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CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

With Independent Auditors' Report



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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Century Peak Holdings Corporation
17th Floor, AIA Tower (formerly Philamlife Tower)
8767 Paseo de Roxas, Barangay Bel-Air
Makati City, Philippines

Opinion

We have audited the consolidated financial statements of Century Peak Holdings Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022 and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2167, Transition clause)



Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recoverable Value of Explored Mineral Resources (P1.27 billion)

Refer to Note 10 to the consolidated financial statements. The Group's accounting policy with respect to the explored mineral resources is included in Note 26, *Material Accounting Policies*, to the consolidated financial statements.

The Risk

The assessment of the recoverable value of explored mineral resources requires estimation and assumptions on the quantity of nickel ores that can be extracted from the mine site. Changes to assumptions could lead to material changes in the estimated recoverable amount of explored mineral resources.

Our Response

Our audit procedures included, among others: assessment of the competence, objectivity, capabilities and scope of work of the external expert engaged by the Group in estimating the recoverable reserves by performing independent background check and examination of the result of the expert's work; evaluating the appropriateness of the estimation method applied by the expert by comparing with the acceptable methods commonly used by companies in the mining industry; testing the existence, completeness and accuracy of the reported nickel ores extracted during the year which reduced the reserves estimates and examination of the extraction reports of the Group; assessment of the Group's key assumptions on the technological, market, economic and legal environment that may have an effect on the estimated nickel ore reserves through the conduct of independent research and comparison with external information; and evaluating the adequacy of the note disclosures, including disclosures of key assumptions, judgments and sensitivities.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Tireso Randy F. Lapidez.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-034-2023

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May 15, 2024

Makati City, Metro Manila

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2023	2022
ASSETS			
Current Assets			
Cash	4, 22	P15,088,532	P229,318,142
Accounts receivable	5, 22	92,670,877	-
Due from a related party	21, 22	34,523,052	34,517,452
Inventories	6	704,854,931	397,970,166
Other current assets - net	7	463,033,669	337,175,568
Total Current Assets		1,310,171,061	998,981,328
Noncurrent Assets			
Investment properties	8	27,245,164	27,245,164
Property, plant and equipment - net	9	8,217,035,798	8,390,312,659
Explored mineral resources - net	10	1,266,048,706	1,423,668,269
Deferred exploration costs	11	-	46,063,566
Deferred tax assets - net	19	7,918,240	8,556,336
Other noncurrent assets - net	12	113,401,943	73,850,695
Total Noncurrent Assets		9,631,649,851	9,969,696,689
		P10,941,820,912	P10,968,678,017
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	13, 22	P2,127,498,618	P1,605,518,784
Short-term loan payable and current portion of mortgage payable	15	552,480,830	451,316,760
Due to a related party	21, 22	5,817,974,323	6,388,608,722
Income tax payable		28,228,996	46,426,728
Total Current Liabilities		8,526,182,767	8,491,870,994
Noncurrent Liabilities			
Mortgage payable - net of current portion	15	2,809,339	2,418,514
Provision for site rehabilitation	14	23,672,814	22,142,206
Retirement benefits liability	18	9,580,061	7,678,026
Other noncurrent liability	22	1,046,325	1,046,325
Total Noncurrent Liabilities		37,108,539	33,285,071
Total Liabilities		8,563,291,306	8,525,156,065
Equity Attributable to Equity Holders of the Parent			
Capital stock	20	2,820,330,450	2,820,330,450
Additional paid-in capital		1,931,550	1,931,550
Deficit		(415,968,904)	(350,647,022)
Total Equity Attributable to Equity Holders of the Parent		2,406,293,096	2,471,614,978
Noncontrolling Interest	20	(27,763,490)	(28,093,026)
Total Equity		2,378,529,606	2,443,521,952
		P10,941,820,912	P10,968,678,017

See Notes to the Consolidated Financial Statements.

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

		Years Ended December 31		
	Note	2023	2022	2021
REVENUES	16	P2,531,646,405	P1,081,294,076	P1,009,202,873
COSTS AND EXPENSES				
Cost of sales	17	2,055,233,094	678,358,493	427,732,202
Operating expenses	18	298,352,234	313,492,728	180,763,346
Depletion of explored mineral resources	10	157,619,563	115,233,160	60,793,885
INCOME (LOSS) BEFORE OTHER INCOME (CHARGES)		20,441,514	(25,790,305)	339,913,440
OTHER INCOME (CHARGES) -				
Net				
Interest expense	15	(55,624,383)	(5,694,430)	(1,819,440)
Foreign exchange loss		(973,922)	(15,330,146)	(1,913,589)
Interest income	4	41,889	24,317	22,369
		(56,556,416)	(21,000,259)	(3,710,660)
INCOME (LOSS) BEFORE INCOME TAX EXPENSE (BENEFIT)		(36,114,902)	(46,790,564)	336,202,780
INCOME TAX EXPENSE (BENEFIT)				
Current		28,239,348	46,426,728	83,344,047
Deferred		638,096	(1,714,959)	157,108
	19	28,877,444	44,711,769	83,501,155
NET INCOME (LOSS)/TOTAL COMPREHENSIVE INCOME (LOSS)		(P64,992,346)	(P91,502,333)	P252,701,625
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company		(P65,321,882)	(P88,073,231)	P255,406,317
Noncontrolling interest	20	329,536	(3,429,102)	(2,704,692)
		(P64,992,346)	(P91,502,333)	P252,701,625
Earnings (Loss) Per Share				
Basic/diluted	23	(P0.0232)	(P0.0312)	P0.0906

See Notes to the Consolidated Financial Statements.

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Equity Attributable to Equity Holders of the Parent Company				Noncontrolling Interest	
	Capital Stock (Note 20)	Additional Paid-in Capital	Deficit	Total	(Note 20)	Total Equity
Balance at January 1, 2021	P2,820,330,450	P1,931,550	(P517,980,108)	P2,304,281,892	(P21,959,232)	P2,282,322,660
Net loss income (loss) for the year	-	-	255,406,317	255,406,317	(2,704,692)	252,701,625
Balance at December 31, 2021	2,820,330,450	1,931,550	(262,573,791)	2,559,688,209	(24,663,924)	2,535,024,285
Net loss for the year	-	-	(88,073,231)	(88,073,231)	(3,429,102)	(91,502,333)
Balance at December 31, 2022	2,820,330,450	1,931,550	(350,647,022)	2,471,614,978	(28,093,026)	2,443,521,952
Net income (loss) for the year	-	-	(65,321,882)	(65,321,882)	329,536	(64,992,346)
Balance at December 31, 2023	P2,820,330,450	P1,931,550	(P415,968,904)	P2,406,293,096	(P27,763,490)	P2,378,529,606

See Notes to the Consolidated Financial Statements.

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax expense (benefit)	19	(P36,114,902)	(P46,790,564)	P336,202,780
Adjustments for:				
Depreciation, amortization and depletion of property, plant and equipment	9, 17, 18	454,319,403	207,398,661	47,698,856
Depletion of explored mineral resources	10	157,619,563	115,233,160	60,793,885
Interest expense	15	55,624,383	5,694,430	1,819,440
Impairment loss on advances to employees	7	9,780,043	5,468,597	-
Retirement expense	18	1,902,035	7,678,026	-
Unrealized foreign exchange loss (gain)	22	(973,922)	84,424	1,913,589
Interest income	4	(41,889)	(24,317)	(22,369)
Impairment loss on other current assets and input value-added tax (VAT)	12	-	6,749,566	-
		642,114,714	301,491,983	448,406,181
Changes in:				
Inventories		(314,115,612)	(231,080,678)	193,857,058
Accounts receivable	5	(92,670,877)	-	-
Due from a related party		(5,600)	-	-
Other current assets		(135,638,144)	(22,142,522)	(93,945,438)
Accounts payable and other current liabilities		521,979,834	211,894,642	(142,579,085)
		621,664,315	260,163,425	405,738,716
Interest paid		(53,079,365)	(3,694,320)	-
Income taxes paid		(46,437,080)	(81,807,678)	(401,719)
Interest received	4	41,889	24,317	22,369
Net cash provided by operating activities		522,189,759	174,685,744	405,359,366
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	9	(222,958,401)	(3,308,898,565)	(1,884,128,931)
Increase in other noncurrent assets		(39,551,248)	(43,280,483)	(173,251,382)
Payment of site rehabilitation		(5,804,138)	-	-
Acquisition of investment properties	8	-	-	(89,554)
Payment of cost on deferred exploration		-	-	(1,395,123)
Net cash used in investing activities		(268,313,787)	(3,352,179,048)	(2,058,864,990)

Forward

Years Ended December 31				
	Note	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances received from (paid to) related parties	21	(P570,634,399)	P2,916,810,017	P1,601,304,331
Availments of short-term loans payable	15	100,000,000	450,000,000	-
Availment of mortgage payable		3,194,646	4,004,127	-
Payment of mortgage payable		(1,639,751)	(268,853)	-
Net cash provided by (used in) financing activities		(469,079,504)	3,370,545,291	1,601,304,331
NET INCREASE (DECREASE) IN CASH		(215,203,532)	193,051,987	(52,201,293)
EFFECT OF EXCHANGE RATE CHANGES IN CASH		973,922	(84,424)	(1,913,589)
CASH AT BEGINNING OF YEAR	4	229,318,142	36,350,579	90,465,461
CASH AT END OF YEAR	4	P15,088,532	P229,318,142	P36,350,579

See Notes to the Consolidated Financial Statements.

