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 **March 31, 2023**

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
2/F 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, 2023 are:

Common	5,000,000,005

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

Yes [**X**] No [ ]

If yes, state the name of such Stock Exchange and the classes of securities listed therein:

Philippine Stock Exchange (PSE) **Common Shares**

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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or 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

JOHN PAUL L. ANG
President/Chief Executive Officer
Date: 15 May 2023

PART I--FINANCIAL INFORMATION

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, 2022, and the unaudited interim consolidated financial statements as at March 31, 2023 and for the three months ended March 31, 2023 and 2022 and selected notes to the unaudited interim consolidated financial statements of Eagle Cement Corporation (Eagle Cement or the 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 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 Company was incorporated and registered with the Securities and Exchange Commission (SEC) on June 21, 1995.

The Company currently employs 582 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 Company belong to a union since its incorporation in 1995.

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

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2023

(With Comparative Audited Figures as at December 31, 2022)

	Note	March 31, 2023	December 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents	6	**10,471,336,721**	9,547,285,514
Financial assets at fair value through profit or loss (FVPL)	7	**4,974,746,095**	4,974,188,721
Trade and other receivables	8	**1,218,906,267**	1,070,307,737
Inventories	9	**2,101,908,630**	2,299,118,264
Other current assets	10	**1,658,431,177**	969,487,754
		20,425,328,890	18,860,387,990
Assets held for sale		**2,705,873,322**	2,668,267,163
Total Current Assets		**23,131,202,213**	21,528,655,153
Noncurrent Assets			
Investment in an associate		–	–
Financial assets at fair value through other comprehensive income (FVOCI)		**98,945,700**	100,012,500
Property, plant and equipment	11	**29,921,963,143**	30,026,713,907
Intangible assets		**1,902,834,813**	1,902,205,266
Investment properties		–	–
Other noncurrent assets	12	**442,772,684**	1,032,012,351
Total Noncurrent Assets		**32,366,516,339**	33,060,944,024
		55,497,718,552	54,589,599,177

	Note	March 31, 2023	December 31, 2022
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	**3,973,770,003**	4,405,777,555
Current portion of loans payable	14	**1,242,037,911**	1,241,357,832
Current portion of lease liabilities		**10,133,862**	10,684,751
Income tax payable		**348,612,368**	104,816,084
		5,574,554,144	5,762,636,222
Liabilities of asset held for sale		**91,988,279**	54,298,327
Total Current Liabilities		**5,666,542,423**	5,816,934,549
Noncurrent Liabilities			
Loans payable - net of current portion	14	**2,488,158,644**	2,799,022,986
Net retirement benefit liability		**78,284,006**	72,336,757
Net deferred tax liabilities		**1,569,535,927**	1,569,535,927
Other noncurrent liabilities		**89,470,339**	95,442,923
Total Noncurrent Liabilities		**4,225,448,916**	4,536,338,593
Total Liabilities		**9,891,991,339**	10,353,273,142
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		**16,000,000,000**	16,000,000,000
Unappropriated		**13,616,691,803**	12,246,223,824
Other equity reserves		**4,463,529,307**	4,464,596,108
Treasury stock - at cost		**- 3,000,000,000**	-3,000,000,000
Total Equity		**45,605,727,213**	44,236,326,035
		55,497,718,552	54,589,599,177

See accompanying notes to unaudited interim consolidated financial statements

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	Note	**2023**	2022
NET SALES		**7,006,153,513**	6,829,320,681
COST OF GOODS SOLD		**4,671,744,671**	4,236,267,335
GROSS PROFIT		**2,334,408,842**	2,593,053,346
OPERATING EXPENSES		**777,532,876**	715,806,357
INCOME FROM OPERATIONS		**1,556,875,966**	1,877,246,989
FINANCE COSTS		**-60,877,829**	-78,532,694
INTEREST INCOME		**130,166,371**	50,859,066
OTHER INCOME - Net		**42,256,330**	36,561,138
INCOME BEFORE INCOME TAX		**1,668,420,838**	1,886,134,499
INCOME TAX EXPENSE (BENEFIT)	17		
Current		**297,952,859**	231,318,957
Deferred			-8,736,660
		297,952,859	222,582,297
NET INCOME		**1,370,467,979**	1,663,552,202
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent periods			
Unrealized gain (loss) on financial assets at FVOCI		**-1,066,800**	-3,000,375
Reversal of deferred tax on:			
Revaluation surplus		**–**	–
Remeasurement gains on net retirement benefits liability		**–**	–
		-1,066,800	-3,000,375
TOTAL COMPREHENSIVE INCOME		**1,369,401,179**	1,660,551,827
Basic/Diluted Earnings Per Share	18	**0.27**	0.33

See accompanying notes to unaudited interim consolidated financial statements

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 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 Benefits Liability (Net of Deferred Tax)	Cumulative Unrealized Gains (Losses) on Financial Assets at FVOCI	Treasury Stocks	Total Equity
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**	**77,528,775**	_	**-3,000,000,000**	**44,236,326,035**
Net income		–	–	–	–	**1,370,467,979**	–	–	–	–	**1,370,467,979**
Other comprehensive income (loss)		–	–	–	–				**(1,066,800)**	–	**-1,066,800**
Cash dividends declared	19	–	–	–	–		–	–	–	–	–
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**	**77,528,775**	**(1,066,800)**	**-3,000,000,000**	**45,605,727,214**
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		–	–	–	–	1,663,552,202	–	–	–	–	1,663,552,202
Other comprehensive income		–	–	–	–	–		–	(3,000,375)	–	(3,000,375)
Cash dividends declared	19	–	–	–	–		–	–	–	–	–
Balances as at March 31, 2022		5,000,000,005	3,000,000,000	6,525,506,098	16,000,000,000	13,232,549,960	3,056,387,347	47,442,170	2,667,000	-3,000,000,000	43,864,552,580

