COVER SHEET

AS 95 - 005885

EAGLE CEMENT CORPORATION

(Company's Full Name)

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

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

Marlon P. Javarro
(Contract Person)

(02) 5301-3453
(Company Telephone Number)

12	31	20-IS	06	23
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA
(Secondary License Type, If Applicable)

MSRD
Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/section

Total Amount of Borrowings

48*	₱4.3 Billion*	-
Total No. of Stockholders **as of Sep 30, 2022*	Domestic	Foreign

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To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

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STAMPS

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [✓] Definitive Information Statement

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

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

4. SEC Identification Number **AS95005885**

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

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

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

8. Date, time and place of the meeting of security holders
   Not Applicable.

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
   The Definitive Information Statement shall be made available to Stockholders by November 28, 2022, or as soon as approved by the SEC.

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding (as of October 30, 2022)
COMMON	**5,000,000,005**

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

    Yes [✓] No [ ]

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

    PHILIPPINE STOCK EXCHANGE - 5,000,000,005 COMMON

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Written Assent

For the purpose of approving the voluntary delisting of **Eagle Cement Corporation** (the "**Company**"), the approval by the stockholders of the Company by written assent shall be solicited pursuant to the requirements of the Philippine Stock Exchange ("**PSE**") and in accordance with the Revised Corporation Code of the Philippines ("**RCCP**").

The stockholders are requested to signify their vote on the proposed voluntary delisting of the Company by filling up and returning the attached written assent form by mail or email to:

EAGLE CEMENT CORPORATION
Address: 2/F SMITS Corporate Center,
No. 155 EDSA, Barangay Wack-Wack, Mandaluyong City.
Attention: The Corporate Secretary
E-mail: corporatesecretary@eagle-cement.com.ph

This Information Statement shall be sent to security holders as soon as practicable after the approval hereof by the Securities and Exchange Commission. The Information Statement is first to be sent to stockholders on November 28, 2022.

The Corporation is not soliciting proxies.

Dissenters' Right of Appraisal

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

There are no matters or proposed actions covered under this Information Statement and the attached written assent form that will give rise to a possible exercise by shareholders of their appraisal rights as provided in the RCCP and summarized above.

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

No director or officer of the Corporation, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon.

No director has informed the Company of his opposition to any matter to be taken by the Company pursuant to the solicitation of the written assent of stockholders.

Additional Information in connection with the matters for written assent of stockholders

San Miguel Equity Investments Inc. ("**SMEII**") intends to acquire, through a private sale, a total of 4,425,123,001 common shares of the Company ("**Sale Shares**"), which constitute approximately 88.50% of the total outstanding capital stock of the Company, at a purchase price of ₱22.02 per Sale Share (the "**Sale and Purchase Transaction**").

Details of the Sale Shares are as follows:

Share Sellers	No. of Sale Shares	Percentage of Share Capital
Far East Holdings, Inc.*	**3,010,714,293**	**60.221%**
Ramon S. Ang	**1,317,857,139**	**26.36%**
John Paul L. Ang	**96,428,569**	**1.93%**
Monica L. Ang-Mercado	**123,000**	**0.00%**
TOTAL	**4,425,123,001**	**88.50%**

** Includes shares held by nominee directors*

Ramon S. Ang is Chairman of the Board of Directors of the Company. John Paul L. Ang is the President and Chief Executive Officer of the Company, and Monica L. Ang-Mercado is a Director and the Chief Finance Officer, Treasurer, EVP for Business Support Group and Risk Oversight Officer of the Company.

In compliance with the Securities Regulation Code ("**SRC**") and the Implementing Rules and Regulations of the SRC ("**SRC Rules**"), SMEI is conducting a mandatory tender offer to acquire a total of 574,877,004 common shares of the Company held by other shareholders of the Company, representing approximately 11.50% of its outstanding capital stock ("**Tender Offer**"). The Tender Offer commenced on November 11, 2022 and will end on December 5, 2022.

Subject to the approval of the Philippine Stock Exchange ("**PSE**"), the Company intends to voluntarily delist from the Main Board of the PSE after the completion of the Tender Offer ("**Voluntary Delisting**"). At a special meeting held on October 7, 2022, the Board of Directors of the Company has approved the Voluntary Delisting subject to: (1) the closing of the Sale and Purchase Transaction and the Tender Offer; (2) the acquisition by SMEII of more than 90% of the total outstanding shares of the capital stock of the Company; and (3) the approval of the shareholders of the Company.

<u>CONTROL AND COMPENSATION INFORMATION</u>

Voting Securities and Principal Holders Thereof

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

All stockholders of record as of November 25, 2022 are entitled to notice and to vote via written assent. Each stockholder shall be entitled to one (1) vote for each common share of stock held as of the record date.

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

Security Ownership of Record and Beneficial Owners of more than five per cent (5%) of the Corporation's Voting Stock as of October 30, 2022.

Title of Class	Names and addresses of record owners and relationship with the Corporation	Names of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	Far East Holdings, Inc.* (Filipino) 153 EDSA, Mandaluyong City	Record Holder same as Beneficial Owner	Filipino	3,010,714,288 (D)	60.21%
Common	Ramon S. Ang (Filipino)	Record Holder same as Beneficial Owner	Filipino	1,317,857,139 (D)	26.36%

** 100%-owned by Ramon S. Ang*

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

Far East Holdings, Inc. shall be represented by its Chairman and President, Ramon S. Ang, who is authorized to vote its shares.

Security Ownership of Management as of October 30, 2022

Title of Class	Names of beneficial owner	Position	Amount and nature of beneficial ownership	Citizenship	% to Total Outstanding
CEO and FOUR MOST HIGHLY COMPENSATED OFFICERS					
Common	John Paul L. Ang	President and Chief Executive Officer	96,428,569 (D)	Filipino	1.93%
Common	Manny C. Teng	General Manager and Chief Operating Officer	1 (D)	Filipino	-
Common	Monica L. Ang-Mercado	Chief Finance Officer and Treasurer, Executive Vice-President for Business Support Group	123,000 (I) 1 (D)	Filipino	-
Common	Manuel P. Daway	Vice-President for Operations	1 (D)	Filipino	-
Common	Jens Christian Enemark Lund	Manufacturing Transformation Director	-	Danish	-
OTHER DIRECTORS AND OFFICERS					
Common	Ramon S. Ang	Chairman	1,317,857,139 (D) 3,010,714,288 (I)	Filipino	86.57%
Common	Mario K. Surio	Director	1 (D)	Filipino	-
Common	Luis A. Vera Cruz, Jr.	Director	1 (D)	Filipino	-

Common	Melinda Gonzales-Manto	Independent Director	1 (D)	Filipino	-
Common	Ricardo C. Marquez	Independent Director	1 (D)	Filipino	-
Common	Martin S. Villarama, Jr.	Independent Director	1 (D)	Filipino	-
Common	Winston A. Chan	Independent Director	100(I)	Filipino	-
Common	Fabiola B. Villa	SVP for Legal and Compliance/Data Protection Officer/ Compliance Officer	-	Filipino	-
Common	Marlon P. Javarro	Assistant Corporate Secretary/Related Party Transaction Officer/AVP for Finance	-	Filipino	-
Common	Mercedes V. Jorquia	Chief Audit Executive	-	Filipino	-
Common	Maria Farah Z.G. Nicolas-Suchianco	Corporate Secretary	-	Filipino	-
		Total (D)	1,414,285,716		
		Total (I)	3,010,837,388		
		TOTAL	**4,425,123,104**		88.50%

(D) – Direct
(I) – Indirect; shares are lodged with PDTC

Voting Trust Holders of 5% or More

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

Changes in Control

There has been no change in the control of the Corporation since the beginning of its last fiscal year. On 05 October 2022, the Corporation received information that an agreement for the sale and purchase of shares in the Corporation was executed between San Miguel Equity Investments Inc. ("**SMEI**") as the Purchaser, and Far East Holdings, Inc. ("**FEHI**"), Ramon S. Ang, John Paul L. Ang and Monica L. Ang (collectively known as the "Seller Group") whereby the Seller Group shall sell its 4,425,123,001 common shares or 88.50% ownership in the Company, subject to and upon the fulfillment of certain conditions precedent to closing. The purchase price for the Sale Shares is ₱22.02 per Sale Share or an aggregate purchase price of Php97,441,208,482.02.

On November 7, 2022, SMEI has provided the Corporation a copy of its submission to the SEC and PSE of a tender offer report (SEC Form 19-1) in connection with its conduct of a tender offer to the remaining shareholders of the Corporation holding 11.5% of the Corporation's total outstanding capital stock. The tender offer is being made to comply with the requirements of the Securities Regulation Code for SMEI to conduct a mandatory tender offer. The Company has also requested the PSE to consider the Tender Offer as the tender offer required under the PSE Delisting Rules. In a letter dated 18 November 2022, the PSE approved the request for the Tender Offer as sufficient compliance with the tender offer requirement under Section 2(d) of the PSE Delisting Rules provided that the Company obtains the required written assent by November 29, 2022 and discloses the same in accordance with the PSE Disclosure Rules.