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Century Peak Holdings Corporation (CPHC or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 30, 2003. The Parent Company is primarily engaged in promoting, operating, managing, holding, acquiring or investing in corporations or entities that are engaged in mining activities or mining-related activities.

On November 11, 2019, the SEC approved the change in the Parent Company's corporate name to Century Peak Holdings Corporation, formerly Century Peak Metals Holdings Corporation. On the same date, the Parent Company also obtained a certificate of filing from SEC for the Amendment of its Articles of Incorporation by introducing the Parent Company's secondary purpose which is to engage in and carry on general construction and construction related activities, land reclamation and development activities in the Philippines, real estate development or any real estate related activities, mining activities and mining related activities, power and energy activities and power and energy related activities.

The Parent Company listed its common shares of stock with the Philippine Stock Exchange (PSE) on October 6, 2009.

The Parent Company operates as the holding company of the following subsidiaries:

	Percentage of Ownership ^(a)	
	Direct	Indirect
Century Peak Corporation (CPC)	100	-
Century Peak Minerals Development Corp. (CPMDC) ^(c)	100	-
Century Peak Cement Manufacturing Corp. (CPCMC) ^(c)	100	-
Century Sidewide Smelting Incorporated (CSSI) ^(b)	60	-
Century Hua Guang Smelting Incorporated (CHGSI) ^(b)	55	-
Century Summit Carrier, Inc. (CSCI) ^(d)	-	80

^(a) Based on the Parent Company's interest in the issued and outstanding shares of the subsidiaries as at December 31, 2023 and 2022

^(b) CSSI and CHGSI have not yet started commercial operations.

^(c) CPMDC and CPCMC were incorporated in 2015 and have started commercial operations in 2023.

^(d) Owned by the Parent Company through CPC.

The Company's registered office address is at 17th Floor, AIA Tower (formerly Philamlife Tower), 8767 Paseo de Roxas, Barangay Bel-Air, Makati City, Philippines.

The Smelting Plant Project

CHGSI

CHGSI was registered and incorporated with the SEC on January 14, 2008. The principal activities of CHGSI are to invest in and engage in the business of operating and mining mineral resources in the Philippines such as iron ore, copper, gold, silver, lead, manganese, chromite, nickel, etc.; prospecting, exploring, milling, concentrating, converting, smelting, treating, refining, and manufacturing; preparing for the market, whether export or domestic; and producing and dealing in all its products and by-products of every kind and description and by whatsoever process the same can be or may be hereafter be produced.

As at December 31, 2023 and 2022, CHGSI has not yet started with its commercial operation.

CSSI

In 2011, the Parent Company entered into a partnership with Sidewide Resources (H.K.) Limited, a subsidiary of Chaoyang Sawai Mining Co., Ltd of P. R. China., a group that owns an iron powder processing plant, electric furnace smelting plant, and primarily does mineral ore trading. It is the Parent Company's plan to set up electric furnaces to enhance the production of its nickel pig iron. From this formed partnership, CSSI is incorporated.

As at December 31, 2023 and 2022, CSSI has not yet started with its commercial operation.

Mining Operations

CPC has mining activities in selected areas covered by its MPSA in the province of Dinagat Islands.

MPSA-010-92-X or the "Casiguran Nickel Project," was acquired by CPC from Casiguran Mining Corporation by virtue of a deed of assignment on May 29, 2006, which was approved by the Department of Environment and Natural Resources (DENR) on December 11, 2006. On May 6, 2017, CPC's MPSA No. 010-92-X expired. The DENR approved the renewal of this MPSA on October 12, 2021 for another 25 year term commencing from June 11, 2017.

In addition, MPSA-283-2009-XIII-SMR or the "Rapid City Parcel II Prospect" ("Rapid City") was approved by the DENR on June 19, 2009. This MPSA has a term of 25 years from effective date.

The Acoje Property is covered by APSA-086-XIII and Environmental Compliance Certificate (ECC) No. 008-345-301C. The mineral properties under APSA-086-XIII is owned by the heirs of C.B. Gupana and Crau Mineral Resources Corporation (Crau). The heirs of CB Gupana and Crau applied for mineral production sharing agreement with Mines and Geosciences Bureau (MGB), and this is currently under process.

On May 25, 2014, Crau assigned its rights over its portion of the mineral properties to the Company for a consideration.

On November 21, 2021, Crau submitted a letter of intent to convert the pending application for Production Sharing Agreement to Exploration Permit Application.

APSA-086-XIII is still under final evaluation with the MGB Central Office as at December 31, 2023.

For the mining operators, there are two (2) Geologic Resource Evaluation Reports dated 2010 for the Casiguran Nickel Project and a Resource Evaluation Report for the Rapid City Parcel II Prospect, which were prepared by Dr. Carlo A. Arcilla, a licensed geologist and an accredited competent person in accordance with the definition of the Philippine Mineral Reporting Code.

Based on the reports, the Casiguran Nickel Project and Rapid City Parcel II Prospect have a combined indicated and measured resource of 9,897,000 dry metric tons (DMT) with a grade of 1.02% nickel (at 0.8% nickel cut-off) and 9,067,000 DMT with a grade of 1.07% nickel (at 0.8% nickel cut-off), respectively. These represent 100,000 metric tons of pure nickel and 3,500,000 tons of iron and 90,000 tons of pure nickel and 3,800,000 tons of iron for the Casiguran Nickel Project and Rapid City Parcel II Prospect, respectively, subject to mining plans and metal recovery parameters.

The Cement and Limestone Project

Through a Joint Operating Agreement (JOA) executed between Philippine Mining Development Corporation (PMDC) and CPC dated December 10, 2010, with a term of 25 years, the Group has 4,795 hectares in Pinamungahan, Cebu to mine limestone. An initial resource assessment conducted in 2012 on an 81-hectare area estimate as indicated limestone resource of 34,000,000 metric tons (see Note 24).

In April and July 2015, the Group was able to obtain the ECC for the Cement Plant/Power Plant and Limestone Quarry Project, respectively.

On September 29, 2015, through a Deed of Assignment executed between CPC and CPMDC, CPC assigned its rights over the JOA with PMDC to CPMDC. Through the assignment, CPMDC will handle the Pinamungahan Limestone Quarry Project and will take over from CPC the implementation of its obligations and commitments under the subject JOA.

On July 10, 2019, the MGB approved the Declaration of Mining Project Feasibility (DMPF) under the JOA. The approval shall authorize CPC to proceed to the development and operating periods under the JOA by and between PMDC and CPC including the extraction and commercial disposition of limestone, pozzolan and other associated minerals in the entire contract area.

On March 20, 2022, the transfer of ECC from CPC to CPMDC was approved by the Environmental Management Bureau Central Office.

In 2023, the Group noted that the transfer of deferred exploration cost amounting to P46.1 million from CPC to CPMDC should have occurred in 2015 pursuant to the Deed of Assignment. Such transaction affects only the individual financial statements of CPC and CPMDC and has no impact on the Group's consolidated financial statements.

Registration with the Board of Investments (BOI)

On January 22, 2018, CPCMC was registered with the BOI with Certificate of Registration No. 2018-015, on its cement plant project at Barangay Sacsac, Pinamungahan, Cebu, as a new producer of cement on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226).

As a BOI-registered entity, CPCMC is entitled to the following incentives, among others:

- a. Income Tax Holiday (ITH) for four (4) years from October 2020 or actual start of commercial operations (SCO), whichever is earlier but in no case earlier than the date of registration.
- b. Importation of capital equipment, spare parts and accessories at zero duty under Executive Order No. 22 and its Implementing Rules and Regulations. Only equipment directly needed and exclusively used in its operations shall be entitled to capital equipment incentives.