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**1,668,420,839**	1,886,134,499
Adjustments for:		
Depreciation and amortization	**360,310,366**	313,328,675
Finance costs	**60,877,829**	78,532,693
Interest income	**-130,166,369**	-50,859,066
Dividend income	**-557,374**	-53,423,976
Trading loss on financial assets at FVPL	**1,859,418**	12,812,753
Retirement benefit costs	**-51,699,357**	7,209,064
Unrealized foreign exchange losses	**5,247,022**	267,219
Loss (gain) on sale of property, plant and equipment	**-357,143**	
Operating income before working capital changes	**1,913,935,231**	2,194,001,861
Decrease (increase) in:		
Trade and other receivables	**-147,761,250**	40,098,203
Inventories	**240,440,795**	-79,191,311
Other current assets	**-38,943,424**	-25,279,495
Other noncurrent assets	**2,176,372**	-9,809,661
Increase (decrease) in trade and other payables	**-435,184,571**	822,912,455
Net cash generated from operations	**1,534,663,152**	748,730,191
Income taxes paid	**-54,156,575**	-64,461,176
Interest received	**129,329,092**	45,142,202
Net cash provided by operating activities	**1,609,835,669**	729,411,217
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	**-283,254,653**	-263,024,259
Deposit for future investment	**-61,619**	_
Financial assets at FVPL	_	-200,000,000
Deposit on asset purchase	**-62,875,084**	-144,985,369
Investment properties		-26,336,533
Intangible assets	**-15,452,891**	-2,294,400
Deposit for future investment		-377,115
Dividends received	**51,699,357**	51,699,212
Proceeds from sale of :		
Property, plant and equipment	**357,143**	
Net cash used in investing activities	**-309,587,746**	-585,318,464
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Loans	**-311,500,000**	-267,000,000
Interest	**-60,587,832**	-77,340,346
Lease liability	**-2,249,467**	-2,858,334
Net cash used in financing activities	**-374,337,299**	-347,198,680
NET INCREASE IN CASH AND CASH EQUIVALENTS	**925,910,624**	1,990,895,934
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**-1,859,418**	-267,219
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**9,547,285,514**	11,645,049,344
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**10,471,336,720**	13,635,678,059

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

AGING OF TRADE AND OTHER RECEIVABLES

AS AT MARCH 31, 2023

	Total	Current	1- 30 Days	31- 60 Days	61-90 Days	91-365 Days	365 Days or More
Trade	₱586,575,100	₱282,510,057	₱129,303,840	₱127,746,640	₱43,032,436	₱3,982,127	–
Nontrade	607,177,984	2,421,233	39,079,523	17,439,976	131,790,471	395,068,794	21,377,988
Others	25,153,182	5,086,831	–	–	–	19,713,757.03	352,595
Total	₱1,218,906,267	₱290,018,120	₱168,383,363	₱145,186,616	₱174,822,907	₱418,764,677	₱21,730,583

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2023
(With Comparative Information for 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 and its wholly-owned subsidiaries, South Western Cement Corporation (SWCC), KB Space Holdings, Inc. (KSHI), Solid North Mineral Corp. (SNMC) and Armstrong Fly-Ash and Logistics Company Inc. (AFALCI) are collectively referred to herein as "the Group". SWCC, KSHI, SNMC and AFALCI are also incorporated in the Philippines and registered with the SEC.

The Company is a 99.9581%-owned of San Miguel Equity Investments Inc. (SMEII) 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 Company, which are all incorporated in the Philippines and registered with the SEC:

Name of Subsidiary	Principal Activity	Percentage (%) of Ownership 2022	2021	2020
South Western Cement Corporation (SWCC)	Manufacturing, marketing, sale and distribution of cement products	**100**	100	100
KB Space Holdings, Inc. (KSHI)	Property leasing activities	**–**	100	100
Solid North Mineral Corp. (SNMC)	Mining activities and processing of limestones	**100**	100	–
Armstrong Flyash and Logistics Company, Inc. (Armstrong or ALFCI)	Processing of fly ash	**100**	–	–

The Company and its subsidiaries are collectively referred to herein as "the Group".
SWCC have not started commercial operations as at March 7, 2023.

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.

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 May 15, 2023, the Group has not yet received the approval for the extension.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

The unaudited interim consolidated financial statements of the Group as at and for the three (3) months ended March 31, 2023 have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Philippine Financial Reporting Standards Council) and adopted by SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC).

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

Measurement Bases

The 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
Investment properties	Fair Value

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

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

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

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

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

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

- Note 7 – Financial Assets at FVPL
- Note 10 – Financial Assets at FVOCI
- Note 11 – Property, Plant and Equipment
- Note 5 – Fair Value Measurement

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

<u>Adoption of New and Amended PFRS</u>

The Company has adopted the following amendments to PFRS effective January 1, 2022 and accordingly, changed its accounting policies in the following areas:

- Proceeds before Intended Use (Amendments to PAS 16, *Property, Plant and Equipment*). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of an entity's ordinary activities, the amendments require the entity to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the consolidated statement of comprehensive income.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract, i.e., it comprises both incremental costs and an allocation of other direct costs.

- Annual Improvements to PFRS 2018-2020. This cycle of improvements contains amendments to four standards, of which the following are applicable to the Company:

  - Fees in the '10 percent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, *Financial Instruments*). The amendment clarifies that for the purpose of performing the '10 percent' test for derecognition of financial liabilities, the fees paid net of fees received include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, *Leases*). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

- Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in the 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 twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if an entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; 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.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

  In November 2021, the IASB issued the Exposure Draft, *Non-Current Liabilities with Covenants* after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1, Presentation of Financial Statements, as follows:

  - Conditions which the entity must comply within 12 months after the reporting period will have no effect on the classification as current or non-current.

  - Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within 12 months.

  - Separate presentation in the consolidated statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

  - The effective date of the amendments will be deferred to no earlier than January 1, 2024.

  Comments on the Exposure Draft is due on March 21, 2022.

The adoption of the amended standards did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amended Standards Not Yet Adopted

A number of amended standards are effective for annual periods beginning after January 1, 2022 and have not been applied in preparing the consolidated financial statements. Unless otherwise indicated, none of these are expected to have a significant effect on the consolidated financial statements.

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments clarify that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes selecting a measurement technique (estimate or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in the inputs or measurement techniques are changes in accounting estimates.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The amendments apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, *Making Materiality Judgments*). The key amendments to PAS 1 include requiring entities to disclose material accounting policies rather than significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are material to the financial statements. The amendments to PFRS Practice Statement 2 provide guidance and examples on the application of materiality to accounting policy disclosures.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments require an entity to recognize deferred tax on transactions, such as leases for the lessee and decommissioning obligations that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

Under prevailing circumstances, the adoption of the amended standards 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 Company 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 Company 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 Company and its wholly-owned subsidiaries.

A subsidiary is an entity in which the Company has control. The 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 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 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 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 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 Company 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

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 March 31, 2023 and December 31, 2022, 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.