Directors and Executive Officers

No action or matter with respect to the election of directors or executive officers of the Company will be taken pursuant to the solicitation of the written assent of stockholders.

Independent Public Accountants

No action or matter with respect to the independent public accountants of the Company will be taken pursuant to the solicitation of the written assent of stockholders.

ISSUANCE AND EXCHANGE OF SECURITIES

No action or matter with respect to the authorization or issuance of any securities will be taken by the Company pursuant to the solicitation of the written assent of stockholders.

OTHER MATTERS

On October 7, 2022, the Board of Directors of the Company unanimously approved the voluntary delisting of the Company from the PSE. The approval of the Board of Directors of the voluntary delisting includes the filing of the Petition for Voluntary Delisting with the PSE and the filing of the Petition for Voluntary Revocation of the Company's Registration Statement under the Securities Regulation Code.

The approval of the stockholders holding common shares of the Company is sought in compliance with the Voluntary Delisting Rules of the PSE.

REQUEST FOR WRITTEN ASSENT

At the special meeting of the Board of Directors of the Corporation held on October 7, 2022, the Board acknowledged the Sale and Purchase Transaction and the resulting conduct by SMEI of a mandatory tender offer to purchase the remaining shares of the Corporation (the "**Tender Offer**") and approved the following resolutions:

(1) the Corporation shall extend its cooperation to SMEI and fully support the Tender Offer process;

(2) subject to (a) the closing of the Sale and Purchase Transaction and the Tender Offer; (b) the acquisition by SMEI of more than 90% of the total outstanding shares of the capital stock of the Corporation; and (c) the approval of the shareholders of the Corporation, the Corporation shall apply for the voluntary delisting of its shares on the PSE in accordance with the PSE Delisting Rules, as amended, the Securities Regulation Code ("**SRC**") and its Implementing Rules and Regulations, and any and all applicable rules and regulations; and

(3) a special meeting of the shareholders of the Corporation for the purpose of approving the aforementioned voluntary delisting shall be held on such date as shall hereafter be determined by Management and/or the President.

At the regular meeting of the Board of Directors held on November 11, 2022, the Board of Directors of the Corporation, upon the recommendation of Management, approved the obtaining of the written assent of the stockholders of the Corporation for its voluntary delisting.

The written assent of the stockholders of the Corporation is sought for the purpose of approving the voluntary delisting of the Corporation from the Main Board of the PSE.

VOTING PROCEDURES

The written assent of the stockholders holding 2/3 of the total issued and listed shares of the Company shall be required for the approval of the voluntary delisting. Further, the number of votes cast against the delisting proposal should not be more than 10% of the total outstanding and listed shares of the Company.

Stockholders of record are entitled to one vote per share.

Voting shall be made through written assent, as evidenced by the written assent form attached to this Information Statement, accomplished in all parts and duly received by mail or email at the address below:

EAGLE CEMENT CORPORATION

Address:	2/F SMITS Corporate Center, No. 155 EDSA, Barangay Wack-Wack, Mandaluyong City.
Attention:	The Corporate Secretary
E-mail:	corporatesecretary@eagle-cement.com.ph

The written assent form must be signed by the stockholders on record or by his/her authorized representative or proxy. If voting by proxy, the proxy form should be submitted along with the accomplished written assent form.

Voting requirements

The approval of the voluntary delisting requires the written assent of stockholders representing 2/3 of the total issued and outstanding common shares of the Company equivalent to 3,333,333,337 common shares. Further, the number of votes cast against the voluntary delisting should not be more than 10% of the total outstanding and listed shares of the Company.

Method of counting votes

All votes shall be tabulated by the Corporate Secretary, assisted by the Company's stock transfer agent, Rizal Commercial Banking Corporation - Trust Division. The votes shall be counted based on the filled-up written assent form attached to this Information Statement and received from stockholders of the Company. **As soon as the affirmative votes reach at least 90% of the total issued and outstanding common shares, the voluntary delisting shall be considered approved by the stockholders.**

UNDERTAKING

The Company will post and make available for download the full version of this SEC Form 20-IS (Definitive Information Statement), together with all its annexes including SEC form 17-Q for the period ended September 30, 2022 on the company website www.eaglecement.com.ph, upon its approval by the Securities and Exchange Commission.

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

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

or

loydeleon@gselawfirm.com
juliantorcuator@gselawfirm.com

SIGNATURE

After reasonable inquiry and to the best of my knowledge and on behalf of the Corporation, I certify that the information set forth in this report is true, complete and correct. This report is signed in Pasig City on November 24, 2022.

EAGLE CEMENT CORPORATION

By:

MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

WRITTEN ASSENT FORM

In accordance with the requirements of the Philippine Stock Exchange ("**PSE**") and in accordance with the Revised Corporation Code of the Philippines in connection with the voluntary delisting of Eagle Cement Corporation (the "**Company**") from the PSE, the undersigned stockholder hereby votes as follows:

_____ **IN FAVOR** of the voluntary delisting of the Company from the PSE.

_____ **AGAINST** the voluntary delisting of the Company from the PSE.

____
Printed Name and Signature of the Stockholder

No. of shares held: _________________________

Date: __________________

EAGLE CEMENT CORPORATION
Head Office: 2/F Smits Corporate Center, 155 Brgy. Wack Wack, EDSA
Mandaluyong City, Philippines
Plant: Bgy. Akle, San Ildefonso Bulacan, Philippines
Tel. No.: (+632) 5-301-3453
www.eaglecement.com.ph

11 November 2022

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

Attention: Dir. Vicente Graciano P. Felizmenio Jr.
Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.
6th Floor, PSE Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: Eagle Cement Corporation: **SEC Form 17-Q (Quarterly Report) – 30 September 2022**

Gentlemen:

Please see attached SEC Form 17-Q (Quarterly Report) of Eagle Cement Corporation for the period ended 30 September 2022.

Kindly acknowledge receipt.

Thank you.

Very truly yours,

ATTY. FABIOLA B. VILLA
Compliance Officer

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 **30 September 2022**

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 September 30, 2022 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.

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, 2021, and the unaudited interim consolidated financial statements as at September 30, 2022 and for the nine months ended September 30, 2022 and 2021 and selected notes to the unaudited interim consolidated financial statements of Eagle Cement Corporation (Eagle Cement or the Parent Company) and its subsidiaries (collectively referred to as the “Group”) are filed as part of this Form 17.

Eagle Cement is a fully-integrated Company 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 2021 revenues, with the fastest growing market share among all competitors in the industry since it started commercial operations in 2010. The Company was incorporated and registered with the Securities and Exchange Commission (SEC) on June 21, 1995.

The Parent Company currently employs 598 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, the Parent Company’s initial public offering (IPO) of 500,000,000 common shares at PhP15.00 per share by way of primary offer with optional shares of up to 75,000,000 common shares by way of secondary offer culminated with the listing and trading under the Main Board of the Philippine Stock Exchange (PSE).

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022

(With Comparative Audited Figures as at December 31, 2021)

	Note	**September 30, 2022**	December 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱9,628,529,029**	₱11,645,049,344
Financial assets at fair value through profit or loss (FVPL)	6	**4,993,502,966**	4,868,682,658
Trade and other receivables	7	**1,206,039,041**	1,028,364,218
Inventories	8	**2,032,314,309**	1,690,426,733
Other current assets	9	**1,115,557,590**	1,161,284,626
Total Current Assets		**18,975,942,935**	20,393,807,579
Noncurrent Assets			
Investment in an associate		**–**	75,000,000
Financial assets at fair value through other comprehensive income (FVOCI)	14	**101,279,325**	105,679,875
Property, plant and equipment	10	**30,088,522,688**	27,723,632,795
Investment properties		**2,007,959,435**	1,753,172,245
Intangible assets		**1,672,593,445**	1,707,247,353
Other noncurrent assets	11	**1,269,484,719**	1,475,756,704
Total Noncurrent Assets		**35,139,839,612**	32,840,488,972
		₱54,115,782,547	₱53,234,296,551
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**₱3,934,052,234**	₱4,363,019,469
Current portion of installment payable		**2,728,656**	–
Current portion of loans payable	13	**1,239,418,405**	1,195,127,948
Current portion of lease liabilities		**12,968,441**	12,221,931
Income tax payable		**224,651,404**	84,601,850
Total Current Liabilities		**5,413,819,140**	5,654,971,198
Noncurrent Liabilities			
Loans payable - net of current portion	13	**3,109,992,076**	4,040,380,818
Lease liability - net of current portion		**32,432,497**	35,500,277
Net retirement benefit liability		**106,743,548**	122,801,864
Provision for mine rehabilitation and decommissioning		**51,833,842**	50,026,848
Installment payable – net of current portion		**19,591,236**	–
Net deferred tax liabilities	16	**1,555,185,235**	1,126,614,793
Total Noncurrent Liabilities		**4,875,778,434**	5,375,324,600
Total Liabilities		**₱10,289,597,574**	₱11,030,295,798
Equity	15		
Capital stock		**₱8,000,000,005**	₱8,000,000,005
Additional paid-in capital		**6,525,506,098**	6,525,506,098
Retained earnings:			
Appropriated		**16,000,000,000**	16,000,000,000
Unappropriated		**11,789,754,250**	11,568,997,758
Treasury stock		**(3,000,000,000)**	(3,000,000,000)
Other equity reserves		**4,435,776,326**	3,109,496,892
Equity attributable to equity holders of the Parent Company		**43,751,036,679**	42,204,000,753
Non-controlling interests		**75,148,294**	–
Total Equity		**43,826,184,973**	42,204,000,753
		₱54,115,782,547	₱53,234,296,551