- c. Additional deduction from taxable income of fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the BOI. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH.
- d. Importation of consigned goods equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond.
- e. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten (10) years from the start of commercial operations.

Request for amendment of the date of start of commercial operations for purposes of determining the reckoning date of the ten (10) year period, shall be filed within one (1) year from the date of committed start of commercial operations.

- f. Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration.
- g. Employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from the date of registration. The president, general manager and treasurer of foreign-owned registered enterprises or their equivalent shall not be subject to the foregoing limitations.
- h. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

Due to the spread of the Corona Virus Disease (COVID-19) in 2020 and pursuant to Article 7 (14) of Omnibus Investments Code of 1987 (Executive Order No. 226), BOI's Board Resolution No. 10-03 (Series of 2020) and BOI's Board Resolution No. 32-08 (Series of 2020) or the *"Support to Registered Projects Affected by the Taal Volcano Eruption and COVID-19 Pandemic"*, BOI granted the movement of the Income Tax Holiday's (ITH) start date from October 2020 to October 2021 or actual start of commercial operations, whichever is earlier.

On January 26, 2021, CPCMC received a letter from BOI affirming the movement of the ITH's start date from October 2020 to October 2021 or actual start of commercial operations, whichever is earlier.

On December 16, 2021, the management requested the movement of the SCO and ITH reckoning date of CPCMC's registered project covered by BOI Certificate of Registration No. 2018-015.

On January 28, 2022, the BOI granted the request of CPCMC for the movement of its registered project's SCO and ITH reckoning date from October 2021 to April 2022.

On December 1, 2022, the management requested the movement of the SCO and ITH reckoning date of CPCMC's registered project covered by BOI Certificate of Registration No. 2018-015.

On January 26, 2023, the BOI granted the request of CPCMC for the movement of its registered project's SCO and ITH reckoning date from April 2022 to March 2023.

The actual SCO of CPCMC is in January 2023 which will be the reckoning date for the ITH.

CSCI

On April 10, 2018, CSCI was registered with the Maritime Industry Authority with Certificate No. DSO-2006-003-042 (2018) under Marina Circular 2006-003, which is valid until April 9, 2021.

As at December 31, 2023, the Company is still in process of the renewal.

2. Basis of Preparation

Basis of Accounting

These consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). They were approved and authorized for issue by the Board of Directors (BOD) on May 15, 2024.

Details of the Company's material accounting policies are included in Note 26.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis of accounting except for investment in equity securities which is measured at fair value.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the functional currency of the Parent and each of its subsidiaries. All financial information presented in Philippine peso has been rounded-off to the nearest peso, unless otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the accounts of the Group from the date control was obtained by the Parent Company. Equity attributed to the equity holders of the Parent Company is based on its share in net profits and net assets of the investees in accordance with the investees' Articles of Incorporation.

The consolidated financial statements reflect the consolidated accounts of the Group. Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in the consolidation.

The consolidated financial statements of the Group are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

A subsidiary is an entity that is controlled by the Parent Company and whose accounts are included in the consolidated financial statements. Control exists when the Parent Company is exposed to, 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. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date control ceases.

Noncontrolling Interest

Noncontrolling interest represents the interests not held by the Parent Company in its subsidiaries.

3. Use of Judgements and Estimates

Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. The judgments and estimates used in the accompanying consolidated financial statements are based on management's evaluation of relevant facts and circumstances as at the date of the Group's consolidated financial statements. Actual results may differ from these estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgment

In the process of applying the Group's accounting policies, management has made the below judgment, apart from those involving estimations, that has the most significant effect on the amounts recognized in the consolidated financial statements:

Distinguishing between Property, Plant and Equipment and Investment Property

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production and supply of goods and services or for administrative purposes. If these portions can be sold separately (or lease out separately under finance lease), the Group accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

The Group has determined the parcels of land held for capital appreciation and expenditures related to land reclamation as investment properties (see Note 8), while the land held for the construction of the cement plant is classified under property, plant and equipment (see Note 9).

Estimates and Assumptions of Uncertainties

The key assumptions and estimation uncertainties concerning the future and other key sources of estimation uncertainty as at reporting date that have the most significant risk of resulting in a material adjustment to the carrying amounts of assets, liabilities and equity within the next financial year are as follows:

Estimating Expected Credit Losses (ECL) on Financial Assets at Amortized Cost

The Group measures the ECL of financial assets at amortized cost in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Further details on financial assets at amortized cost are disclosed in Notes 4, 5, 7 and 22.

Estimating Net Realizable Value (NRV) of Inventories

In determining the NRV of inventories, the Group considers inventory obsolescence based on specific identification and as determined by management for inventories estimated to be unsaleable in the future. The Group adjusts the cost of inventories to the NRV at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Group reviews, on a continuous basis, the product movement, changes in customer demands and introduction of new products to determine whether these items should still be used in operations or otherwise disposed of and identifies inventories which are to be written down to NRV. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets.

Further details on inventories are disclosed in Note 6.

Estimating Recoverable Reserves

Recoverable reserves and resource estimates for development projects are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven reserve estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured.

All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Estimates of reserves for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates for reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may lead to revisions. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded depletion expenses for any period would be affected by changes in these factors and circumstances.

Further details on explored mineral resources are disclosed in Note 10.

Estimating Provision for Site Rehabilitation

In determining the provision for mine rehabilitation, the Group considers factors that affect the calculation of the ultimate liability. These factors include, but not limited to, the extent and costs of rehabilitation activities, technological changes, regulatory changes and changes in discount rates. The Group reviews and updates these factors on a continuous basis. It is possible that future results of operations could be materially affected by change in the provision for site rehabilitation brought about by the changes in the factors mentioned.

Further details on provision for site rehabilitation are disclosed in Note 14.

Estimating Allowance for Impairment Losses on Advances to Third Parties, Advances to Employees, Prepayments and Value Added Tax (VAT)

The Group maintains an allowance for impairment losses at a level considered adequate to provide for probable unrecoverable amounts of advances to third parties, advances to employees, prepayments and input VAT. The level of this allowance is evaluated by management on the basis of factors that affect the recoverability of the account.

Further details on allowance for impairment losses on advances to third parties, advances to employees, prepayments and input VAT are disclosed in Notes 7 and 12.

Estimating Useful Lives (EUL) of Property, Plant and Equipment

The useful life of each of the Group's property, plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The EUL of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the EUL of any property, plant and equipment would increase the recorded operating expenses and decrease noncurrent assets.

Further details on property, plant and equipment are disclosed in Note 9.

Estimating Allowance for Impairment Loss on Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. Determining the amount of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Further events could cause the Group to conclude that these assets are impaired. Any resulting impairment loss could have material impact on the financial position and performance of the Group.

The preparation of the estimated future cash flows involves estimations and assumptions. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Group's assessment of the recoverable amounts and may lead to future additional impairment.

For deferred exploration costs, the facts and circumstances that the Group considers include the following: the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed; substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the deferred exploration cost is unlikely to be recovered in full from successful development or by sale.

As at December 31, 2021, management assessed that the construction in progress of CHGSI amounting to P215,092,985 is no longer recoverable due to damages caused by Typhoon Yolanda in November 2013. Accordingly, the Group recognized impairment loss on its property, plant and equipment amounting to P18,220,612 in 2020 under "Operating Expenses". No impairment loss were recognized on its nonfinancial assets in 2023 and 2022.

Further details on nonfinancial assets are disclosed in Notes 8, 9, 10 and 11.

Estimating Realizability of Deferred Tax Assets

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the carrying amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

Further details on deferred tax assets are disclosed in Note 19.

4. Cash

This account consists of:

	<i>Note</i>	2023	2022
Cash in banks	22	P14,986,016	P229,215,626
Cash on hand		102,516	102,516
		P15,088,532	P229,318,142

Cash in banks earns interest at the prevailing bank deposit rates.

Interest income are as follows:

	<i>Note</i>	2023	2022	2021
Cash in banks		P41,862	P17,556	P14,698
Rehabilitation fund	12	27	6,761	7,671
		P41,889	P24,317	P22,369

As at December 31, 2021, management determined that the carrying amount of its cash in banks amounting to P207,771 to be unrecoverable. The Group's bank accounts became dormant, and the management has no current plan to re-activate this bank account. The Group recognized impairment loss on its cash in banks amounting to P207,771 in 2021 (see Note 22). No impairment loss was recognized in 2023 and 2022.

5. Accounts Receivable

As at December 31, 2023, accounts receivable pertains to receivable from third parties for the sale of cement products amounting to P92,670,877. These are unsecured, noninterest-bearing and are generally collectible within 30 days and in cash.