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, 2023 and December 31, 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 March 31, 2023 and December 31, 2022, the Group's trade and other payables (except advances from customers, and statutory payables), loans payable and lease liabilities are classified under this category (see Notes 16, 17 and 26).

Derecognition 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 Company 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 Company 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 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 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 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 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 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.
Other nonfinancial current assets include prepayments and advances to suppliers.

Investment in an Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

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

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.

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 consolidated statements of comprehensive income in the period of retirement or disposal.

Investment Properties

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

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

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

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

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

Stripping Costs

As part of its mining operations, the Group incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine before the production phase commences (development stripping) are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using unit-of-production method. The capitalization of development stripping costs ceases when the mine is commissioned

and ready for use as intended by management. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping.

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

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

c. The costs associated with the improved access can be reliably measured.

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

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

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

The amortization period and the amortization method for intangible assets with finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets with finite useful lives are recognized in profit or loss.
The useful life of intangible assets arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Group. The useful lives are as follows:

	Number of Years
Mining rights	25
Computer software	10

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

Goodwill

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

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

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

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

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets
The carrying amounts of property, plant and equipment, intangible assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying 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 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 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 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 (see Note 31).

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 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 16).

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 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 consolidated statements of financial position (see Note 16).

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

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

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

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

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

Leases

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

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

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

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

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

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

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

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

i. fixed payments, including in-substance fixed payments;
ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
iii. amounts expected to be payable by the lessee under residual value guarantees; and

iv. the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

Finance Costs

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

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

Foreign Currency Denominated Transactions

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

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

Income Taxes

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

Deferred Tax
Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

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

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, 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.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition. Deferred input VAT that are expected to be claimed against output VAT within 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

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 consolidated statements of financial position (Note 15).

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
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 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 unaudited consolidated financial statements when material.

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 or as financial assets at FVPL, and its debt securities and investment in unquoted redeemable perpetual securities as financial assets at FVPL.

Cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), DSRA, long-term placements, refundable deposits, deposit in escrow and restricted cash were classified as financial assets at amortized cost since the 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.

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.

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.

Existence of Significant Influence over Armstrong Fly-ash and Logistics Company, Inc. (AFLCI). Significant influence has been established by the Group over the investee as shown from its participation, through its representative in the investee's BOD, in the decision-making process of the investee's significant activities. Further, although the Group's interest is only represented by preferred shares in 2021 and 2020, the conversion feature of the preferred shares gives the Group a potential voting power in the future, which increases its ability to participate in the overall decision-making process of the investee.

Investment in the preferred shares of AFLCI amounted to ₱75.0 million as at December 31, 2021. In 2022, the Company acquired full ownership of AFLCI through the conversion of preferred shares into common shares and acquisition of the remaining common shares held by individual shareholders (see Notes 4 and 13).

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

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 7, 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, 2023 and December 31, 2022 (see Note 11).

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

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

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements. The Group assessed that it has a single reportable operating segment based on the criteria above (see Note 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 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, 2023 and 2022. The carrying amount of trade receivables is ₱586.7 million and ₱435.5 million as at March 31, 2023 and December 31, 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 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 in March 31, 2023 and December 31, 2022. The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**March 31, 2023**	December 31, 2022
Cash in banks and cash equivalents	6	**10,470,369,710**	9,546,308,504
Other receivables*	8	**629,557,878**	630,135,228
Long-term placement**		**650,000,000**	650,000,000
DSRA	10	**359,387,268**	363,846,083
Refundable deposits	12	**64,008,838**	63,982,934
Deposit in escrow	12	**49,879,815**	49,879,815
Restricted cash	12	**74,295,696**	74,019,946

Includes interest receivable, advances to related parties, dividends receivable and other receivables / Maturing within the year*

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, 2023 and December 31, 2022, the cost of inventories is lower than its NRV. The carrying amount of inventories is ₱2,101.9 million and ₱2,299.1 million as at March 31, 2023 and December 31, 2022, respectively (see Note 9).

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 and Mining Rights. The Group estimates the useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes, and anticipated use of the assets. In addition, the estimation of the useful lives of property, plant and equipment is based on 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 would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment and mining rights for the three months ended March 31, 2023 and 2022.

The carrying amount of property, plant and equipment (excluding land and construction in progress) is ₱21,400.6 million and ₱21,484.6 million as at March 31, 2023 and December 31, 2022, respectively (see Note 11). The carrying amounts of mining rights and computer software are ₱1,151.8 million and ₱193.3 million, respectively, as at March 31, 2023 and ₱1,160.7 million and ₱183.8 million, respectively, as at December 31, 2022.

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 7.73% to 7.91% for the computation of lease liabilities and ROU assets. Lease liabilities amounted to ₱32.1 million and ₱35.4 million as at March 31, 2023 and December 31, 2022 respectively. ROU assets amounted to ₱26.4 million and ₱29.5 million as at March 31, 2023 and December 31, 2022 respectively.

The Group uses its incremental borrowing rate (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 right-of-use 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.

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, 2023 and for the year ended December 31, 2022. The carrying amounts of nonfinancial assets are as follows:

	Note	**March 31, 2023**	December 31, 2022
Property, plant and equipment	11	**29,921,963,143**	30,026,713,907
Deposits on asset purchase	12	**201,333,990**	138,458,905
Intangible assets*		**1,345,134,299**	1,344,504,752
Prepayments	10	**233,318,397**	273,086,480
Advances to suppliers	10	**105,202,132**	141,947,872
Deferred input VAT	10,12	**163,791,693**	161,590,790
Deferred exploration and development costs	12	**44,678,353**	44,678,353
Advances to officers and employees	8	**2,773,288**	4,645,880
Deposits for future investment	12	**4,910,106**	4,848,487
Others	10,12	**32,771,689**	35,160,440

**excluding goodwill amounting to 557.7 million as at March 31, 2023 and 233.3 million December 31, 2022*

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 ₱52.7 million and ₱52.4 million as at March 31, 2023 and December 31, 2022, respectively.

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 benefits liability amounted to ₱78.3 million and ₱72.3 million as at March 31, 2023 and December 31, 2022, respectively.

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), 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 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 asset and liability.