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS AND THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

		2022		2021	
	Note	**July 1 to September 30**	**January 1 to September 30**	July 1 to September 30	January 1 to September 30
NET SALES		**₱6,399,243,934**	**₱20,078,814,942**	₱5,185,437,271	₱16,242,872,469
COST OF GOODS SOLD		**4,511,922,819**	**13,366,261,712**	3,017,576,491	8,952,042,081
GROSS PROFIT		**1,887,321,115**	**6,712,553,230**	2,167,860,780	7,290,830,388
OPERATING EXPENSES		**689,192,227**	**2,142,265,497**	586,296,528	1,658,934,094
INCOME FROM OPERATIONS		**1,198,128,888**	**4,570,287,733**	1,581,564,252	5,631,896,294
FINANCE COSTS		**(70,104,818)**	**(223,663,082)**	(88,212,882)	(275,030,398)
INTEREST INCOME		**69,658,976**	**168,965,410**	49,556,530	169,202,649
OTHER INCOME - Net		**347,965,005**	**476,435,181**	60,136,853	164,812,118
INCOME BEFORE INCOME TAX		**1,545,648,051**	**4,992,025,242**	1,603,044,753	5,690,880,663
INCOME TAX EXPENSE (BENEFIT)	16				
Current		**290,429,276**	**786,258,300**	223,941,030	624,567,548
Deferred		**–**	**(14,989,553)**	(3,364,309)	(12,294,869)
		290,429,276	**771,268,747**	220,576,721	612,272,679
NET INCOME		**1,255,218,775**	**4,220,756,495**	1,382,468,032	5,078,607,984
OTHER COMPREHENSIVE INCOME					
Revaluation surplus (net of deferred tax)		**–**	**1,330,679,984**	–	571,243,750
Unrealized gains (losses) on financial assets at FVOCI		**(733,425)**	**(4,400,550)**	(133,350)	2,800,350
Reversal of deferred tax on:					
Revaluation surplus	16	**–**	**–**	–	165,676,240
Remeasurement losses on net retirement benefit liability	16	**–**	**–**	–	1,666,458
		(733,425)	**1,326,279,434**	(133,350)	741,386,798
TOTAL COMPREHENSIVE INCOME		**₱1,254,485,350**	**₱5,547,035,929**	₱1,382,334,682	₱5,819,994,782
Basic/Diluted Earnings Per Share	17	**₱0.25**	**₱0.84**	₱0.28	₱1.02

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

		Capital Stock - ₱1 par value		Additional	Retained Earnings		Other Equity Reserves					
	Note	Common Stock	Preferred Stock	Paid-in Capital	Appropriated	Unappropriated	Revaluation Surplus (Net of Deferred Tax)	Cumulative Remeasurement Gains (Losses) on Net Retirement Benefits Liability (Net of Deferred Tax)	Cumulative Unrealized Gains on Financial Assets at FVOCI	Non-controlling interest	Treasury Stock	Total Equity
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		–	–	–	–	**4,220,756,495**	–	–	–	–	–	**4,220,756,495**
Other comprehensive income		–	–	–	–	–	**1,330,679,984**	–	**(4,400,550)**	–	–	**1,326,279,434**
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	**75,148,294**	–	**75,148,294**
Cash dividends declared	15	–	–	–	–	**(4,000,000,003)**	–	–	–	–	–	**(4,000,000,003)**
Balances as at September 30, 2022		**₱5,000,000,005**	**₱3,000,000,000**	**₱6,525,506,098**	**₱16,000,000,000**	**₱11,789,754,250**	**₱4,387,067,331**	**₱47,442,170**	**₱1,266,825**	**₱75,148,294**	**(₱3,000,000,000)**	**₱43,826,184,973**
Balances as at December 31, 2020		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱8,843,203,656	₱2,319,467,358	₱23,330,422	₱3,067,050	₱–	(₱3,000,000,000)	₱38,714,574,589
Net income		–	–	–	–	5,078,607,984	–	–	–	–	–	5,078,607,984
Other comprehensive income		–	–	–	–	–	736,919,990	1,666,458	2,800,350	–	–	741,386,798
Cash dividends declared	15	–	–	–	–	(3,300,000,003)	–	–	–	–	–	(3,300,000,003)
Balances as at September 30, 2021		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱10,621,811,637	₱3,056,387,348	₱24,996,880	₱5,867,400	₱–	(₱3,000,000,000)	₱41,234,569,368

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱4,992,025,242**	₱5,690,880,663
Adjustments for:		
Depreciation and amortization	**980,108,435**	874,904,886
Finance costs	**223,663,082**	275,030,398
Gain on conversion of investment in preference shares	**(206,749,027)**	–
Interest income	**(168,965,408)**	(169,202,649)
Dividend income	**(156,760,936)**	(158,355,171)
Trading losses on financial assets at FVPL	**73,794,693**	16,008,074
Unrealized foreign exchange gains	**(41,213,931)**	(878,723)
Retirement benefit costs	**22,939,887**	30,548,600
Gain on sale of equipment	**(3,424,290)**	(462,628)
Loss on cancellation of finance lease receivables	**–**	15,354,833
Operating income before working capital changes	**5,715,417,747**	6,573,828,283
Decrease (increase) in:		
Trade and other receivables	**((70,546,566))**	149,329,714
Inventories	**(220,324,325)**	301,164,622
Other current assets	**94,158,194**	(8,042,094)
Other noncurrent assets	**20,540**	1,446,223
Increase in trade and other payables	**(533,193,566)**	304,687,798
Net cash generated from operations	**4,985,532,024**	7,322,414,546
Income taxes paid	**(646,208,745)**	(644,799,440)
Interest received	**154,263,824**	137,490,774
Contributions to plan assets	**(39,595,445)**	–
Net cash provided by operating activities	**4,453,991,658**	6,815,105,880
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	**(1,043,303,318)**	(464,724,808)
Investment properties	**(254,787,190)**	(1,515,677)
Financial assets at FVPL	**(250,000,001)**	–
Deposit on asset purchase	**(53,033,039)**	(424,938,808)
Intangible asset	**(7,442,901)**	(52,296,050)
Deposit for future investment	**(101,370)**	(3,500,000)
Dividends received	**156,760,958**	156,667,154
Collection of finance lease receivable	**–**	4,270,093
Proceeds from sale of:		
Financial assets at FVPL	**51,385,000**	11,130,958
Property, plant and equipment	**3,264,481**	925,256
Net cash used in investing activities	**(1,397,257,380)**	(773,981,882)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Dividends	**(4,000,000,004)**	(1,650,000,001)
Loans	**(890,000,000)**	(801,000,000)
Interest	**(219,770,353)**	(269,228,993)
Lease liability	**(4,698,167)**	(8,158,807)
Net cash used in financing activities	**(5,114,468,524)**	(2,728,387,801)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,057,734,246)**	3,312,736,197
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**41,213,931**	878,723
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**11,645,049,344**	11,466,255,207
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱9,628,529,029**	₱14,779,870,127

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

AGING OF TRADE AND OTHER RECEIVABLES

AS AT SEPTEMBER 30, 2022

	Total	Current	1- 30 Days	31- 60 Days	61-90 Days	91-365 Days	365 Days or More
Trade	₱667,637,855	₱331,960,904	₱316,579,297	₱9,381,478	₱4,465,502	₱4,497,463	₱753,211
Nontrade	506,685,409	450,360,130	1,730,868	448,758	105,049	38,926,504	15,114,100
Others	31,715,777	–	–	–	–	–	31,715,777
Total	₱1,206,039,041	₱782,321,034	₱318,310,165	₱9,830,236	₱4,570,551	₱43,423,967	₱47,583,088

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(With Comparative Information for 2021)

1. **General Information**

Corporate Information

Eagle Cement Corporation (ECC or the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 21, 1995. The Parent Company and its wholly-owned subsidiaries, South Western Cement Corporation (SWCC), KB Space Holdings, Inc. (KSHI) and Solid North Mineral Corp. (SNMC) are collectively referred to herein as "the Group". SWCC, KSHI and SNMC are also incorporated in the Philippines and registered with the SEC.