No ECL on accounts receivable was recognized in 2023.

6. Inventories

This account consists of:

	2023	2022
Nickel ores	P480,317,134	P318,925,047
Limestone and other raw materials	224,537,797	79,045,119
	P704,854,931	P397,970,166

Inventories are carried at cost which is lower than the NRV.

In 2023, 2022 and 2021, the cost of sales recognized in the consolidated statements of comprehensive income (loss) amounted to P2,055,233,094, P678,358,493, and P427,732,202, respectively (see Note 17).

7. Other Current Assets

This account consists of:

	Note	2023	2022
Input VAT	12	P229,493,587	P284,988,547
Advances to:			
Third parties		205,854,541	42,540,011
Employees		30,532,806	15,014,016
Creditable withholding taxes		14,108,078	-
Prepaid expenses		11,672,476	12,511,970
Deposits	22	-	968,800
		491,661,488	356,023,344
Allowance for impairment losses		(28,627,819)	(18,847,776)
		P463,033,669	P337,175,568

Input VAT pertains to the excess of input VAT over output VAT and is recognized when an entity purchases goods and services from a VAT registered supplier or vendor. Input VAT which are not expected to be recovered within twelve (12) months from the reporting date is recorded as part of "Other noncurrent asset" account in the consolidated statements of financial position.

Advances to third parties include advances made for operation costs which will be deducted against future billings.

Advances to employees are due from Group's employees in the form of unliquidated cash advances which are expected to be liquidated within the next reporting period.

Prepaid expenses primarily consist of prepaid taxes, insurance, supplies and various items that are individually immaterial.

The movements in the allowance for impairment losses are as follows:

	2023	2022
Balance at beginning of year	P18,847,776	P13,379,179
Impairment losses for the year	9,780,043	5,468,597
Balance at end of year	P28,627,819	P18,847,776

In 2023 and 2022, the Group assessed that some of its advances to employees is no longer recoverable and decided to recognize an additional allowance for impairment on advances to employees amounting to P9,780,043 and P5,468,597, respectively (see Note 18).

8. Investment Properties

This account consists of:

	Land	Land Reclamation Costs	Total
Cost			
January 1, 2022 and			
December 31, 2022 and 2023	P21,385,768	P5,859,396	P27,245,164

Land

The two parcels of land classified as investment properties have a carrying amount of P21,385,768 as at December 31, 2023 and 2022. The Group held these two parcels of land for capital appreciation.

The fair value of investment properties amounted to P140.2 million as at December 31, 2023. The fair value of investment properties has been internally determined by reference to other similar transactions in the market. 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 market value of the investment properties were arrived at using the market data approach. In this approach, the value of the investment property is determined based on the sales and listing of comparable properties registered in the vicinity which is classified as Level 2 hierarchy.

Land Reclamation Costs

On December 21, 2018, CPC and the Province of Cavite (the Parties) entered into a Joint Venture Agreement for the reclamation of 1,332 hectares of land within the territorial jurisdiction of the Province of Cavite (see Note 24). Under the agreement, CPC shall be entitled to the 90% usable area of the raw land reclamation area. The Joint Venture Agreement shall end on the fifteenth (15th) anniversary of the effective date or sooner day as agreed by the Parties.

As of December 31, 2023 and 2022, the Group was able to obtain the area clearance for the land reclamation project in Cavite. The Group is still in the process of securing the other government clearances to start the reclamation project.

On January 31, 2019, the Group and the Province of Paranaque entered into a Joint Venture Agreement for the reclamation of 286.86 hectares of land in Manila Bay within the territorial jurisdiction of Paranaque City. Under the agreement, the Group shall be entitled to the 49% of the reclaimed area. After the issuance of Notice to Proceed, the Group is required to start the Raw Land Reclamation Area within one (1) year and to complete within five (5) years from the commencement.

As of December 31, 2023 and 2022, the Group was able to obtain the environment compliance certificate for the land reclamation project in Paranaque City. The Group is still in the process of securing the other government clearances to start the reclamation project.

As at December 31, 2023 and 2022, the related land reclamation costs incurred by the Group amounted to P5,859,396 and P576,291, respectively.

9. Property, Plant and Equipment

Movements and balances of this account are presented below:

	Land	Mine Site Development Cost	Machineries, Transportation and Field Equipment	Building, Office Space and Improvements	Office Equipment, Furniture and Fixtures	Construction- in-Progress	Total
Cost							
January 1, 2022	P42,831,125	P421,154,027	P458,146,335	P40,431,411	P19,827,868	P4,656,001,063	P5,638,391,829
Additions	3,073,224	-	546,089,811	28,291,474	19,752,419	2,849,891,481	3,447,098,409
December 31, 2022	45,904,349	421,154,027	1,004,236,146	68,722,885	39,580,287	7,505,892,544	9,085,490,238
Additions	-	4,745,846	36,300,670	-	19,952,547	166,749,066	227,748,129
Reclassification	-	46,063,566	3,103,684,590	4,305,537,925	27,010,665	(7,436,233,180)	46,063,566
December 31, 2023	45,904,349	471,963,439	4,144,221,406	4,374,260,810	86,543,499	282,471,996	9,359,301,933
Accumulated Depreciation, Amortization and Depletion							
January 1, 2022	-	85,635,102	126,086,666	19,377,554	12,448,343	-	243,547,665
Depreciation, amortization and depletion	-	20,795,718	175,938,429	28,528,460	2,127,390	-	236,389,997
December 31, 2022	-	115,430,820	302,025,095	47,906,014	14,575,733	-	479,937,662
Depreciation, amortization and depletion	-	40,755,530	247,077,859	140,990,542	18,264,625	-	447,088,556
December 31, 2023	-	156,186,350	549,102,954	188,896,556	32,840,358	-	927,026,218
Allowance for Impairment Loss							
December 31, 2023 and 2022	-	-	-	-	146,932	215,092,985	215,239,917
Carrying Amount							
December 31, 2022	P45,904,349	P305,723,207	P702,211,051	P20,816,871	P24,857,622	P7,290,799,559	P8,390,312,659
December 31, 2023	P45,904,349	P315,777,089	P3,595,118,452	P4,185,364,254	P53,556,209	P21,315,445	P8,217,035,798

Construction in Progress

Construction in progress represents the construction and other direct costs incurred in relation with the cement plant project of CPCMC located in Cebu and other facilities under construction in Leyte for CHGSI's smelting plant.

The management assessed that the construction in progress of CHGSI amounting to P215,092,985 is no longer recoverable due to damages caused by Typhoon Yolanda in November 2013. Accordingly, the Group recognized impairment loss on its property, plant and equipment. No impairment loss were recognized on its nonfinancial assets in 2023, 2022 and 2021.

The Group's mortgage loans of P5.3 million and P3.7 million as at December 31, 2023 and 2022, respectively, are collateralized by the Group's transportation equipment with a carrying amount of P7.3 million and P4.0 million, respectively as at December 31, 2023 and 2022, respectively (see Note 15).

The non-cash investing activities in 2023 and 2022 pertains to the depreciation expense amounting to P2,937,190 and P2,937,190, respectively, which was capitalized as part of the Group's construction in progress. There are no noncash investing activity related to depreciation in 2023.

Advances for the transmission lines to be used in the Cement Plant amounting to P135.3 million was reclassified to "Property, plant and equipment" account when the Cement Plant was completed in 2022. This is a noncash investing activity.

Depreciation, amortization and depletion are allocated as follows:

	Note	2023	2022	2021
Capitalized:				
Inventories		P72,211,920	P45,631,003	P31,119,235
Property, plant and equipment		-	2,937,190	2,967,521
Cost of sales	17	352,966,073	149,325,253	38,393,240
Operating expenses	18	21,910,563	38,496,551	7,939,667
		P447,088,556	P236,389,997	P80,419,663

10. Explored Mineral Resources

	2023	2022
Cost	P2,016,756,977	P2,016,756,977
Allowance for accumulated depletion	(750,708,271)	(593,088,708)
	P1,266,048,706	P1,423,668,269

The movements in the allowance for accumulated depletion as at December 31 are as follows:

	2023	2022
Balance at beginning of year	P593,088,708	P477,855,548
Depletion for the year	157,619,563	115,233,160
Balance at end of year	P750,708,271	P593,088,708

Explored mineral resources are part of the group of assets that the Parent Company acquired in 2008, in exchange for shares of stock of CPC. At acquisition date, these explored mineral resources were measured based on the expected cash flows from the explored area of about 400.0 hectares or 42.0% of total area covered by the MPSA.