The following table shows the Group's US dollar-denominated monetary financial assets, and liability and their Philippine Peso equivalent:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	US Dollar	**Philippine Peso**	US Dollar	Philippine Peso
Financial assets:				
Cash in banks	**$9,148,821**	**₱497,961,184**	$14,729,291	₱821,316,394
Deposit in escrow	**888,806**	**49,879,815**	888,806	49,879,815
	10,037,627	**547,840,999**	15,618,097	871,196,208
Financial liability -				
Trade and other payables	**215,304**	**11,720,946**	1,214,218	67,704,796
Installment Payable	**327,248**	**18,100,741**	382,490	21,327,669
	542,552	**29,821,688**	1,596,708	89,032,465
Net US Dollar-denominated financial assets (liability)	**$9,495,075**	**₱518,019,311**	$14,021,389	₱782,163,743

The following table shows the Group's Euro-denominated monetary financial asset and liability and their Philippine Peso equivalent:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Euro	**Philippine Peso**	**Euro**	Philippine Peso
Financial asset -				
Cash in banks	**€ 6,766**	**₱396,825**	**€ 6,684**	**₱398,032**
Financial liability -				
Trade and other payables	**63,742**	**3,697,056**	130,129	7,749,182
Net Euro-denominated financial liability	**€ 56,976**	**₱3,300,231**	€ 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 ₱54.43 per US $1 and ₱56.12 per €1 as at March 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 for the three months ended March 31, 2023 and for the year ended December 31, 2022. 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, 2023	**+2.0**	₱18,990,150
	-2.0	(18,990,150)
December 31, 2022	+2.61	₱36,596,347
	-2.61	(36,596,347)

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, 2023 and for the year ended December 31, 2022. 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, 2023	**+1.0**	(₱56,976)
	-1.0	56,976
December 31, 2022	+1.13	(₱139,493)
	-1.13	139,493

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 rate. Exposure of the Group to changes in the interest rates is not significant.

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 78% 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, 2023 and December 31, 2022, the exposure to credit risk for trade receivables by type of counterparty are as follows:

	March 31, 2023		
	Neither Past due nor Impaired	**Past Due but not Impaired**	**Total**
Major term customers	**₱106,652,571**	**₱303,258,010**	**₱409,910,581**
Related parties	**175,857,487**	**807,033**	**176,664,519**
Others	**5,086,831**	**20,066,352**	**25,153,182**
	₱287,596,888	**₱324,131,395**	**₱611,728,283**

	December 31, 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	**March 31, 2023**	December 31, 2022
1 to 30 Days	**₱129,303,840**	₱56,150,753
31 to 90 Days	**170,770,076**	15,566,626
91 to 365 Days	**23,779,076,418**	35,689,445
366 days or more	**352,595**	56,810,135
Total	**₱324,131,395**	₱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 in banks such as cash and cash equivalents, 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, credit risk is low since the Group only transacts with reputable companies with respect to this financial asset.

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 Fair Value through Profit or Loss
The entity is also exposed to credit risk in relation to debt securities that are measured at fair value through profit or loss. 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, 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	11,121,336,721	–	–	–	11,121,336,721
Long-term placements	–	–	–	–	–
DSRA	359,387,268	–	–	–	359,387,268
Restricted cash	74,295,696	–	–	–	74,295,696
Refundable deposits	64,008,838	–	–	–	64,008,838
Deposit in escrow	49,879,815	–	–	–	49,879,815
Other receivables*	632,331,167	–	–	–	632,331,167
Debt securities at FVPL	–	–	–	1,006,201,466	1,006,201,466
	12,301,239,504	–	–	1,006,201,466	13,307,440,970

**Includes advances to related parties, dividends receivable, 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	9,546,308,504	–	–	–	9,546,308,504
Long-term placements	650,000,000	–	–	–	650,000,000
DSRA	363,846,083	–	–	–	363,846,083
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

Other receivables*	**630,135,228**	**–**	**–**	**–**	**630,135,228**
Debt securities at FVPL	**–**	**–**	**–**	**997,624,919**	**997,624,919**
	11,378,172,510	**–**	**–**	**997,624,919**	**12,375,797,429**

**Includes advances to related parties, dividends receivable, interest 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 March 31, 2023 and December 31, 2022:

	March 31, 2023 (Unaudited)					
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 Years**	**Total**
Trade and other payables*	**₱3,555,123,714**	**₱4,404,853**	**₱74,315,058**	**₱**	**₱–**	**₱3,633,843,625**
Installment payable			**3,294,217**	**14,806,525**		**18,100,741**
Lease liabilities	**–**		**10,133,862**	**21,960,682**	**–**	**32,094,544**
Loans payable	**–**	**365,647,266**	**719,863,443**	**3,009,560,429**	**–**	**4,095,071,139**
	₱3,555,123,714	**₱365,647,266**	**₱812,011,433**	**₱3,046,327,636**	**₱–**	**₱7,779,110,049**

**Excluding nonfinancial and statutory liabilities amounting to ₱692.7 million as at March 31, 2023.*

	December 31, 2022 (Audited)					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱3,167,477,518	₱652,617,212	₱211,816,782	₱–	₱–	₱4,031,911,512
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
	₱3,167,477,518	₱1,026,457,710	₱1,306,536,730	₱3,055,914,599	₱–	₱8,556,386,557

**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 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 PhP45,605.73 million and PhP44,236.32 million as at March 31, 2023 and December 31, 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 required to maintain a debt-to-equity ratio of not greater than 2.50 with respect to the next reporting period. As at March 31, 2023, the Company is in compliance with the requirement.

No changes were made in the capital management objectives, policies, or processes in 2023 and 2022.

5. **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:

		March 31, 2023			
			Fair Value		
	Note	Carrying Amount	Quoted Pricein the Active Market (Level 1)	Siginificant Observable Inputs (Level 2)	Siginificant Unobservable Inputs (Level 3)
Financial Assets:					
Unquoted financial asset at FVPL	7	3,968,544,629		3,968,544,629	
Quoted financial asset at FVPL	7	1,006,201,466	1,006,201,466		
Financial Assets at FVOCI	7	98,945,700	98,945,700		
Non-financial Assets:					
Land	11	7,956,989,150			7,956,989,150
		13,030,680,945	1,105,147,166	3,968,544,629	7,956,989,150
Financial Liabilities:					
Loan Payable	14	3,730,196,556		3,730,196,556	
		3,730,196,556	0	3,730,196,556	0

		December 31, 2022			
			Fair Value		
	Note	Carrying Amount	Quoted Pricein the Active Market (Level 1)	Siginificant Observable Inputs (Level 2)	Siginificant Unobservable Inputs (Level 3)
Financial Assets:					
Unquoted financial asset at FVPL	7	3,976,563,802		3,976,563,802	
Quoted financial asset at FVPL	7	997,624,919	997,624,919		
Financial Assets at FVOCI	7	100,012,500	100,012,500		
Non-financial 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 Liabilities:					
Loan Payable	14	4,040,380,818		4,040,380,818	
		4,040,380,818	0	4,040,380,818	0

6. **Cash and Cash Equivalents**

This account consists of:

	March 31, 2023	December 31, 2022
Cash on hand	**967,011**	977,010
Cash in banks	**1,627,812,000**	1,116,196,823
Short-term placements	**9,492,557,710**	8,430,111,681
	10,471,336,721	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 4.50% to 7.25% for the three months ended March 31, 2023 and 0.30% to 1.67% for the three months ended March 31, 2022.