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

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

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

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	November 18, 2030	Limestone	Development
SWCC	060-96-VII	Lo-oc, Malabuyoc, Cebu	November 18, 2030	Limestone	Development
Mindanao site-					
SNMC	083-97-IX	Siayan, Sindangan and Jose Dalman, Zamboanga del Norte	November 20, 1997	Copper and gold	Exploration

*Started commercial operations for the production of limestone in 2010.
**Started commercial operations for the production of shale and pozzolan, and pulverized limestone in January 2016 and April 2019, respectively.

These MPSAs have a term of 25 years from the issuance date and may be renewed thereafter for another term not exceeding 25 years. On August 6, 2020, the MGB approved the extension of the terms of the MPSAs 059-96-VII and 060-96-VII from Cebu sites for a period of nine (9) years until November 18, 2030. As of June 30, 2022, the Group is in the process of applying for the extension of the term of MPSAs 100-97-VII and 101-97-VII from Cebu sites.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

The unaudited interim consolidated financial statements of the Group as at and for the nine months ended September 30, 2022 have been prepared in accordance with the Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting* and in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC.

This financial reporting framework includes PFRS, PAS and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

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
Investment properties	Fair Value
Land, included as part of "Property, plant and equipment"	Revalued Amount

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

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

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

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

Adoption of Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

Effective January 1, 2022:

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

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

- Annual Improvements to PFRS 2018 to 2020 Cycle:

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

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

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at June 30, 2022 and have not been applied in preparing the unaudited interim consolidated financial statements, are summarized below:

Effective January 1, 2023:

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

Deferred effectivity –

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

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

Basis of Consolidation

The unaudited interim consolidated financial statements consist of the unaudited interim financial statements of the Parent Company and its wholly-owned subsidiaries.

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

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

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

If there is a loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and 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.

Goodwill. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the fair value of the net assets acquired, including 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 included under the "Intangible assets" account in the unaudited interim consolidated statements of financial position, 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.

Financial Instruments

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

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

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

Financial Assets

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

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

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

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

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

As at September 30, 2022 and December 31, 2021, the Group's cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), Debt Service Reserve Account (DSRA), long-term placements, refundable deposits, deposit in escrow, and restricted cash are classified under this category.

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

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

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

As at September 30, 2022 and December 31, 2021, the Group irrevocably designated certain quoted investments in equity securities as financial assets at FVOCI because the Group considers these investments to be strategic in nature.

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

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

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

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

As at September 30, 2022 and December 31, 2021, the Group's investments in quoted debt and equity securities and investment in unquoted redeemable perpetual securities are classified under this category.

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

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

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

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

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

Impairment of Financial Assets at Amortized Cost. The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with all debt instruments not held at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

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

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

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

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

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

Financial Liabilities

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

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

As at September 30, 2022 and December 31, 2021, the Group does not have financial liabilities at FVPL.

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

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at September 30, 2022 and December 31, 2021, the Group's trade and other payables (excluding advances from customers and statutory payables), loans payable and lease liabilities are classified under this category.

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

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

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

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

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). The cost of raw materials is calculated based on moving average method while the cost of goods in process and finished goods are calculated based on standard costing method. Standard cost is adjusted to reflect actual cost which is principally determined using the moving average method. The cost of finished goods and goods in process comprise raw materials, direct labor and other direct costs and related production overheads. The NRV of raw materials, goods in process and finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and of marketing and distribution.

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

Other Nonfinancial Current Assets

Other nonfinancial current assets include advances to suppliers and prepayments.

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

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

Property, Plant and Equipment

Land is accounted for using the revaluation model.

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

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

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

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

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

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

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

Depreciation and amortization of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

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

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

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

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

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

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 they 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.

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

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

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

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

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

Intangible assets are stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. Intangible assets are amortized over their useful lives on a straight-line basis and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets with finite useful lives are recognized in profit or loss.

The useful life of an intangible asset 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 benefit the Group. The useful lives of the intangible assets are as follows:

	Number of Years
Mining rights	25
Computer software	10

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

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.

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 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 statement of financial position and recognized as revenue in the unaudited interim consolidated statement of comprehensive income when the goods for which the advances were made are delivered to the customers.

Value-Added Tax (VAT)

VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee, or lessee of goods, 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 Regulation (RR) No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

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

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

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

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

Equity

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

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

Additional Paid-in Capital (APIC). Additional paid-in capital 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 or loss, 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 Parent Company recognizes a liability to make cash or non-cash distributions to its equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Parent Company. A corresponding amount is recognized directly in equity.

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

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

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform 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.

Revenue from contracts with customers are recognized as follows:

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

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

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

Interest Income. Interest income is recognized 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.

Cost and Expense Recognition

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

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

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

Employee Benefits

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

Retirement Benefits. Retirement benefits costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed annually by a qualified actuary. When the calculation results in a potential asset for the 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 current service costs and net interest costs or income, in profit or loss.

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

Remeasurements of the net retirement benefits 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 benefits liability recognized by the Group is the aggregate of the present value of the defined benefits 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 benefits 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 a 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.

The Group assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from use of the identified asset; and,
ii. the right to direct the use of the identified asset.

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 a lease liability 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.

Lease payments included in the measurement of a lease liability 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 the lease liability 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. The lease liability is 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. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

Income Taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax over the regular corporate income tax and unused net operating loss carryover, 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 credits and 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 assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Related Party Transactions
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities. Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to nonrelated parties in an economically comparable market.

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

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

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, the estimated future cash flows are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for Mine Rehabilitation and Decommissioning. Mine rehabilitation costs will be incurred by the Group either while operating or at the end of the operating life of the Group's facilities and mine properties. The Group assesses its provision for mine decommissioning and rehabilitation 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 included in "Other noncurrent assets" account in the unaudited interim consolidated statement of financial position.

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

Earnings per Share (EPS)

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

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

Events After the Reporting Date

Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the unaudited interim consolidated financial statements.

Post year-end events that are not adjusting events are disclosed in the notes to the unaudited interim consolidated financial statements when material.

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3. Significant Judgments, Accounting Estimates and Assumptions

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

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

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

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

Judgments

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

At initial recognition, the Group irrevocably designated its investments in equity securities either as financial assets at FVOCI 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.

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 started their production and commercial operations in 2010. As at June 30, 2022, the Cebu mining sites have not yet started commercial operations.

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 nine months ended September 30, 2022 and 2021. The carrying amount of trade receivables is ₱668.5 million and ₱412.4 million as at September 30, 2022 and December 31, 2021, 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 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

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 September 30, 2022 and December 31, 2021. The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**September 30, 2022**	December 31, 2021
Cash in banks and cash equivalents	5	**₱9,627,548,777**	₱11,644,038,785
Other receivables*	7	**530,461,851**	606,758,716
Long-term placements	11	**650,000,000**	650,000,000
DSRA	9	**367,737,249**	333,128,296
Restricted cash	11	**69,067,579**	67,977,321
Refundable deposits	11	**63,842,934**	64,017,934
Deposit in escrow	11	**44,581,295**	44,581,295

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 September 30, 2022 and December 31, 2021, the cost of inventories is lower than its NRV. The carrying amount of inventories is ₱2,032.3 million and ₱1,690.4 million as at September 30, 2022 and December 31, 2021, respectively (see Note 8).

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 twenty-five (25) years pursuant to Republic Act (R.A.) 7942, the Philippine Mining Act of 1995.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment 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 nine months ended September 30, 2022 and 2021.

The carrying amount of property, plant and equipment (excluding land and construction in progress) is ₱21,488.7 million and ₱18,807.6 million as at September 30, 2022 and December 31, 2021, respectively (see Note 10). The carrying amount of mining rights (included as component of "Intangible assets" account) is ₱1,169.7 million and ₱1,196.5 million as at September 30, 2022 and December 31, 2021, respectively.

Leases – Estimation of the Incremental Borrowing Rate. 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.

The Group has applied incremental borrowing rates ranging from 7.73% to 7.91% for the computation of lease liabilities and ROU assets. Lease liabilities amounted to ₱45.4 million and ₱47.7 million as at September 30, 2022 and December 31, 2021, respectively. ROU assets amounted to ₱34.0 million and ₱36.6 million as at September 30, 2022 and December 31, 2021, respectively.

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

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

No impairment loss on nonfinancial assets was recognized for the nine months ended September 30, 2022 and 2021. The carrying amounts of nonfinancial assets are as follows:

	Note	**September 30, 2022**	December 31, 2021
Property, plant and equipment	10	**₱30,088,522,688**	₱27,723,632,795
Intangible assets*		**1,341,009,537**	1,375,663,446
Deposits on asset purchase	11	**376,247,381**	583,855,838
Prepayments	9	**259,498,212**	229,602,106
Advances to suppliers	9	**209,300,475**	418,289,171
Deferred input VAT	9	**202,247,913**	138,158,026
Deferred exploration and evaluation costs		**44,678,353**	44,678,353
Advances to officers and employees	7	**7,939,335**	9,222,384
Deposit for future investment		**4,784,923**	4,306,438
Investment in an associate		**–**	75,000,000
Others	9,11	**70,107,558**	58,446,552

**excluding goodwill amounting to ₱331.6 million as at September 30, 2022 and December 31, 2021.*

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 ₱51.8 million and ₱50.0 million as at September 30, 2022 and December 31, 2021, 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 ₱106.7 million and ₱122.8 million as at September 30, 2022 and December 31, 2021, 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, refundable deposits, deposit in escrow, restricted cash, 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 assets and liability.