The financial model yielded an expected net present value (NPV) on CPC's group of assets amounting to P2,016,756,977 using an investment hurdle rate of 36.6%. The NPV computation assumed an average selling price of USD 27,500 per metric ton of pure nickel, which considered a 16.2% discount to London Metal Exchange quoted prices; a 15-year production and selling period with a maximum annual production yield of 2,000,000 metric tons; and an average production cost of USD 6.4 per wet metric ton. The valuation was prepared by Asian Alliance Investment Corporation (AAIC), an independent financial advisor. Subsequently, the Group appointed Multinational Investment Bancorporation (MIB), another independent financial advisor, to render fairness opinion to the valuation. The result of MIB's report dated April 9, 2008 fairly approximated that of AAIC's report.

For purposes of computing the NPV using discounted cash flow method, the valuation of explored mineral resources involves the extraction of non-replaceable resource.

The assumptions used in the valuation included a number of market factors that are subject to market risk, such as commodity risk and currency risk. Significant changes in the commodity prices and foreign exchange rates would affect the fair value of the explored mineral resource.

Depletion of explored mineral resources is recognized under the consolidated statements of comprehensive income (loss).

11. Deferred Exploration Costs

As at December 31, 2023 and 2022, movements of this account are as follows:

	<i>Note</i>	2023	2022
Balance at beginning of year		P46,063,566	P46,063,566
Reclassification to mine site development cost	9	(46,063,566)	-
Balance at end of year		P -	P46,063,566

Deferred exploration costs pertain to expenditures related to exploration for economic mineral deposits. These include, among others, costs of exploration and mining rights acquisition, geological, geochemical and geophysical surveys, drilling, labor, materials and supplies, professional fees, community relations, and environmental management expenditures attributable to the Cement and Limestone Project.

Exploration activities are covered by a JOA entered by the Group with PMDC (see Note 24).

As discussed in Note 1, CPMDC has started extraction and commercial disposition of limestone, pozzolan and other associated minerals in the quarry sites. Accordingly, the related costs were reclassified as part of mine site development cost under "Property, plant and equipment" account in the consolidated statements of financial position (see Note 9). This is a noncash investing activity in the consolidated statements of cash flows.

12. Other Noncurrent Assets

	<i>Note</i>	2023	2022
Input VAT		P39,633,460	P28,297,404
Allowance for impairment losses on input VAT		(15,877,803)	(15,877,803)
		23,755,657	12,419,601
Rehabilitation funds	22	51,045,522	47,985,424
Security deposits	22	25,249,229	-
Investment in equity securities	22	11,750,000	11,750,000
Others		1,601,535	1,695,670
		P113,401,943	P73,850,695

Rehabilitation funds were set up by the Group to ensure availability of financial resources for the satisfactory compliance with and performance of activities of its Environmental Protection and Enhancement Program during the specific phases of its mining projects. The funds also include a Social Development Management Program fund under a Memorandum of Agreement with the Development Bank of the Philippines (DBP) and Land Bank of the Philippines (LBP).

A reconciliation of the allowance for impairment losses on input VAT at the beginning and end of 2023 and 2022 are shown below.

	<i>Note</i>	2023	2022
Balance at beginning of year		P15,877,803	P9,128,237
Allowance during the year	18	-	6,749,566
Balance at end of year		P15,877,803	P15,877,803

The Group's rehabilitation funds are deposited with DBP and LBP and earn interest at the respective bank deposit rates. Interest income earned amounted to P27, P6,761 and P7,671 in 2023, 2022 and 2021, respectively. The fund balance is compliant with the required balance of MGB as at December 31, 2023 and 2022.

The security deposits pertain to the amount paid by the Group for Retail Electricity Supply Agreement for the electric supply in cement plant.

Investment in equity securities pertains to the Parent Company's ownership interest in Century Peak Hotel Management and Development Inc. formerly known as Century Peak Property Development, Inc. which is measured at fair value. The investment in equity securities has a par value of P100 per share. The investment in equity securities amounted to P11,750,000 as at December 31, 2023 and 2022. The fair value is under level 3 of the fair value hierarchy (Note 22).

13. Accounts Payable and Other Current Liabilities

This account consists of:

	<i>Note</i>	2023	2022
Accounts payable	22	P2,116,589,721	P1,596,650,089
Accrued contractors' fees	22	8,071,104	8,071,104
Statutory payables		2,837,793	797,591
		P2,127,498,618	P1,605,518,784

The Group's accounts payable pertains to obligations for payment of goods and services that have been acquired from third party suppliers. The credit period on payables is normally on a 30 to 60 days term.

Accrued contractors' fees pertain to unbilled costs of cement plant constructions.

14. Provision for Site Rehabilitation

The movements in this account are as follows:

	2023	2022
Balance at beginning of year	P22,142,206	P20,142,096
Additions	4,789,728	-
Accretion of interest	2,545,018	2,000,110
Actual rehabilitation cost	(5,804,138)	-
Balance at end of year	P23,672,814	P22,142,206

The Group is required under its ECC to perform rehabilitation of its mine and quarry operation sites. Accordingly, the Group recognized its estimated liability for mine site rehabilitation. The provision is calculated based on the Group's estimate of expected costs to be incurred to rehabilitate the sites and is measured at its present value using 7.23% to 9.93% effective interest rate.

In 2023, the present value of the total estimated costs of mine rehabilitation in the Group's Limestone Project amounting to P4.8 million computed upon initial recognition was capitalized as part of mine site development cost under "Property, plant and equipment" account in the consolidated statements of financial position (see Note 9). This is a noncash investing activity in the consolidated statements of cash flows.

The accretion of interest amounting to P2,545,018, P2,000,110, and P1,819,440 for the periods ended December 31, 2023, 2022 and 2021, respectively (see Note 15).

15. Short-term Loan Payable and Mortgage Payable

Short-term Loan Payable

Movements of this account are as follow:

	2023	2022
Balance at beginning of year	P450,000,000	P -
Availments	100,000,000	450,000,000
Balance at end of year	P550,000,000	P450,000,000

In 2023 and 2022, the Group availed a short-term loan from a local bank to finance the Group's working capital requirements amounting to P100.0 million and P450.0 million, respectively. The loan is secured with a corporate surety executed by certain individuals in their personal capacity. The loan bears an effective interest rate of 9.00% to 9.50% in 2023 and 6% in 2022 which is payable within 28 to 60 days and renewable for another 28 to 60 days.

All of the short term loans of the Group matured from January 4 to 22, 2024. These loans were rolled over upon maturity and still existing as of the reporting date.

Mortgage Payable

The Group obtained loans from a local bank to finance its acquisition of transportation equipment. The carrying amount of these loans as at December 31, 2023 and 2022 are as follows:

	2023	2022
Balance at beginning of the year	P3,735,274	P -
Additions	3,194,646	3,735,274
Payments	(1,639,751)	-
Balance at end of year	5,290,169	3,735,274
Less current portion	2,480,830	1,316,760
	P2,809,339	P2,418,514

These loans bear annual interest of 9.7% and payable monthly until 2025.

The above loans are collateralized by a chattel mortgage on the Group's transportation equipment with a carrying amount of P7.3 million and P4.0 million at December 31, 2023 and 2022, respectively (see Note 9).

Interest expense incurred are as follows:

	<i>Note</i>	2023	2022	2021
Short-term loan payable		P52,574,518	P3,578,486	P -
Provision for site rehabilitation	14	2,545,018	2,000,110	1,819,440
Mortgage payable		504,847	115,834	-
		P55,624,383	P5,694,430	P1,819,440

There was no accrued interest payable as at December 31, 2023 and 2022.

The schedule of maturities of loans of the Group are as follows:

	2023	2022
Within one year	P552,480,830	P451,316,760
One to two years	2,099,130	1,450,000
Two to three years	710,209	968,514
	P555,290,169	P453,735,274

16. Revenues

This account pertains to the amount of revenue earned by the Group from the sale of cement products and nickel ores to customers. In 2023, 2022 and 2021, revenue recognized in consolidated profit or loss amounted to P2,531,646,405, P1,081,294,076, and P1,009,202,873, respectively.

17. Cost of Sales

This account consists of:

	<i>Note</i>	2023	2022	2021
Contractors' fees		P488,869,597	P14,114,568	P26,511,258
Cost of inventories		476,094,401	-	-
Depreciation, depletion and amortization	9	432,408,840	168,902,110	145,793,617
Utilities		384,100,240	17,162,789	49,541,909
Labor cost		98,399,955	97,087,391	65,802,558
Fuel and oil		97,615,882	211,627,356	104,275,014
Rent		41,856,541	139,926,929	9,577,495
Repairs and maintenance		13,166,892	9,605,602	-
Materials and supplies		6,997,212	13,412,102	7,596,430
Other charges		15,723,534	6,519,646	18,633,921
		P2,055,233,094	P678,358,493	P427,732,202

Contractor's fees pertain to the expenses incurred related to the third-party contractors engaged by the Group to operate and/or manage the Group's mine sites.