7. Financial Assets at FVPL

This account consists of:

	March 31, 2023	December 31, 2022
Equity securities	**₱3,968,544,629**	₱3,976,563,802
Debt securities	**1,006,201,466**	997,624,919
	₱4,974,746,095	₱4,868,682,658

Financial assets at FVPL are debt, equity, and unquoted redeemable perpetual securities held by the Group for trading purposes. Debt securities earn annual interest rate of 5.17% to 6.25% in March 31, 2023 and 2022.

On July 1, 2020, the Group subscribed to an unquoted perpetual redeemable security of a related party amounting to ₱3,976.5 million and ₱3,968.5 million as at March 31, 2023 and December 31, 2022, respectively, with a distribution rate of 5.0% per annum to be distributed quarterly starting October 1, 2020 (see Note 14).

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.

8. Trade and Other Receivables

This account consists of:

	March 31,2023	December 31,2022
Trade:		
Third parties	**₱ 409,910,581**	₱ 146,485,979
Related parties	**176,664,519**	289,040,650
Advances to related parties	**531,287,158**	532,927,503
Dividends receivable	**51,702,013**	51,702,013
Interest receivable	**21,850,246**	21,012,966
Advances to officers and employees	**2,773,288**	4,645,880
Others	**24,718,462**	24,492,746
	₱ 1,218,906,267	₱ 1,070,307,737

Trade receivables are noninterest-bearing and are generally on a 30-day credit term.

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

Other receivables are normally settled throughout the year.

9. **Inventories**

This account consists of:

	March 31, 2023	December 31, 2022
Raw materials	**638,761,295**	684,730,020
Spare parts	**484,339,703**	602,339,247
Goods in process	**717,487,516**	666,453,084
Supplies	**192,734,440**	239,404,452
Finished goods	**68,585,676**	106,191,461
	2,101,908,630	**2,299,118,264**

Cost of inventories as at March 31, 2023 and December 31, 2022 is lower than its NRV.

10. **Other Current Assets**

This account consists of:

			March 31, 2023		December 31, 2022
DSRA	17	₱	**359,387,268**	₱	363,846,083
Advances to suppliers	20		**105,202,132**		141,947,872
Current portion of deferred input VAT			**163,791,693**		161,590,790
Excess Tax credit			**-3,748,026**		_
Prepayments for:					
Real property taxes			**231,267,525**		263,163,560
Shutdown cost			**121,373,911**		_
Insurance			**2,050,873**		9,922,920
Other Investment			**650,000,000**		
Others			**29,105,803**		29,016,529
		₱	**1,658,431,177**	₱	969,487,754

The 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). As a requirement, the Group ensures that the outstanding balance of the DSRA is at least equal to the interest and the principal due on the immediately succeeding payment date. Withdrawals from the 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.

Advances to suppliers represent advance payments for purchases of inventories that are applied against subsequent deliveries and are outstanding for less than one (1) year from initial recognition.

11. **Property, Plant and Equipment**

The balances and movements in this account are as follows:

	March 31, 2023							
	At Revalued Amount	At Cost						
	Land	**ROU Asset**	**Machinery And Equipment**	**Building And Land & Building Improvements**	**Transportation Equipment**	**Office Furniture And Equipment**	**Construction In Progress**	**Total**
Cost/Revalued Amount								
Balance at the beginning of the year	7,947,234,645	74,049,299	24,415,953,354	5,147,034,535	228,617,272	326,441,914	594,871,782	38,734,202,801
Additions	-	-	174,424,289	577,999	-	(0)	130,138,417	305,140,705
Revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	(70,759,540)	-	(1,080,000)	(297,143)	-	(72,136,683)
Settlements of construction in progress	9,754,506	-	126,713,184	14,577,189	732,143	8,880,729	(160,657,751)	-
Balances at end of March 2023	**7,956,989,150**	**74,049,299**	**24,646,331,287**	**5,162,189,723**	**228,269,415**	**335,025,500**	**564,352,448**	**38,967,206,822**
Accumulated Depreciation and Amortization								
Balance at the beginning of the	-	(44,562,668)	(6,483,827,994)	(1,729,691,084)	(208,666,333)	(240,740,815)	-	(8,707,488,894)
Depreciation and amortization	-	(3,094,118)	(273,954,457)	(49,369,885)	(4,563,186)	(8,725,837)	-	(339,707,483)
Disposals	-	-	575,556	-	1,080,000	297,143	-	1,952,699
Balances at end of March 2023	-	(47,656,787)	(6,757,206,895)	(1,779,060,969)	(212,149,518)	(249,169,509)	-	(9,045,243,679)
Carrying Amounts	**7,956,989,150**	**26,392,513**	**17,889,124,391**	**3,383,128,754**	**16,119,896**	**85,855,991**	**564,352,448**	**29,921,963,143**

	December 31, 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	–	1,019,377,691	185,648,651	35,900,271	33,079,930	12,376,470	–	1,286,383,013
Disposals	–	(761,647)	–	(5,419,399)	(16,020,704)	–	–	(22,201,750)
Reclassification adjustment	–	(3,239,031)	1,539,914	56,957	–	–	–	(1,642,160)
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**

12. **Other Noncurrent Assets**

This account consists of:

	March 31, 2023	December 31, 2022
Deposit on asset purchase	**₱201,333,990**	₱138,458,905
Long-term placements	**–**	650,000,000
Refundable deposits	**64,008,838**	63,982,934
Deposit in escrow	**49,879,815**	49,879,815
Deferred exploration and evaluation costs	**44,678,353**	44,678,353
Restricted cash	**74,295,696**	74,019,946
Deposit for future investment	**4,910,106**	4,848,487

Others	**3,665,886**	6,143,911
	₱442,772,683	₱1,032,012,351

Deposit on Asset Purchase
Deposit on asset purchase amounting to ₱201.3 million and ₱138.4 million as at March 31, 2023 and December 31, 2022, respectively, represents advance payments for the acquisition of machinery and equipment and long-term deposit for inventory acquisition.