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

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	US Dollar	**Philippine Peso**	US Dollar	Philippine Peso
Financial assets:				
Cash in banks	**$925,301**	**₱54,250,411**	$58,604	₱2,975,325
Deposit in escrow	**760,383**	**44,581,295**	874,160	44,581,295
	$1,685,684.00	**98,831,706**	932,764	47,556,620
Financial liability -				
Trade and other payables	**33,817**	**1,982,691**	878,442	44,598,500
Net US Dollar-denominated financial assets	**$1,651,867**	**₱96,849,015**	$54,322	₱2,958,120

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

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Euro	**Philippine Peso**	Euro	Philippine Peso
Financial asset -				
Cash in banks	**€6,729**	**₱386,651**	€7,541	₱433,683
Financial liability -				
Trade and other payables	**65,165**	**3,744,381**	593,548	34,134,945
Net Euro-denominated financial liability	**€58,436**	**₱3,357,730**	€586,007	₱33,701,262

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 ₱58.63 per US $1 and ₱57.46 per €1 as at September 30, 2022 and ₱50.77 per US $1 and ₱57.51 per €1 as at December 31, 2021.

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 nine months ended September 30, 2022 and for the year ended December 31, 2021. 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
September 30, 2022	**+2.24**	**₱3,700,182**
	-2.24	**(3,700,182)**
December 31, 2021	+1.08	₱58,668
	-1.08	(58,668)

The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate, with all other variables held constant, of the Group's income before tax for the nine months ended September 30, 2022 and for the year ended December 31, 2021. 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
September 30, 2022	**+0.96**	**(₱56,099)**
	-0.96	**56,099**
December 31, 2021	+0.79	(₱462,946)
	-0.79	462,946

Equity Price Risk. Equity price risk is the risk that the Group will incur economic losses due to adverse changes in a particular stock or stock index. The Group's equity price risk arises from its quoted financial assets at FVPL and financial assets at FVOCI.

The Group's policy is to maintain the risk to an acceptable level. Movement in share price is monitored regularly to determine the impact on its financial position. The Group's equity price risk is minimal.

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; however, 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 September 30, 2022 and December 31, 2021, the exposure to credit risk for trade receivables by type of counterparty are as follows:

	September 30, 2022		
	Neither Past due nor Impaired	**Past Due but not Impaired**	**Total**
Major term customers	**₱459,964,280**	**₱139,294,688**	**₱599,258,968**
Related parties	**–**	**220,961**	**220,961**
Others	**51,847,946**	**16,309,980**	**68,157,926**
	₱511,812,226	**₱155,825,629**	**₱667,637,855**

	December 31, 2021		
	Neither Past due nor Impaired	Past Due but not Impaired	Total
Major term customers	₱178,623,928	₱53,988,234	₱232,612,162
Related parties	–	153,354,112	153,354,112
Others	20,105,840	6,311,004	26,416,844
	₱198,729,768	₱213,653,350	₱412,383,118

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	**September 30, 2022**	December 31, 2021
1 to 30 Days	**₱115,429,852**	₱158,266,486
31 to 90 Days	**31,666,128**	43,417,598
91 to 365 Days	**4,365,473**	5,985,524
366 days or more	**4,364,176**	5,983,742
Total	**₱155,825,629**	₱213,653,350

Trade receivables that are past due for over 30 days were not considered in default since it was demonstrated that the non-payment was due to administrative oversight rather than resulting from financial difficulty of the borrower.

Other Financial Assets at Amortized Cost

The Group's other financial assets at amortized cost are composed of cash and cash equivalents, DSRA, long-term placements, refundable deposits, deposit in escrow, and restricted cash. The Group limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

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.

	September 30, 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	**₱9,627,548,777**	**₱–**	**₱–**	**₱–**	**₱9,627,548,777**
Long-term placements	**650,000,000**	**–**	**–**	**–**	**650,000,000**
DSRA	**367,737,249**	**–**	**–**	**–**	**367,737,249**
Restricted cash	**69,067,579**	**–**	**–**	**–**	**69,067,579**
Refundable deposits	**63,842,934**	**–**	**–**	**–**	**63,842,934**
Deposit in escrow	**44,581,295**	**–**	**–**	**–**	**44,581,295**
Other receivables*	**530,461,851**	**–**	**–**	**–**	**530,461,851**
Debt securities at FVPL	**–**	**–**	**–**	**1,006,428,961**	**1,006,428,961**
	₱11,755,451,597	**₱–**	**₱–**	**₱1,006,428,961**	**₱12,765,183,554**

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

	December 31, 2021				
	Financial Assets at Amortized Cost				
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	₱11,645,049,344	₱–	₱–	₱–	₱11,645,049,344
Long-term placements	650,000,000	–	–	–	650,000,000
DSRA	333,128,296	–	–	–	333,128,296
Restricted cash	67,977,321	–	–	–	67,977,321
Refundable deposits	64,017,934	–	–	–	64,017,934
Deposit in escrow	44,581,295	–	–	–	44,581,295
Other receivables*	606,758,716	–	–	–	606,758,716
Debt securities at FVPL	–	–	–	813,578,557	813,578,557
	₱13,411,512,906	₱–	₱–	₱813,578,557	₱14,225,091,463

**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 September 30, 2022 and December 31, 2021:

	September 30, 2022 (Unaudited)					
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 Years**	**Total**
Trade and other payables*	**₱2,697,281,782**	**₱309,022,466**	**₱273,838,724**	**₱–**	**₱–**	**₱3,280,142,972**
Installment payable	**–**	**–**	**3,824,925**	**10,845,117**	**7,649,850**	**22,319,892**
Lease liabilities	**–**	**1,477,718**	**11,171,676**	**32,751,544**	**–**	**45,400,938**
Loans payable	**–**	**376,162,906**	**963,139,332**	**3,010,108,243**	**–**	**4,349,410,481**
	₱2,697,281,782	**₱686,663,090**	**₱1,251,974,657**	**₱3,053,704,904**	**₱7,649,850**	**₱7,697,274,283**

**Excluding nonfinancial and statutory liabilities amounting to ₱693.8million as at September 30, 2022.*

	December 31, 2021 (Audited)					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱3,040,331,525	₱597,222,725	₱205,359,154	₱–	₱–	₱3,842,913,404
Lease liabilities	–	3,684,247	11,127,467	39,952,915	–	54,764,629
Loans payable	–	343,681,791	1,139,923,663	4,465,223,779	–	5,948,829,233
	₱3,040,331,525	₱944,588,763	₱1,356,410,284	₱4,505,176,694	₱–	₱9,846,507,266

**Excluding nonfinancial and statutory liabilities amounting to ₱520.1 million as at December 31, 2021.*

Capital Management

The primary objective of the Group's capital management is to secure ongoing financial needs of the Group to continue as a going concern as well as to maintain a strong credit standing and healthy capital ratio in order to support the business and maximize stockholder value.

The Group considers equity contributions from stockholders and retained earnings as its capital totaling to ₱42,315.3 million and ₱39,094.5 million as at September 30, 2022 and December 31, 2021, respectively. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions, its business activities, expansion programs, and the risk characteristics of the underlying assets. In order to manage the capital structure, the Group may adjust its borrowings or raise equity.

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 December 31, 2021, the Company is in compliance with the requirement.

No changes were made in the capital management objectives, policies, or processes in 2022 and 2021.

5. Cash and Cash Equivalents

This account consists of:

	September 30, 2022	December 31, 2021
Cash on hand	**₱980,252**	₱1,010,559
Cash in banks	**866,224,058**	688,249,975
Short-term placements	**8,761,324,719**	10,955,788,810
	₱9,628,529,029	₱11,645,049,344

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

Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn annual interest at rates ranging from 0.30% to 4.75% for the nine months ended September 30, 2022 and 0.05% to 3.25% for the nine months ended September 30, 2021.

6. **Financial Assets at FVPL**

This account consists of:

	September 30, 2022	December 31, 2021
Equity securities	**₱3,987,074,005**	₱4,055,104,101
Debt securities	**1,006,428,961**	813,578,557
	₱4,993,502,966	₱4,868,682,658

Financial assets at FVPL are quoted and unquoted equity and debt securities held by the Group for trading purposes. Debt securities earn annual interest rate of 4.625% to 6.25% and 5%.17 to 6.25% in September 30, 2022 and 2021, respectively.