Cost of inventories pertain to inventories sold during the year.

Depreciation, amortization and depletion were from the following:

	Note	2023	2022
Depreciation, amortization and depletion during the year	9	P352,966,073	P149,325,253
Beginning inventories sold during the year		79,442,767	19,576,857
		P432,408,840	P168,902,110

Utilities pertains to billings from electric and water service provider.

Labor cost pertains to the amount paid by the Group to its regular, contractual and seasonal employees who are directly involved in its mining operation.

Fuel and oil pertain to the expenditures on petroleum and similar products incurred by the Group in its cement and mining operation.

Rent consists of various lease agreements with third parties with terms of less than one (1) year. The rental expenses mainly pertain to the rental for dump trucks, backhoes, vessels and payloaders which were leased only when needed for the mining operations.

18. Operating Expenses

This account consists of:

	Note	2023	2022	2021
Freight and handling cost		P45,461,625	P13,323,262	P555,559
Salaries, wages and employee benefits		41,817,015	39,745,424	31,104,182
Royalty tax		40,598,759	43,848,632	50,460,144
Excise tax		32,997,016	34,840,238	20,170,449
Materials and office supplies		16,889,599	4,002,849	2,090,287
Depreciation and amortization	9	21,910,563	38,496,551	7,939,667
Taxes and licenses		20,264,353	36,003,378	18,484,965
Professional fees		18,039,392	26,464,662	6,351,821
Transportation and travel		11,663,794	5,483,869	1,227,540
Impairment loss on advances to employees and others	7	9,780,043	5,468,597	-
Rent		8,899,181	7,603,062	3,594,875
Representation		3,360,799	11,448,330	2,004,109
Document and processing fees		1,948,130	4,737,499	205,751
Service fees		682,405	3,730,431	29,716,042
Provision for impairment of input VAT	12	-	6,749,566	-
Impairment loss on cash	4, 7, 12	-	-	207,771
Others		24,039,560	31,546,378	6,650,184
		P298,352,234	P313,492,728	P180,763,346

Freight and handling pertain to transportation expense incurred for the delivery of the Group's products.

Salaries, wages and benefits include retirement expense amounting to P1,902,035 and P7,678,026 for the year ended December 31, 2023 and 2022, respectively. There is no retirement expense recognized for the year ended December 31, 2021.

For CPC, royalty tax and excise tax pertain to the tax imposed on the sale of mineral resources, which is 5% and 4%, respectively, of the assessed value of MGB. For CPMDC, royalty tax and excise tax pertain to the tax imposed on the sale of mineral resources, which is 3% and 4%, respectively, of the assessed value of MGB. In line with the JOA discussed in Note 1, CPMDC shall pay PMDC a fixed royalty fee in the amount equivalent to 3% royalty from the gross sales, over and above other taxes, duties and fees levied by existing laws, national or local.

The Group's retirement plan is unfunded, noncontributory defined benefit plan with a single lump-sum payment covering retirement based on RA No. 7641. The retirement benefits recognized are based of service and compensation on the last year of employment.

The Group did not obtain an actuarial valuation in 2023, 2022 and 2021 because the management has assessed that the effect on the consolidated financial statements of the difference between the retirement benefits expense recognized by the Group and resulting from actuarial valuation will not be significant.

Others include allowances to contractual workers and various items that are individually immaterial.

19. Income Taxes

Current tax expense in 2023, 2022 and 2021 pertains to regular corporate income tax.

The reconciliation of income tax) computed at the statutory tax rates to income tax expense (benefit) recognized in consolidated profit or loss is summarized as follows:

	2023	2022	2021
Income (loss) before income tax	(P36,114,902)	(P46,790,564)	P336,202,780
Income tax expense computed at statutory tax rates of 25%	(P9,028,726)	(P11,697,641)	P84,050,695
Loss subjected to income tax holiday	28,584,816	-	-
Income tax effects of:			
Change in unrecognized deferred tax assets	7,464,414	19,516,719	29,719,727
Nondeductible expenses	2,448,298	36,899,986	-
Nontaxable income	(550,926)	-	-
Effect of change in tax rate	(29,959)	-	1,406,959
Interest income subjected to final tax	(10,473)	(7,295)	(5,592)
Applied Net Operating Loss			
Carry over (NOLCO)	-	-	(31,670,634)
	P28,877,444	P44,711,769	P83,501,155

The components of the Group's deferred tax assets recognized in the consolidated statements of financial position are as follows:

2023	January 1	Recognized in Consolidated Profit or Loss	December 31
Provision for site rehabilitation - net	P5,535,552	(P901,355)	P4,634,197
Provision for impairment loss	3,041,390	-	3,041,390
Unrealized foreign exchange gain	(20,606)	263,259	242,653
Deferred Tax Assets	P8,556,336	(P638,096)	P7,918,240

2022	January 1	Recognized in Consolidated Profit or Loss	December 31
Provision for site rehabilitation - net	P3,799,987	P1,735,565	P5,535,552
Provision for impairment loss	3,041,390	-	3,041,390
Unrealized foreign exchange gain	-	(20,606)	(20,606)
Deferred Tax Assets	P6,841,377	P1,714,959	P8,556,336

In 2021, MCIT amounting to P1,536,638 was applied against income tax due.

In 2023 and 2022, deferred tax assets have not been recognized by the Group in respect of the following items, as it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	2023	2022
NOLCO	P152,833,018	P128,111,326
Provision for site rehabilitation - net	24,340,929	-
Provision for impairment loss	12,165,560	-
Unrealized foreign exchange gain	809,074	-
	P190,148,581	P128,111,326

NOLCO

The Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (b) of RA No. 11494, *Bayanihan to Recover as One Act*, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The said RR also defined taxable years 2020 and 2021 to include those corporations with fiscal years ending on or before June 30, 2021 and June 30, 2022, respectively.

Details of the Company's NOLCO covered by RR. No. 25-2020 are as follows:

Year Incurred	Amount	Expired	Applied	Balance	Expiry Year
2021	P22,242,479	P -	(P10,536)	P22,231,943	2026
2020	19,902,649	-	(5,030,917)	14,871,732	2025
	P42,145,128	P -	(P5,041,453)	P37,103,675	

Details of the Company's NOLCO not covered by RR No. 25-2020 which could be carried over as a deduction from the Company's future taxable income for the next three (3) succeeding taxable years is as follow:

Year Incurred	Amount	Expired	Applied	Balance	Expiry Year
2023	P31,503,573	P -	P -	P31,503,573	2026
2022	85,966,198	-	(577,599)	85,388,599	2025
	P117,469,771	P -	(P577,599)	P116,892,172	

In 2023 and 2021, the Group applied NOLCO amounting to P5,619,052 and P105,568,781, respectively, against taxable income.

20. Equity

Capital Stock

	Number of Shares	Amount
Authorized, P1.0 par value	3,575,000,000	P3,575,000,000
Issued and outstanding	2,820,330,450	P2,820,330,450

CPHC has 222 and 223 holders of common equity securities as at December 31, 2023 and 2022, respectively.