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 amounting to ₱49.8 million as at March 31, 2023 and December 31, 2022 pertains to cash in escrow account related to a pending legal case.

Deferred Exploration and Development Costs
Deferred exploration and evaluation costs pertain to costs incurred for the exploration and development in the Mining Property of the Group.

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

Deposit for Future Investment
Deposit for future investment amounting to ₱4.9 million and ₱4.8 million as at March 31, 2023 and December 31, 2022, respectively, pertains to deposit made for future subscription to the common shares of stock of a business entity that the Group is planning to venture.

13. Trade and Other Payables

This account consists of:

		March 31, 2023		December 31, 2022
Trade:				
Third parties	₱	**1,482,016,512**	₱	2,184,409,731
Related parties		**874,755,850**		920,871,143
Accruals for:				
Sales rebates		**142,409,135**		460,969,649
Personnel costs		**161,035,146**		70,426,874
Interests		**15,731,023**		17,620,686
Outside services		**303,240,810**		148,699,751
Advances from customers		**432,187,164**		281,367,081
Retention payable		**78,719,911**		85,073,031
Output VAT		**321,633,780**		57,288,426
Advances from a related party		**79,892,821**		73,285,999
Withholding taxes payable		**31,588,016**		38,292,493
Current portion of installment payable		**3,294,217**		3,081,957
Others		**47,265,618**		64,390,734
	₱	**3,973,770,003**	₱	4,405,777,555

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

Accrual 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 Group within 30 days after collection date.

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

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

14. **Loans Payable**

This account consists of:

	March 31, 2023	December 31, 2022
Principal	**₱3,738,000,000**	₱4,049,500,000
Less unamortized debt issuance costs	**3,841,355**	9,119,182
	3,734,158,645	4,040,380,818
Less current portion	**1,246,000,000**	1,241,357,832
Noncurrent portion	**₱2,488,158,644**	₱2,799,022,986

The loans payable pertains to the drawdowns from the TLFSA amounting to ₱8.9B entered into by the Parent Company with various banks as lenders to refinance the aggregate outstanding principal amounts owed by the Parent Company under Note Facility and Security Agreement and Syndicated Loan and Security Agreement, and to finance the construction of the third production line.

As of December 31, 2021, details of the drawdowns under TLFSA are as follows:

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

In March 2021, the participating banks and the Group agreed to an interest rate repricing, resulting to a new nominal interest rate of 5.79% for the three (3) drawdowns. The new effective interest rate is 5.94%.

Interest expense on loans payable included as component of “Finance costs” account in the unaudited interim consolidated statements of comprehensive income amounted to ₱60.87 million and ₱78.53 million for the three months ended March 31, 2023 and 2022, respectively.

15. **Related Party Transactions**

The Group has transactions with its related parties in the ordinary course of business. These transactions are from the Group's recurring business operations. The outstanding balances and amount of transactions with related parties are as follows:

		March 31, 2023		December 31, 2022	
Nature of Relationship	Nature of Transactions	**Amount of**	**Outstanding Balance**	Amount of	Outstanding Balance
Cash and Cash Equivalents					
Entities under common key management with ECC	Cash deposits and investment in short- term placements	**277,215**	**7,486,257,556**	785,580	5,062,139,630
Financial Assets at FVPL					
Ultimate Parent Company	Investment in unquoted redeemable perpetual security	–	**3,968,544,629**	–	3,976,563,802
Ultimate Parent Company	Investment in quoted debt securities		**46,755,730**	25,000,000	23,246,675
			4,015,300,359		3,999,810,477
Trade Receivables (see Note 7)					
Entities under common control	Sale of inventories	**190,481,297**	**175,871,954**	253,623,092	288,480,588
Entities under common key management with ECC	Sale of inventories	**765,151**	**792,565**	576,452	560,062
		191,246,448	**176,664,519**		289,040,650
Advances to Related Parties (see Note 7)					
Entities under common key management	Working capital advances	**55,257**	**533,891,427**	32,000	532,035,231
Subsidiary of Parent Company	Working capital advances		**892,272**	823,229	892,272
		55,257	**534,783,699**		532,927,503
Dividends Receivable (see Note 7)					
Ultimate Parent Company	Dividends earned	**51,702,013**	**51,702,013**	206,797,143	51,702,013
Entities under common key management with ECC	Dividends earned			–	–
		51,702,013	**51,702,013**		51,702,013
Advances to Officers					
Key management personnel	Cash advances		**61,114**	–	109,398
Advances to Suppliers (see Note 9)					
Entities under common key management with ECC	Purchase of services		**16,015,648**	–	141,947,872

Nature of Relationship	Nature of Transactions	March 31, 2023 Amount of Transactions	March 31, 2023 Outstanding Balance	December 31, 2022 Amount of Transactions	December 31, 2022 Outstanding Balance
Financial Assets at FVOCI (see Note 10)					
Entities under common key management with ECC	Investments in quoted equity instruments		**98,945,700**	–	100,012,500
Refundable Deposits					
Entities under common key management with ECC	Supply of services	**10,904**	**55,353,942**	–	55,343,038
Trade Payables (see Note 16)					
Entities under common control	Hauling, rental and other services	**1,970,266,013**	**637,308,331**	6,690,787,968	634,925,811
Entities under common key management with ECC	Purchase of raw materials and outside services	**38,890,268**	**237,447,519**	729,377,549	285,945,332
Associate	Purchase of goods			–	–
		2,009,156,282	**874,755,850**		920,871,143
Advances from a Related Party (see Note 16)					
Entity under common key management	Capital expenditure	–	**73,285,999**	–	73,285,999
Ultimate Parent Company	Capital expenditure	–		–	–
			73,285,999		73,285,999
Loans Payable					
Entity under common key management	Borrowings	**11,520,062**	**750,991,249**	55,140,605	813,571,182
Retirement Benefit Plan	Contribution	**6,310,220**	**6,310,220**	13,462,451	30,092,515
Personnel Costs					
Key management personnel	Salaries and other employee benefits	**37,400,639**	**4,479,916**	87,784,624	13,505,327
	Net retirement benefit liability	**11,187,291**	**96,266,094**	10,685,691	85,078,804
			100,741,010		98,584,131

**The plan assets for retirement benefit payments are held by an entity that is legally separate from the Company.*

16. Equity

Capital Stock

The Parent Company's authorized, issued and outstanding capital stock as at March 31, 2023 and December 31, 2022 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

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.