On July 1, 2020, the Group subscribed to an unquoted perpetual redeemable securities of a related party amounting to ₱4,000.0 million with a distribution rate of 5.0% per annum to be distributed quarterly starting October 1, 2020 (see Note 14).

The Group's unquoted financial asset at FVPL as at September 30, 2022 and December 31, 2021 is carried at fair value computed using the discounted cash flow method. This method uses management's assumptions about forecasted cash flows, and discount rate.

7. **Trade and Other Receivables**

This account consists of:

	Note	September 30, 2022	December 31, 2021
Trade:			
Third parties		**₱370,361,107**	₱259,029,006
Related parties	14	**297,276,748**	153,354,112
Advances to related parties	14	**423,608,846**	491,372,977
Dividends receivable	14	**51,702,013**	51,702,013
Interest receivable		**23,435,215**	8,753,127
Advances to officers and employees		**7,939,335**	9,222,384
Others		**31,715,777**	54,930,599
		₱1,206,039,041	₱1,028,364,218

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.

8. **Inventories**

This account consists of:

	September 30, 2022	December 31, 2021
Raw materials	**₱616,468,578**	₱534,022,193
Spare parts	**569,567,207**	477,897,816
Goods in process	**445,054,765**	442,460,776
Supplies	**281,290,845**	203,066,025
Finished goods	**119,932,914**	32,979,923
	₱2,032,314,309	₱1,690,426,733

Cost of inventories as at September 30, 2022 and 2021 is lower than its NRV.

9. **Other Current Assets**

This account consists of:

	September 30, 2022	December 31, 2021
DSRA	**₱367,737,249**	₱333,128,296
Advances to suppliers	**209,300,475**	418,289,171
Prepayments for:		
Real property taxes	**246,807,410**	217,478,303
Insurance	**12,690,802**	12,123,803
Current portion of deferred input VAT	**189,730,310**	136,992,613
Excess tax credits	**22,948,432**	–
Others	**66,342,912**	43,272,440
	₱1,115,557,590	₱1,161,284,626

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.

10. **Property, Plant and Equipment**

The balances and movements in this account are as follows:

	September 30, 2022							
	At Revalued Amount	**At Cost**						
	Land	**ROU Asset**	**Machinery and Equipment**	**Building and Improvements**	**Transportation Equipment**	**Furniture, Fixtures, and Other Office Equipment**	**Construction in Progress**	**Total**
Cost/Revalued Amount								
Balances at beginning of year	**₱6,091,294,614**	**₱66,885,648**	**₱21,958,220,932**	**₱3,663,184,950**	**₱240,414,558**	**₱276,831,605**	**₱2,824,741,422**	**₱35,121,573,729**
Additions	**49,169,793**	**–**	**24,275,576**	**3,105,629**	**–**	**2,276,975**	**1,138,895,195**	**1,217,723,168**
Acquisition of a subsidiary	**–**	**40,415,428**	**290,117,243**	**110,987,458**	**–**	**377,749**	**2,830,720**	**444,728,598**
Revaluation	**1,790,092,340**	**–**	**–**	**–**	**–**	**–**	**–**	**1,790,092,340**
Price adjustment	**(3,294,625)**	**–**	**(14,333,547)**	**933,503**	**(44,000)**	**93,505**	**(48,259,580)**	**(64,904,744)**
Disposals	**–**	**(33,251,777)**	**(1,319,047)**	**–**	**(14,752,409)**	**(3,014,188)**	**–**	**(52,337,421)**
Settlement of construction in progress	**–**	**–**	**1,911,008,309**	**1,307,669,539**	**5,784,821**	**21,174,145**	**(3,245,636,814)**	**–**
Balances at end of year	**7,927,262,122**	**74,049,299**	**24,167,969,466**	**5,085,881,079**	**231,402,970**	**297,739,791**	**672,570,943**	**38,456,875,670**
Accumulated Depreciation and Amortization								
Balances at beginning of year	**–**	**30,317,419**	**5,428,449,901**	**1,537,687,948**	**191,607,108**	**209,878,558**	**–**	**7,397,940,934**
Depreciation and amortization	**–**	**6,342,140**	**743,176,419**	**151,304,826**	**11,151,616**	**27,738,467**	**–**	**939,713,468**
Acquisition of a subsidiary	**–**	**14,492,142**	**40,001,080**	**4,814,572**	**–**	**324,427**	**–**	**59,632,221**
Reclassification adjustment	**–**	**–**	**(3,056,061)**	**1,539,914**	**–**	**98,601**	**–**	**(1,417,546)**
Disposals	**–**	**(11,083,930)**	**(182,972)**	**–**	**(13,235,005)**	**(3,014,188)**	**–**	**(27,516,095)**
Balances at end of year	**–**	**40,067,771**	**6,208,388,367**	**1,695,347,260**	**189,523,719**	**235,025,865**	**–**	**8,368,352,982**
Carrying Amounts	**₱7,927,262,122**	**₱33,981,528**	**₱17,959,581,099**	**₱3,390,533,819**	**₱41,879,251**	**₱62,713,926**	**₱672,570,943**	**₱30,088,522,688**

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

11. **Other Noncurrent Assets**

This account consists of:

	September 30, 2022	December 31, 2021
Long-term placements	**₱650,000,000**	₱650,000,000
Deposit on asset purchase	**376,247,381**	583,855,838
Restricted cash	**69,067,579**	67,977,321
Refundable deposits	**63,842,934**	64,017,934
Deferred exploration and evaluation costs	**44,678,353**	44,678,353
Deposit in escrow	**44,581,295**	44,581,295
Deferred input VAT – net of current portion	**12,517,603**	1,165,413
Deposit for future investment	**4,784,923**	4,306,438
Others	**3,764,651**	15,174,112
	₱1,269,484,719	₱1,475,756,704

Long-term Placements

Long-term placements amounting to ₱650.0 million represent a five-year investment in time deposits bearing an annual average interest of 5.68%. Interest income on long-term placements amounted to ₱22.5 million for the nine months ended September 30, 2022 and 2021.

Deposit on Asset Purchase

Deposit on asset purchase amounting to ₱376.2 million and ₱583.9 million as at September 30, 2022 and December 31, 2021, respectively, represents advance payments for the construction of a building, acquisition of machinery and equipment and long-term deposit for inventory acquisition.

Restricted Cash

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

Refundable Deposits

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

Deposit in Escrow

Deposit in escrow amounting to ₱44.6 million as at September 30, 2022 and December 31, 2021, pertains to cash in escrow account related to a pending legal case.

12. **Trade and Other Payables**

This account consists of:

	Note	**September 30, 2022**	December 31, 2021
Trade:			
Third parties		**₱1,325,373,986**	₱1,806,013,137
Related parties	14	**292,904,735**	461,553,011
Accruals for:			
Utilities		**533,071,284**	570,002,290
Sales rebates		**375,035,247**	496,350,509
Outside services		**314,960,121**	142,777,067
Personnel costs		**213,715,432**	107,309,578
Interests		**18,994,987**	22,921,560
Advances from customers		**505,549,479**	425,414,546
Output VAT		**119,840,578**	58,818,467
Retention payable		**119,007,481**	120,224,565
Advances from a related party	14	**43,060,566**	73,285,999
Withholding taxes payable		**29,876,220**	35,873,052
Others		**42,662,118**	42,475,688
		₱3,934,052,234	₱4,363,019,469

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

Accrual for sales rebates pertain to accrued monthly 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.

13. **Loans Payable**

This account consists of:

	September 30, 2022	December 31, 2021
Principal	**₱4,361,000,000**	₱5,251,000,000
Less unamortized debt issuance costs	**11,589,519**	15,491,234
	4,349,410,481	5,235,508,766
Less current portion	**1,239,418,405**	1,195,127,948
Noncurrent portion	**₱3,109,992,076**	₱4,040,380,818

The loans payable pertains to the drawdowns from the TLFSA amounting to ₱11,000.0 million 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.

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 ₱219.7 million and ₱271.2 million for the nine months ended September 30, 2022 and 2021, respectively.