Noncontrolling Interest (NCI)

The following table summarizes the information relating to the Group's subsidiaries:

	2023		
	CHGSI	CSSI	CSCI
NCI percentage	45%	40%	20%
Current assets	P -	P119,841,450	P31,749,013
Noncurrent assets	36,772,812	119,754,403	103,088,140
Current liabilities	194,079,957	87,047	154,362,380
Noncurrent liability	-	-	-
Net assets (liabilities)	(P157,307,145)	P239,508,806	(P19,525,227)
Carrying amount of NCI	(P70,788,215)	P95,803,522	(P3,905,045)
Revenue	P -	P -	P18,000,000
Net loss/total comprehensive loss	(P1,679,968)	(P87,047)	P5,601,697
Net loss/total comprehensive loss allocated to NCI	(P755,986)	(P34,819)	P1,120,340
Cash flows from operating activities	(P1,661,522)	(P44,491)	P8,878,652
Cash flows from a financing activity	1,661,522	44,491	(8,878,652)
Net decrease in cash	P -	P -	P -

	2022		
	CHGSI	CSSI	CSCI
NCI percentage	45%	40%	20%
Current assets	P -	P119,848,450	P7,144,704
Noncurrent assets	36,706,813	-	106,171,148
Current liabilities	191,337,493	7,000	138,442,776
Noncurrent liability	-	-	-
Net assets (liabilities)	(P154,630,680)	P119,841,450	(P25,126,924)
Carrying amount of NCI	(P69,583,806)	P47,936,580	(P5,025,385)
Revenue	P -	P -	P -
Net loss/total comprehensive loss	(P453,000)	(P7,000)	(P16,112,254)
Net loss/total comprehensive loss allocated to NCI	(P203,850)	(P2,800)	(P3,222,451)
Cash flows from operating activities	(P598,153)	(P7,000)	(P16,112,254)
Cash flows from a financing activity	598,153	7,000	16,112,254
Net decrease in cash	P -	P -	P -

21. Related Party Transactions

The following are the significant related party transactions and balances:

Category/Transaction	Year	Amount of the Transaction	Outstanding Balance		Terms	Conditions
			Due from a Related Party	Due to a Related Party		
Stockholders Advances	2023	(P572,217,813)	P -	P5,817,974,323	Due on demand; noninterest-bearing	Unsecured
	2022	2,916,810,017	-	6,388,608,722		
Entity with Common Stockholder Advances	2023	5,600	34,523,052	-	Due on December 2023; noninterest-bearing	Unsecured; no impairment
	2022	26,383,435	34,517,452	-		
Total	2023		P34,523,052	P5,817,974,323		
Total	2022		P34,517,452	P6,388,608,722		

- The Group initially pays for the expenses incurred by its related party. Outstanding balance amounting to P34,523,052 and P34,517,452 as at December 31, 2023 and 2022, respectively will be settled cash,
- Noninterest-bearing cash advances from stockholders were used by the Group to finance its working capital requirements and are to be settled in cash.

Based on PIC Q&A 2011-03 (amended June 2020): *Accounting for Intercompany Loans*, the loan which is payable on demand, shall be classified by the borrower as current. In both initial recognition and subsequent measurement, the borrower shall record the loan liability at the amount repayable.

As at December 31, 2023 and 2022, the Group classified its liability to stockholders amounting to P5,817,974,323 and P6,388,608,722, respectively, as current liability in consolidated statements of financial position.

Reconciliation of Opening and Closing Balances of Due to a Related Party

	2023	2022
Opening balance	P6,388,608,722	P3,471,798,705
Additions (payment)	(570,634,399)	2,916,810,017
Ending balance	P5,817,974,323	P6,388,608,722

Outstanding balance of due to stockholders is to be settled through cash.

Key management compensation in 2023, 2022 and 2021 amounted to P4.0 million, P4.0 million and P3.9 million, respectively.

22. Financial Risk and Capital Management Objectives and Policies

Financial Risk Management

Overview

The Group's financial instruments consist of cash in banks, accounts receivable, due from a related party, deposits, rehabilitation funds, investment in equity security, accounts payable and other current liabilities, due to a related party, short term payable, mortgage payable and other noncurrent liability. The main purpose of these financial instruments is to finance the Group's current operations. The main risks arising from the use of these financial instruments are credit risk, liquidity risk and market risk.

Risk Management Framework

The BOD and management have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There were no changes in the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk from previous year.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash in banks and rehabilitation funds.

The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of the financial assets, net of the value of the collaterals, if any. The carrying amount of financial assets represents the maximum credit exposure.

With respect to the credit risk arising from cash in banks, accounts receivable, due from a related party, deposits and rehabilitation funds, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of this instrument.

Financial information on the Group's maximum exposure to credit risk as at December 31, 2023 and 2022 is presented below.

	Note	2023	2022
Cash in banks	4	P14,986,016	P229,215,626
Accounts receivable	5	92,670,877	-
Due from a related party	21	34,523,052	34,517,452
Deposits	12	25,249,229	968,800
Rehabilitation funds	12	51,045,522	47,985,424
		P218,474,696	P312,687,302

The Group's exposure to credit risk arises principally from the credit risk that arises from default by counterparties.

The table below shows the credit quality by class of financial assets as at December 31, 2023 and 2022.

2023					
	Neither Past Due nor Impaired		Past Due but not Impaired	Past Due and Impaired	Total
	High Grade	Standard Grade			
Financial Assets at Amortized Cost					
Cash in banks	P14,986,016	P -	P -	P -	P14,986,016
Accounts receivable	-	92,670,877	-	-	92,670,877
Due from a related party	-	34,523,052	-	-	34,523,052
Deposits	-	25,249,229	-	-	25,249,229
Rehabilitation funds	-	51,045,522	-	-	51,045,522
	P14,986,016	P203,488,680	P -	P -	P218,474,696

2022					
	Neither Past Due nor Impaired		Past Due but not Impaired	Past Due and Impaired	Total
	High Grade	Standard Grade			
Financial Assets at Amortized Cost					
Cash in banks	P229,215,626	P -	P -	P -	P229,215,626
Due from a related party	-	34,517,452	-	-	34,517,452
Rehabilitation funds	-	47,985,424	-	-	47,985,424
	P229,215,626	P82,502,876	P -	P -	P311,718,502

The Group applies the simplified approach using provision matrix in providing for ECL, which permits the use of the lifetime expected loss provision for financial assets. The expected loss rates are based on the Group's historical observed default rates. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of this macroeconomic factor has not been considered significant within the reporting period.

Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write off; (b) losses which are likely to occur but has yet to occur; and (c) the expected receipts and recoveries once impaired.

Cash in banks and rehabilitation fund of the Group are deposited to banks that qualify as universal banks as defined by the Philippine Banking System. Universal banks represent the largest single group, resource-wise, of financial institutions in the country and hence, considered stable.

Impairment loss on cash in banks amounting to P207,771 is recognized as expense on the consolidated statements of comprehensive income (loss) for the year ended December 31, 2021, as management deemed that the financial assets to be unrecoverable (Note 4).

Except for the dormant cash in banks, all the cash deposited in banks including the rehabilitation fund has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash in banks and rehabilitation fund have low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources. Cash balances are managed with two main objectives: maintain maximum liquidity and minimize the cost of borrowing.

Exposure to Liquidity Risk

The following tables summarize the maturity of the Group's financial liabilities as at December 31, 2023 and 2022 based on contractual repayment arrangements:

	2023			
	Carrying Amount	Contractual Cash Flows	Within One Year	More than One Year
Accounts payable and other current liabilities*	P2,124,660,825	P2,124,660,825	P2,124,660,825	P -
Short-term loan payable	550,000,000	602,250,000	602,250,000	-
Mortgage payable	5,290,169	5,861,570	2,875,776	2,985,794
Due to related parties	5,817,974,323	5,817,974,323	5,817,974,323	-
Other noncurrent liability	1,046,325	1,046,325	-	1,046,325
	P8,498,971,642	P8,551,793,043	P8,547,760,924	P4,032,119

*Excluding statutory payables amounting to P2,837,793.

	2022			
	Carrying Amount	Contractual Cash Flows	Within One Year	More than One Year
Accounts payable and other current liabilities*	P1,604,721,193	P1,604,721,193	P1,604,721,193	P -
Short-term loan payable	450,000,000	470,250,000	470,250,000	-
Mortgage payable	3,735,274	4,245,824	1,622,328	2,623,496
Due to related parties	6,388,608,722	6,388,608,722	6,388,608,722	-
Other noncurrent liability	1,046,325	1,046,325	-	1,046,325
	P8,448,111,514	P8,468,872,064	P8,465,202,243	P3,669,821

*Excluding statutory payables amounting to P797,591.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The stockholder to which the Group substantially owes the outstanding balance of due to related party committed not to demand repayment of advances made to the Group for twenty-four (24) months from the date of the letter of support which was executed on May 3, 2024 except insofar as the funds of the Group permit repayment and such payment will not affect the ability of the Group to carry on its business. The stockholder will also provide financial support to the Group for a period of twenty-four (24) months from the date that the Group's financial statements are approved by the BOD.

The Group has an existing peso credit line facility with Sterling Bank of Asia, Inc. (A Savings Bank) with a credit limit of P655,000,000 which shall expire on September 30, 2024 unless otherwise extended or renewed by the bank. The said credit facility will be available subject to terms and conditions set out in the agreement between the Group and Sterling Bank of Asia, Inc.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Exposures to Foreign Currency Risk

The Group's currency exposure relates mainly to foreign currency transactions in which trade receivables have to be collected and paid.

The following table shows the Group's significant foreign currency-denominated monetary assets and liabilities and their U.S. dollar equivalents as at December 31, 2023 and 2022:

	2023		2022	
	U.S. Dollar	Philippine Peso	U.S. Dollar	Philippine Peso
Cash in banks	\$19,891	P1,101,364	\$19,688	P1,104,890

The following table demonstrates the sensitivity of the Group's income before tax to a reasonably possible change in the foreign currency rates, with all variables held constant.

