate Governance:

Nominee	Position
Ramon S. Ang	Director
John Paul L. Ang	Director
Manny C. Teng	Director
Monica L. Ang-Mercado	Director
Manuel P. Daway	Director
Mario K. Surio	Director
Luis A. Vera Cruz, Jr.	Director
Melinda Gonzales-Manto	Independent Director
Gen. Ricardo C. Marquez (Ret.)	Independent Director
Justice Martin S. Villarama, Jr. (Ret.)	Independent Director
Winston A. Chan	Independent Director

Ballots and proxies were received by the Office of the Corporate Secretary, and were thereafter verified and tabulated. Considering that the number of directors to be elected was eleven (11) and there were only eleven (11) nominees, upon motion duly made and seconded, all eleven (11) nominees were considered unanimously elected as Directors of the Corporation for the ensuing year, until their successors are elected and qualified. The votes of the stockholders present and represented by proxies were distributed and recorded accordingly.

IX. ADJOURNMENT

There being no other matters to discuss and upon motion duly made and seconded, the meeting was adjourned.

Certified true and correct:

MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

Attested:

RAMON S. ANG
Chairman

ANNEX A

VOTING RESULTS

Election of the Board of Directors			
No.	**Nominee**	**Position**	**Total**
1	Ramon S. Ang	Director	4,997,903,681
2	John Paul L. Ang	Director	4,997,903,681
3	Manny C. Teng	Director	4,997,903,681
4	Monica L. Ang-Mercado	Director	4,997,903,681
5	Manuel P. Daway	Director	4,997,903,681
6	Mario K. Surio	Director	4,997,903,681
7	Luis A. Vera Cruz, Jr.	Director	4,997,903,681
8	Melinda Gonzales-Manto	Independent Director	4,997,903,681
9	Gen. Ricardo C. Marquez (Ret.)	Independent Director	4,997,903,681
10	Justice Martin S. Villarama, Jr. (Ret.)	Independent Director	4,997,903,681
11	Winston A. Chan	Independent Director	4,997,903,681

Approval of Resolutions	**For**		**Against**		**Abstain**		**Total**
Approval of the Previous Stockholders' Meeting Minutes	4,997,903,681	99.96%	0	0%	0	0%	4,997,903,681
Approval of the Annual Report of the Corporation for the year ended December 31, 2023	4,997,903,681	99.96%	0	0%	0	0%	4,997,903,681
Approval and Ratification of Acts and Proceedings of the Board of Directors and Management	4,997,903,681	99.96%	0	0%	0	0%	4,997,903,681
Appointment of Reyes Tacandong & Co., CPAs as external auditors of the Corporation for the year 2023	4,997,903,681	99.96%	0	0%	0	0%	4,997,903,681

CERTIFICATION BY THE CORPORATE SECRETARY ON THE ATTENDANCE OF THE DIRECTORS

(ANNEX E)

REPUBLIC OF THE PHILIPPINES)
PASIG CITY)S.S.

CERTIFICATION

I, **MARIA FARAH Z.G. NICOLAS-SUCHIANCO**, of legal age, Filipino, and with office address at 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City, after having been duly sworn in accordance with law, hereby certify that:

1. I am the Corporate Secretary of **EAGLE CEMENT CORPORATION** (Corporation), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at 2/F SMITS Corporate Center, 155 EDSA, Barangay Wack-Wack, Mandaluyong City, Metro Manila.

2. From 01 January 2023 to 31 December 2023, the Board of Directors of the Corporation held the following meetings:

Date of Meeting	Type of Meeting
07 March 2023	Regular BOD Meeting; Audit and Risk Committee Meeting
15 May 2023	Regular BOD Meeting; Audit and Risk Committee Meeting; Corporate Governance Committee Meeting
19 July 2023	Organizational BOD Meeting; Related Party Transactions Committee Meeting
14 August 2023	Regular BOD Meeting; Audit and Risk Committee Meeting
14 November 2023	Regular BOD Meeting; Audit and Risk Committee Meeting

3. In compliance with the Revised Code of Corporate Governance, the record of attendance of the Board of Directors in the abovementioned meetings are as follows:

A. 2023 Meetings of the Board of Directors

Name of Directors	07 March	15 May	19 July	14 Aug.	14 Nov.
Ramon S. Ang	P	P	P	P	P
John Paul L. Ang	P	P	P	P	P
Manny C. Teng	P	P	P	P	A
Monica L. Ang-Mercado	P	P	P	A	P
Mario K. Surio	P	P	P	P	P
Manuel P. Daway	P	P	P	P	P
Luis A. Vera Cruz Jr.	P	P	P	P	P
Melinda Gonzales-Manto	P	P	P	P	P
Ricardo C. Marquez	P	P	P	P	P
Martin S. Villarama Jr.	P	P	P	P	P
Winston A. Chan	A	A	A	A	A

P – Present
A - Absent

B. 2023 Meetings of the Board Committees

Name of Directors	Committee Members' Attendance				
	Executive	Audit	RPT	BROC	CG
John Paul L. Ang	N/A	-	-	-	-
Manny C. Teng	N/A	1/2	-	-	-
Monica L. Ang-Mercado	N/A	-	-	N/A	-
Mario K. Surio	-	-	-	-	-
Luis A. Vera Cruz Jr.	-	4/4	1/1	-	-
Melinda Gonzales-Manto	-	4/4	1/1	N/A	-
Ricardo C. Marquez	-	-	-	N/A	1/1
Martin S. Villarama Jr.	-	2/2	1/1	-	1/1
Winston A. Chan	-	0/4	-	N/A	0/1

4. The foregoing are in accordance with the records of the Corporation.

IN WITNESS WHEREOF, I have affixed my signature this 26 June 2024 in Pasig City.

MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 26 June 2024 in Pasig City, affiant personally appeared before me and exhibited to me her Community Tax Certificate No. 10969292 issued on 06 January 2024 in Pasig City, as well as competent evidence of identity in the form of her Taxpayer's Identification Card with number 165-102-272.

Doc. No. 177;
Page No. 37;
Book No. I;
Series of 2024.

HAZEL GRACE P. DEE
Notary Public for the City of Pasig And Municipality of Pateres
Commission until 31 December [illegible]
2801 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
APPT. No. 160 (2024-2025)-Roll No. 85361
PTR No.1738673; 01-10-2024; Pasig City
IBP No. 302978; 01-15-2024; RSM
MCLE Compliance N/A (Admitted to the Bar in 2023)