Dividend Declaration

The Company's BOD authorized the declaration of the following cash dividends in 2022, 2021 and 2020:

2022

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Common	May 12, 2022	May 26, 2022	June 10, 2022	0.4	2,000,000,002
Common	August 4, 2022	August 18, 2022	September 7, 2022	0.4	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

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

Appropriations of Retained Earnings

Details of appropriated retained earnings as at March 31, 2023 and December 31, 2022 are as follows:

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

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

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

Other Equity Reserves

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

	March 31, 2023	December 31, 2022
Revaluation surplus (net of deferred tax)	**₱4,387,067,332**	₱4,387,067,333

Cumulative remeasurement losses on net retirement benefit liability (net of deferred tax)	**77,528,775**	77,528,775
Cumulative unrealized gains (losses) on financial assets at FVOCI	**-1,066,800**	
	₱4,463,529,307	₱4,464,596,108

17. **Income Taxes**

The components of income tax as reported in the consolidated statements of comprehensive income are as follows:

	For the Three-Month Periods Ended March 31 (Unaudited)	
	2023	2022
Reported in Profit or Loss		
Current tax expense	**297,952,859**	231,318,957
Adjustment for the current tax of previous period due to change in tax rate	**–**	–
	297,952,859	231,318,957
Deferred tax expense (benefit)	**–**	-8,736,660
	297,952,859	222,582,297
Reported in OCI		
Deferred tax expense 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, 2023	December 31, 2022
Deferred tax assets:		
Cumulative balance of proceeds from testing of property, plant and equipment	**₱65,992,702**	₱65,992,702
Net retirement benefit liability	**18,084,190**	18,084,190
Provision for mine rehabilitation and decommissioning	**12,109,044**	12,109,044
Lease liabilities	**1,882,326**	1,882,326
Excess of fair value over cost of financial assets at FVPL	**6,721,130**	6,721,130
Others	**3,627,658**	3,627,658
	117,619,138	109,417,050
Deferred tax liabilities:		
Excess of revalued amount or fair value over cost of property, plant and equipment	**1,462,355,778**	1,462,355,778
Deferred tax liability arising from business combination	**194,643,364**	194,643,364
Carrying amount of ROU assets	**7,371,659**	7,371,659
Unrealized foreign exchange gains	**9,808,011**	9,808,011
Others	**4,774,165**	4,774,165

	1,678,952,977	1,678,952,977
Net deferred tax liabilities	**₱1,569,535,927**	₱1,569,535,927

18. **Basic and Diluted Earnings Per Share**

Basic and diluted EPS are calculated as follows:

For the three months ended March 31

	March 31, 2023	December 31, 2022
Net income	**1,370,467,979**	1,663,552,202
Less dividends for cumulative preferred stock required for the year, net of tax	–	
Net income attributable to common stockholders of the Parent Company (a)	**1,370,467,979**	1,663,552,202
Weighted average number of common shares outstanding (b)	**5,000,000,005**	5,000,000,005
Per share amounts: Basic and diluted EPS (a/b)	**0.27**	0.33

19. **Segment Reporting**

The Group is organized into one reportable segment which is the quarrying, manufacturing and sale and distribution of cement products. The Group also has one geographical segment and derives all its revenues from domestic operations. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial information about the sole business segment is equivalent to the consolidated financial statements of the Group.

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

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 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.

Overview

Eagle Cement Corporation (ECC) is a fully-integrated Corporation primarily engaged in the business of manufacturing, developing, processing, marketing, sale and distribution of cement, cement products, minerals and other by-products. The Company 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 -the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan (the “Bulacan Cement Plant”). The Bulacan Cement Plant consists of three (3) integrated production lines with a combined annual cement production capacity of approximately Eight Million Six Hundred Thousand (8,600,000) Metric Tonnes (“MT”) or Two Hundred Fifteen Million (215,000,000) bags per annum. This is inclusive of the Twelve Million (12,000,000) bags of cement per annum produced by its grinding and packaging facility in Limay, Bataan. It is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of Eagle Cement.

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

About sixty-four percent (64%) of the country’s total cement demand come from Luzon region. Eagle Cement currently distributes its products in the following areas of the Luzon region: National Capital Region, Region I (La Union, Pangasinan), Region II (Cagayan, Isabela, and Nueva Vizcaya), Region III (Nueva Ecija, Bulacan, Pampanga, Tarlac, Bataan, Zambales and Aurora), and Region IVA (Cavite, Laguna, Batangas, Rizal, and Quezon). As of 2022, 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 27% in Luzon, based on internal market survey.

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

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 input 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 process waste flyash into product usable for ready mixed concrete and cement production.

Consolidated Results of Operations and Key Performance Indicators

Consolidated Results of Operations

RESULTS OF OPERATIONS (Q1 2023 vs Q1 2022)

The Group posted a consolidated revenue of ₱7,006.2 million for the first 3 months of operation, 3% growth from the ₱6,829.3 million in the corresponding period last year coming from better selling price. Sales of bagged cement remain the biggest share accounting for 81% while the remaining 19% was derived from bulk cement, with domestic demand still largely coming from the private sector.

Cost of sales increased by 10% to ₱18.14 billion from ₱12.42 billion last year mainly due to higher prices of power and fuel and coupled with higher spending in repairs and maintenance from inflationary effects of the increasing cost of energy.

Thus, the gross profit dropped by 10% to ₱2,334.4 million showing a 12% contraction in profit margin to 33% from 38% last year.

Operating expenses (OPEX) swell by 9% to ₱777.5 million from ₱715.8 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 60.9 million from ₱78.5 million of the same period last year due to continuous repayment of TLFSA noting the decline of interest-bearing loans by 8% to ₱3.73 billion from ₱4.04 billion at the beginning of the year.

Interest income increased significantly by 156% to ₱130.2 million owing to the improved interest rates on short term placements.

Other income increased by 16% to ₱42.3 million from ₱36.6 million in the previous year reflecting the improvement on the market rates of investments in bonds

Provision for income tax increased by 34% to ₱298.0 million from ₱222.6 million owing to the expiration of the third production line's income tax holiday incentive on April 30, 2022.