14. 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:

		September 30, 2022		December 31, 2021	
Nature of Relationship	Nature of Transactions	**Amount of Transactions**	**Outstanding Balance**	Amount of Transactions	Outstanding Balance
Cash and Cash Equivalents					
Entities under common key management with ECC	Cash deposits and investment in short-term placements	**₱5,965,552**	**₱932,130,370**	₱518,587	₱269,679,622
Unquoted Equity Securities at FVPL (see Note 6)					
Entity under common key management with ECC	Investment in unquoted redeemable perpetual security	**₱–**	**₱3,987,074,005**	₱–	₱4,055,104,101
Trade Receivables (see Note 7)					
Entities under common key management with ECC	Sale of inventories	**₱558,403,529**	**₱297,276,748**	₱129,933,506	₱75,409,517
Subsidiary of Ultimate Parent Company	Sale of inventories	–	–	892,583,119	76,110,187
Associate	Service income	–	–	1,655,208	1,834,408
			₱297,276,748		₱153,354,112
Advances to Related Parties (see Note 7)					
Stockholder	Working capital Advances	**₱–**	**₱309,394,479**	₱–	₱362,539,833
Entities under common key management	Working capital Advances	–	**103,808,613**	22,695,120	128,833,144
Ultimate parent	Working capital Advances	–	**10,000,000**	–	–
Subsidiary of Ultimate Parent	Working capital Advances	–	**405,754**	–	–
			₱423,608,846		₱491,372,977
Dividends Receivable (see Note 7)					
Entities under common key management with ECC	Dividends earned	**₱155,097,815**	**₱51,702,013**	₱235,687,051	₱51,702,013
Advances to Officers					
Key management personnel	Cash advances	**₱42,092**	**₱157,683**	₱12,173	₱146,116
Advances to Suppliers					
Entities under common key management with ECC	Purchases of services	**₱–**	**₱22,015,648**	₱–	₱22,015,648

Nature of Relationship	Nature of Transactions	**September 30, 2022** Amount of Transactions	**September 30, 2022** Outstanding Balance	`December 31,2021 Amount of Transactions	`December 31,2021 Outstanding Balance
Deposit on Asset Purchase					
Associate	Deposit for inventory acquisition	₱–	₱–	₱–	₱124,716,705
Subsidiaries of Ultimate Parent Company	Deposit for inventory acquisition and purchase of services	–	–	–	11,317,375
			₱–		₱136,034,080
Financial Assets at FVOCI					
Entities under common key management with ECC	Investments in quoted equity instruments including dividends earned	₱–	**₱101,279,325**	₱–	₱105,679,875
Financial Assets at FVPL					
Entities under common key management with ECC	Investments in quoted security	**₱50,000,000**	**₱46,770,565**	₱–	₱–
Refundable Deposits					
Entities under common key management with ECC	Supply of services	₱–	**₱54,190,018**	₱–	₱54,190,018
Trade Payables (see Note 12)					
Ultimate Parent Company	Dividend	**₱2,408,571,430**	₱–	₱–	₱–
Subsidiaries of Ultimate Parent Company	Hauling, rental and other services	**1,005,065,799**	**183,599,062**	619,807,096	157,093,474
Entities under common key management with ECC	Purchase of raw materials and outside services	**783,348,189**	**109,305,673**	740,963,385	274,275,173
Associate Company	Purchase of goods	–	–	558,143,257	30,184,364
			₱292,904,735		₱461,553,011
Accrued Expenses					
Entity under common key management	Purchase of services	**₱4,166,719,375**	**₱528,104,340**	₱2,922,741,442	₱570,002,290
Advances from a Related Party (see Note 12)					
Ultimate Parent Company	Capital expenditure	₱–	**₱43,060,566**	₱–	₱73,285,999
Loans Payable					
Entity under common key management	Borrowings	**₱42,447,352**	**₱876,342,042**	₱68,989,340	₱1,055,323,356
Retirement Benefit Plan	Contribution	₱–	₱–	₱–	₱16,630,064
Personnel Costs					
Key management personnel	Salaries and other employee benefits	**₱ 47,339,289**	**₱12,523,622**	₱76,334,455	₱7,509,796
	Net retirement benefit liability	**8,014,268**	**82,407,381**	28,513,645	74,393,113
			₱94,931,003		₱81,902,909

In July 2022, the Parent Company converted its investment in Armstrong Flyash Logistics and Company, Inc.'s preference shares to common shares amounting to Php75.0 million. This resulted in a 79% ownership and a gain amounting to Php 206.7 million.

15. **Equity**

Capital Stock

The Parent Company's authorized, issued and outstanding capital stock as at September 30, 2022 and December 31, 2021 are as follows:

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

Dividends Declaration

The Parent Company's BOD authorized the declaration of the following cash dividends in 2022:

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

Appropriations of Retained Earnings

Details of appropriated retained earnings as at September 30, 2022 and December 31, 2021 are as follows:

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

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

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

Other Equity Reserves

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

	September 30, 2022	December 31, 2021
Revaluation surplus (net of deferred tax)	**₱4,387,067,331**	₱3,056,387,347
Cumulative remeasurement gains on net retirement benefit liability (net of deferred tax)	**47,442,170**	47,442,170
Cumulative unrealized gains on financial assets at FVOCI	**1,266,825**	5,667,375
	₱4,435,776,326	₱3,109,496,892

16. **Income Taxes**

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

	For the Nine-Month Periods Ended September 30 (Unaudited)	
	2022	2021
Reported in Profit or Loss		
Current tax expense	**₱786,258,300**	₱710,607,462
Effect of change in tax rate	**–**	(86,039,914)
	786,258,300	624,567,548
Deferred tax expense (benefit)	**(14,989,553)**	(12,294,869)
	₱771,268,747	612,272,679
Reported in OCI		
Deferred tax expense on revaluation surplus	**₱443,559,995**	(₱165,676,240)
Reversal of deferred tax liability on:		
Revaluation surplus	**–**	190,414,583
Remeasurement gains on net retirement benefit liability	**–**	(1,666,458)
	₱443,559,995	₱23,071,885

The components of the Group's net deferred tax liabilities are as follows:

	September 30, 2022	December 31, 2021
Deferred tax assets:		
Cumulative balance of proceeds from testing of property, plant and equipment	**₱41,555,782**	₱68,958,666
Net retirement benefit liability	**34,374,410**	30,700,466
Provision for mine rehabilitation and decommissioning	**8,339,991**	12,506,712
Excess of cost over fair value of financial assets at FVPL	**2,263,469**	–
Others	**16,637,270**	3,715,843
	103,170,922	115,881,687
Deferred tax liabilities:		
Excess of revalued amount or fair value over cost of property, plant and equipment	**1,463,712,793**	1,018,795,782
Deferred tax liability arising from business combination	**194,643,364**	194,643,364
Excess of fair value over cost of financial assets at FVPL	**–**	9,328,948
Others	**–**	19,728,386
	1,658,356,157	1,242,496,480
Net deferred tax liabilities	**₱1,555,185,235**	₱1,126,614,793

17. Basic and Diluted Earnings Per Share

Basic and diluted EPS are calculated as follows:

For the nine months ended September 30

	2022		2021	
	July 1 to September 30	**January 1 to September 30**	July 1 to September 30	January 1 to September 30
Net income	**₱1,255,218,775**	**₱4,220,756,495**	₱1,382,468,032	₱5,078,607,984
Less dividends for cumulative preferred stock required for the year, net of tax	–	–	–	–
Net income attributable to common stockholders of the Parent Company (a)	**₱1,255,218,775**	**₱4,220,756,495**	₱1,382,468,032	₱5,078,607,984
Weighted average number of common shares outstanding (b)	**5,000,000,000**	**5,000,000,000**	5,000,000,005	5,000,000,005
Per share amounts: Basic and diluted EPS (a/b)	**₱0.25**	**₱0.84**	₱0.28	₱1.02

18. Segment Reporting

The Group is organized into one reportable segment which is the quarrying, manufacturing and sale and distribution of cement products. KSHI, the Parent Company's wholly-owned subsidiary which will be engaged in property leasing, has not yet started its commercial operations. The Group also has one geographical segment and derives all its revenues from domestic operations. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial information about the sole business segment is equivalent to the unaudited interim 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

Consolidated Results of Operations and Key Performance Indicators

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

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

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

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

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

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

Products and Brands

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

Eagle Cement Advance (Type 1P/Type 1T)

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

Eagle Cement Strongcem (Type 1)

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

Consolidated Results of Operations

ECC recorded a net income of ₱4,220.8 million during the first nine months of the year, 17% lower versus the same period last year as the increase in revenue was offset by the inflationary input cost pressures.

ECC generated net sales of ₱20,078.8 million, a 24% growth from the ₱16,242.9 million in the corresponding period last year, resulting from higher sales volume and average selling price of cement, with additional revenue contribution from its subsidiaries, SNMC and AFALCI. Of the Company's total cement sales, bagged cement still accounted for the lion's share at 84% while the remaining 16% was derived from bulk cement, with domestic demand still largely coming from the private sector.

Cost of goods sold for the nine months ended September 30, 2022 and 2021 amounted to ₱13,366.3 million and ₱8,952.0 million, corresponding to 67% and 55% of revenues, respectively. The 49% increase is buoyed by the spike in coal and power prices coupled with higher raw materials consumption relative to the sales volume growth.

The above conditions resulted to a gross profit of ₱6,712.6, an 8% reduction from the ₱7,290.8 million in the same period last year. Gross profit margin registered at 33%.

Operating expenses likewise increased by 29% largely due to higher freight costs attributable to sales volume growth and spike in oil prices, personnel costs and higher spending on repairs and maintenance expenses. Operating expenses incurred by SNMC and AFALCI contributed 33% of the total increase.

Finance costs slipped by 19% to ₱223.7 million, as a result of the partial repayments made to the Term Loan Facility and Security Agreement (TLFSA).