As a result, Net income after tax (NIAT) dropped by 18% to ₱1,370.5 million from ₱1,663.6 million year-on-year. This translated to earnings per share (EPS) of ₱0.27, 18% lower than last year's ₱0.33.

Earnings before interest, tax, depreciation and amortization (EBITDA) consequently decreased by 12% to ₱1,959.4 million from ₱2,227.1, EBITDA margin registered at 28%.

Net income margin stood at 20% at the end of the period.

Key Components of Consolidated Results of Operations

The table below summarizes the 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	617,26,519	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 30, 2022
Net income	**₱1,370,467,979**	₱1,663,552,202
Add:		
Depreciation and amortization	**360,310,362**	222,582,297
Income tax expense	**297,952,859**	313,328,677
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 CONDITION

The financial condition of the Company for the period ended March 31, 2023 remains solid. Total assets increased by 2% to ₱55,497.7 million from ₱54,589.6 million on December 31, 2022.

Current assets at the end of the period totaled to ₱23,131.2 million, 7% higher against end of 2022 primarily due to the increase in cash and cash equivalents resulting from higher revenue.

Noncurrent assets decreased by 2% to ₱32,366.5 million from ₱33,060.9 million resulting from the reclassification of long-term placements maturing during the year to current assets.

Current liabilities decreased by 3% to ₱5,666.5 million 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 ₱4,225.4 million resulting from the quarterly principal repayments made on the TLFSA.

Stockholders' equity, on the other hand, increased by 3% to ₱45,605.7 million 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.

Analysis of Consolidated Financial Position Information

The below table summarizes the 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	**23,131,302,213**	**21,528,655,153**	1,602,547,060	7%
Noncurrent Assets	**32,366,516,339**	**33,060,944,024**	(694,427,685)	(2%)
Total Assets	**55,497,718,552**	**54,589,599,177**	908,119,375	2%
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**	**44,236,326,035**	1,369,401,180	3%
Total Liabilities and Equity	**55,497,718,553**	**54,589,599,177**	908,119,375	2%

Key Performance Indicators

Relevant Financial Ratios

The following are the major financial indicators being used by the Group:

Financial KPI	Definition	2023	2022
Current/liquidity ratio*	$\frac{\text{Current assets}}{\text{Current liabilities}}$	4.08	3.70
Solvency ratio**	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	0.17	0.17
Debt-to-equity ratio*	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.22	0.23
Asset-to-equity ratio*	$\frac{\text{Total assets}}{\text{Total equity}}$	1.22	1.23
Return on asset ratio**	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	0.03	0.03
Return on equity ratio**	$\frac{\text{Net income}}{\text{Average total equity}}$	0.03	0.04

**Comparative balance for 2023 is as at December 31, 2022.*

***Comparative balance for 2022 is as at and for the three months ended March 31, 2022.*

Liquidity and Capital Resources

Cash Flow

The primary sources and uses of cash of the Group for the first three months ended March 31, 2022 and 2021 are summarized below.

	March 31, 2023	March 31, 2022
Net cash provided by operating activities	**₱1,609,835,670**	₱2,923,413,078
Net cash used in investing activities	**(309,587,6746)**	(585,318,464)
Net cash used in financing activities	**(374,337,299)**	(347,198,680)
Net increase (decrease) in cash and cash equivalents	**925,910,624**	1,990,895,934
Effects of exchange rate changes	**(1,859,4180**	(267,219)
Cash and cash equivalents at beginning of period	**9,547,285,54**	11,645,049,344
Cash and cash equivalents at end of period	**₱10,471,336,720**	₱13,635,678059

Net cash provided by operating activities arises from the following:

	March 31, 2023	March 31, 2022
Operating income before working capital changes	**₱1,913,935,231**	2,194,001,861
Decrease/(Increase) in net working capital	**(379,272,078)**	748,730,191
Interest received	**129,329,092**	45,142,202
Income taxes paid	**(54,156,575)**	(64,461,176)
Net cash provided by operating activities	**₱1,609,835,670**	₱2,923,413,078

The net decrease in 2023 net working capital pertains mainly on the lower profitability given the significant increase in costs and expenses.

Net cash used in investing activities are mainly attributed to the expansion projects in Bulacan plant.

Net cash used in financing activities include the following:

	March 31, 2023	**March 31, 2022**
Payment of loans payable	**311,500,000**	267,000,000
Payments of interest	**60,587,832**	77,340,346
Payment of lease liabilities	**2,249,467**	2,858,334

Net cash used in investing activities are mainly spent for the completion of the expansion projects in Bulacan plant and additional investment in bonds.

Net cash used in financing activities pertain to principal and interest payment related to the TLFSA.

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. Participating financial institutions include, Asia United Bank Corporation, Bank of Commerce, China Banking Corporation, Development Bank of the Philippines, Philippine Bank of Communications, Philippine National Bank, Security Bank Corporation, Standard Chartered Bank and United Coconut Planters Bank.

Under the terms and conditions of the TLFSA the Parent Company has the following material covenants:

- Debt Service Cover Ratio of not less than 1.50x;
- Debt Equity Ratio not to exceed 2.50x;
- Declaration and payment of dividends is limited to up to 50% of its net income of the previous fiscal year; and
- Secure approval in writing from the Majority Lenders (Lenders whose commitment constitutes at least 51% of the total loan facility) for any share issuance except (a) issue of shares to existing shareholders proportionate to their respective shareholding fully paid in cash or by way of stock dividends; or (b) issue of qualifying or nominal shares to nominee directors.

As of March 31, 2023, the Parent Company is in compliance with its debt covenants.

Capital Expenditures

Capital expenditures include expenditures for land, building and improvements, machinery and equipment, furniture, fixture and other office equipment, transportation equipment, ROU assets and construction in progress, as follows:

	March 31, 2023	December 31, 2022
Land	–	52,416,521
Machinery and equipment	**174,424,289**	47,763,769
Building and improvements	**577,999**	–
Transportation equipment	–	–
Furniture, fixtures and other office equipment	–	3,244,416
Construction in progress	**130,138,417**	1,389,099,278
Total	**305,140,705**	1,492,523,984

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:

MONICA L. ANG-MERCADO
Treasurer/Chief Finance Officer
Date: May 15, 2023

JOHN PAUL L. ANG
President/Chief Executive Officer
Date: May 15, 2023