Other income increased significantly by 189% to ₱476.4 million owing to the ₱206.7 million gain recognized from the consolidation of AFALCI following the conversion of its preferred shares into common shares resulting to 79% ownership. The realized foreign exchange gains on USD denominated money market placements also contributed to the increase.

Provision for income tax jumped by 26% to ₱771.3 million from ₱612.3 million owing to the expiration of the third production line's income tax holiday (ITH) incentive on April 30, 2022. The ₱86.0 million adjustment on prior year figure in relation to the effect of the CREATE Act for the year 2020 likewise contributed to the increase.

These movements translated in earnings before interest, tax, depreciation and amortization (EBITDA) of ₱6,026.8 million, 10% lower against the same period in 2021, with EBITDA margin registering at 30%.

Meanwhile, net income margin stood at 21% at the end of the period.

For the three months ended September 30, 2022, ECC booked ₱6,399.2 million in net sales, 23% ahead of the ₱5,185.4 million it made in the year ago-quarter. Gross profit margin came in at 30%. EBITDA went down by 2% to ₱1,895.0 million, with a lower margin of 30%. Net income slid by 9% to ₱1,255.2 million, with net income margin narrowing to 20%.

Key Components of Consolidated Results of Operations

The table below summarizes the consolidated results of operations of the Group for the nine months ended September 30, 2022 and 2021, presented in absolute amounts as a percentage of net sales.

	For the Nine Months Ended September 30			
	2022	**2021**	Increase (Decrease)	Percentage of change
Net sales	**₱20,078,814,942**	₱16,242,872,469	₱3,835,942,473	24%
Cost of goods sold	**13,366,261,712**	8,952,042,081	4,414,219,631	49%
Gross profit	**6,712,553,230**	7,290,830,388	(578,277,158)	-8%
Operating expenses	**2,142,265,497**	1,658,934,094	483,331,403	29%
Income from operations	**4,570,287,733**	5,631,896,294	(1,061,608,561)	-19%
Finance costs	**(223,663,082)**	(275,030,398)	51,367,316	19%
Interest income	**168,965,410**	169,202,649	-237,239	0%
Other income - net	**476,435,181**	164,812,118	311,623,063	189%
Income before income tax	**4,992,025,242**	5,690,880,663	(698,855,421)	-12%
Less income tax expense	**771,268,747**	612,272,679	158,996,068	26%
Net income	**₱4,220,756,495**	₱5,078,607,984	₱(857,851,489)	-17%

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

	For the Nine Months Ended	
	September 30, 2022	September 30, 2021
Net income	**₱4,220,756,495**	₱5,078,607,984
Add:		
Depreciation and amortization	**980,108,436**	874,904,886
Income tax expense	**771,268,747**	612,272,679
Finance costs	**223,663,082**	275,030,398
Less:		
Interest income	**168,965,410**	169,202,649
EBITDA	**₱6,026,831,350**	₱6,671,613,298

FINANCIAL CONDITION

The financial condition of the Company for the period ended September 30, 2022 remains stable, giving the Company adequate capacity for further growth and expansion. Total assets increased by 2% to ₱54,115.8 million from ₱53,234.3 million on December 31, 2021.

Current assets at the end of the period totaled to ₱18,975.9 million, 7% lower against end of 2021 primarily due to the decrease in cash as the Company incurred higher spending for dividends and capital expenditures.

Noncurrent assets increased by 7% to ₱35,139.8 million from ₱32,840.5 million in end-2021, resulting from the land revaluation adjustments and additional costs incurred relative to the completion of finish mill 5, packhouse 3 and other expansion-related projects. Additional PPE recognized from the consolidation of its former associate, AFALCI, also contributed on the increase.

Current liabilities fell by 4% to ₱5,413.8 million largely due to the decrease in trade payables resulting from subsequent payments made to the Company's suppliers, release of prior year sales rebates and customer incentive promos. These decline were partially negated by the increase in income tax payable resulting from the expiration of the third production line's ITH incentive and the increase in the current portion of loans payable reflecting the increase in the required quarterly principal payment on the TLFSA.

Noncurrent liabilities declined by 9% to ₱4,878.8 million resulting from the three-quarter principal payments on the TLFSA negated by the deferred tax liabilities recognized on the land revaluation adjustments.

Stockholders' equity, on the other hand, increased by 4% to ₱43,826.2 million from the net income generated during the period and net revaluation increment, offset by the dividend paid during the period. The equity attributable to the minority interest holders of AFLCI shares also contributed on the increase.

ECC maintained its current gearing at healthy levels, with debt-to-equity and financial debt-to-equity ratios registering at 0.23x and 0.10x, respectively, giving the Company the flexibility to pursue its future investment plans. Meanwhile, current ratio stood at 3.51x.

Analysis of Consolidated Financial Position Information

The below table summarizes the consolidated financial position of the Group as at September 30, 2021 (Unaudited) and December 31, 2021 (Audited):

	September 30, 2022	December 31, 2021	**Increase (Decrease)**	**Percentage Change**
Current Assets	**₱18,975,942,935**	₱20,393,807,579	₱(1,417,864,647)	-7%
Noncurrent Assets	**35,139,839,612**	32,840,488,972	2,299,350,642	7%
Total Assets	**54,115,782,547**	53,234,296,551	881,485,995	2%
Current Liabilities	**5,413,819,140**	5,654,971,198	(239,795,043)	4%
Noncurrent Liabilities	**4,875,778,434**	5,375,324,600	(500,903,182)	-9%
Total Liabilities	**10,289,597,574**	11,030,295,798	(740,698,225)	-7%
Equity	**43,826,184,973**	42,204,000,753	1,622,184,220	4%
Total Liabilities and Equity	**₱54,115,782,547**	₱53,234,296,551	₱881,485,995	2%

Key Performance Indicators

Relevant Financial Ratios

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

Financial KPI	Definition	2022	2021
Current/liquidity ratio*	$\frac{\text{Current assets}}{\text{Current liabilities}}$	3.51	3.61
Solvency ratio**	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	0.51	0.49
Debt-to-equity ratio*	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.23	0.26
Asset-to-equity ratio*	$\frac{\text{Total assets}}{\text{Total equity}}$	1.23	1.26
Return on asset ratio**	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	0.08	0.10
Return on equity ratio**	$\frac{\text{Net income}}{\text{Average total equity}}$	0.10	0.13

**Comparative balance for 2021 is as at December 31, 2021.*

***Comparative balance for 2022 is as at and for the nine months ended September 30, 2022.*

Liquidity and Capital Resources

Cash Flows

The primary sources and uses of cash of the Group for the three months ended September 30, 2022 and 2021 are summarized below.

	September 30, 2022	September 30, 2021
Net cash provided by operating activities	**₱4,453,991,658**	₱6,815,105,880
Net cash used in investing activities	**(1,397,257,380)**	(773,981,882)
Net cash used in financing activities	**(5,114,468,524)**	(2,728,387,801)
Net increase (decrease) in cash and cash equivalents	**(2,057,734,246)**	3,312,736,197
Effects of exchange rate changes	**41,213,931**	878,723
Cash and cash equivalents at beginning of period	**11,645,049,344**	11,466,255,207
Cash and cash equivalents at end of period	**₱9,628,529,029**	₱14,779,870,127

Net cash provided by operating activities arises from the following:

	September 30, 2022	September 30, 2021
Operating income before working capital changes	**₱5,715,417,747**	₱6,573,828,283
Decrease/(Increase) in net working capital	**(729,885,722)**	748,586,263
Interest received	**154,263,824**	137,490,774
Income taxes paid	**(646,208,745)**	(644,799,440)
Net cash provided by operating activities	**₱4,453,991,659**	₱6,815,105,880

The net increase in net working capital pertains mainly on the increase in inventories in 2022 and increase in receivables, other current and noncurrent assets in 2021.

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:

	September 30, 2022	**September 30, 2021**
Payments of dividends	**₱4,000,000,004**	₱1,650,000,001
Payment of loans payable	**(890,000,000)**	801,000,000
Payments of interest	**(219,770,353)**	269,228,993
Payment of lease liabilities	**(4,698,167)**	8,158,807

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 September 30, 2022, 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:

	September 30, 2022	December 31, 2021
Land	**₱49,169,793**	₱27,173,549
Machinery and equipment	**24,275,576**	148,594,508
Building and improvements	**3,105,629**	1,548,684
Transportation equipment	**–**	21,841,832
Furniture, fixtures and other office equipment	**2,276,975**	17,818,518
ROU assets	**–**	14,319,072
Construction in progress	**1,138,895,195**	998,801,568
	₱1,217,723,168	1,230,097,731

SIGNATURES

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

Issuer:
EAGLE CEMENT CORPORATION

By:

JOHN PAUL L. ANG
President/Chief Executive Officer
Date: 11 November 2022

Monica Ang

MONICA L. ANG-MERCADO
Treasurer/Chief Finance Officer
Date: 11 November 2022