Currency	2023		2022	
	Strengthening (Weakening) of PHP	Increase (Decrease) in Income before Income Tax	Strengthening (Weakening) of PHP	Increase (Decrease) in Income before Income Tax
USD	(1%) 1%	P11,043 (11,043)	(5%) 5%	P55,244 (55,244)

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

The following are the significant exchange rates applied during the year:

	As at December 31, 2023		As at December 31, 2022	
	Average Rate	Closing Rate	Average Rate	Closing Rate
USD	55.42	55.37	55.68	56.12

For the years ended December 31, 2023, 2022, and 2021, foreign exchange loss recognized in consolidated profit or loss amounted to P973,922, P15,330,146, and P1,913,589, respectively.

Capital Management

The primary objective of the Group's capital management is to maximize the value of its capital for the benefit of its shareholders and other stakeholders. In order to achieve the objective, the management of the Group reviews its operations and financial performance with the forecasts on a regular basis to ensure that appropriate measures can be taken on a timely and effective manner. In addition, management of the Group also meets regularly to review the Group's capital requirement and the reasonableness of the level of its capital to be maintained.

CPHC is compliant with the minimum public float of 20% that is required by the PSE, where CPHC's shares are traded.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

Fair Values

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash in Banks, Accounts Receivable, Due from a Related Party, Deposits, Rehabilitation Funds, Mortgage Payable and Other Noncurrent Liability

The carrying amounts approximate fair values considering that these instruments are subject to an insignificant risk of change in value.

Due to Related Parties, and Accounts Payable and Other Current Liabilities (excluding statutory payables) and Short-term Loan Payable

The carrying amounts approximate fair values due to the short-term nature of such instruments.

Investment in Equity Securities

Fair values of unquoted equity investments are best approximated by cost due to the unpredictable nature of future cash flows and lack of suitable methods of arriving at more reliable fair value estimate.

23. Earnings (Loss) Per Share Computation

The following table presents information necessary to calculate loss per share:

	2023	2022	2021
Income (loss) attributable to equity holders of the Parent Company (a)	(P65,321,882)	(P88,073,231)	P255,406,317
Weighted average number of common shares outstanding (b)	2,820,330,450	2,820,330,450	2,820,330,450
Basic/diluted earnings (loss) per share (a/b)	(P0.0232)	(P0.0312)	P0.0906

The Parent Company has no dilutive shares for the years ended December 31, 2023, 2022 and 2021.

24. Commitments and Contingencies

Contingencies

In 2022, CPC received a Letter of Authority (LOA) from BIR to audit CPC's books for the year 2021 and 2020. In the first quarter of 2023, CPC has already submitted the documents for the taxable year 2020 and is currently preparing the information required by the BIR for the taxable year 2021.

JOA with PMDC

On November 18, 2010, CPC entered into a JOA with PMDC, whereby CPC will act as the operator in the exploration, development, mining operation and utilization of the limestone and associated mineral deposits in Toledo and Pinamungahan, Cebu owned by PMDC. The mineral deposit has a total area of 4,795 hectares and is covered by MPSA-045-96-VII and MPSA-046-96-VII.

The agreement has a term of 25 years and will entitle PMDC to a fixed annual royalty rate of 3% of gross sales from the limestone project, whereas CPC shall be entitled to all the risks and rewards in the mining operations. By virtue of the Agreement, CPC shall not acquire any title or ownership over the contract nor the mining area.

On September 29, 2015, through a Deed of Assignment executed between CPC and CPMD, CPC assigned its rights over the JOA with PMDC to CPMD. Through the assignment, CPMD will handle the Pinamungahan Limestone Quarry Project and will take over from CPC the implementation of its obligations and commitments under the subject JOA.

On July 10, 2019, the MGB approved the Declaration of Mining Project Feasibility (DMPF) under the JOA. The approval shall authorize CPC to proceed to the development and operating periods under the JOA by and between PMDC and CPC, including the extraction and commercial disposition of limestone, pozzolan and other associated minerals in the entire contract area.

Land Reclamation Project with the Local Government of Cavite and Paranaque

On July 11, 2018, CPC and the Province of Cavite issued a Joint Certification stating that CPC and the Province of Cavite have successfully concluded the detailed negotiations between them for the unsolicited proposal submitted by CPC for the reclamation of 1,333 hectares of land within the territorial jurisdiction of the Province of Cavite.

Under the joint certification issued by both parties, CPC would be entitled to 90% of the total net usable land of the reclaimed area leaving 10% for the government.

The agreement provides at least 80% of the proposed reclamation project, which consists of five islands, and should be completed within the period of six years from the time the government permits, and clearances have been issued by concerned government agencies.

On January 31, 2019, the Group and the Province of Paranaque entered into a Joint Venture Agreement for the reclamation of 286.86 hectares of land in Manila Bay within the territorial jurisdiction of Paranaque City. Under the agreement, the Group shall be entitled to the 49% of the reclaimed area. After the issuance of Notice to Proceed, the Group is required to start the Raw Land Reclamation Area within one (1) year and to complete within five (5) years from the commencement.

As of December 31, 2023 and 2022, the Group was able to obtain the environment compliance certificate for the land reclamation project in Paranaque. The Group is still in the process of securing the other government clearances to start the reclamation project.

25. Operating Segment

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

In 2023, the Group has engaged in cement manufacturing and trading of cement products. In this regard, this has been an additional segment of the Group.

Business Segments

The Group's main businesses are as follows:

- The mining segment is involved in the operation of production of nickel mineral ore and conversion of mineral resources in Dinagat island.
- The cement manufacturing segment is involved in the operations the cement manufacturing plant and sale of cement products in Cebu.
- Holding pertains to the operations of the head office.

The following tables present revenue and expense information and certain assets and liabilities information regarding the different business segments as at and for the year ended December 31, 2023:

	As at and for the Period Ended December 31, 2023				
	Mining	Cement	Holding	Eliminations	Total
Revenues	P1,046,519,884	P1,536,963,218	P -	(P51,836,697)	P2,531,646,405
Cost and expenses	(933,332,727)	(1,459,810,705)	(16,407,401)	(101,654,058)	(2,511,204,891)
Income (loss) before other income (charges)	113,187,157	77,152,513	(16,407,401)	(153,490,755)	20,441,514
Interest income	7,057	24,176	10,656	-	41,889
Interest expense	(3,049,865)	(38,461,042)	(14,113,476)	-	(55,624,383)
Foreign exchange losses	(973,059)	-	(863)	-	(973,922)
Income (loss) before income tax	109,171,290	38,715,647	(30,511,084)	(153,490,755)	(36,114,902)
Income tax expense (benefit)					
Current	28,239,349	-	-	-	28,239,349
Deferred	638,095	-	-	-	638,095
	28,877,444	-	-	-	28,877,444
Net income (loss)	P80,293,846	P38,715,647	(P30,511,084)	(153,490,755)	(P64,992,346)
Assets and Liabilities					
Segment assets	P681,999,194	P807,749,170	P3,217,377,697	(P3,248,389,654)	P1,458,736,407
Explored mineral resources	P -	P -	P -	P1,266,048,706	P1,266,048,706
Property, plant and equipment	450,051,750	7,558,786,742	37,526,510	172,670,796	8,217,035,798
Total assets	P1,132,050,944	P8,364,535,912	P3,254,904,207	(P1,809,670,152)	P10,941,820,911
Segment liabilities/total liabilities	P725,047,911	P7,855,456,903	P349,273,523	(P366,487,031)	P8,563,291,306

26. Material Accounting Policies

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

Adoption of Amended PFRS

The Group has adopted the following amendments to standards starting January 1, 2023, and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact to the Group's consolidated financial statements.

- **Definition of Accounting Estimates** (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

The amendment has no significant impact on the Group's financial statements as at December 31, 2023.

- **Disclosure of Accounting Policies** (Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgements*). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures. The amendments are effective from January 1, 2023. Earlier application is permitted.

The Group reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in the following material accounting policies.

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

The adoption of the amendments to PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Financial Instruments

Date of Recognition. Financial instruments are recognized in the consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value. Except for financial instruments designated as at FVPL, the initial measurement of financial assets includes transaction costs that are directly attributable to their acquisition cost or issue. Trade receivables without a significant financing component are initially measured at the transaction price.

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

Classification and Measurement

Financial Assets

The Group classifies its financial assets into the following categories: amortized cost, FVOCI - debt investment, FVOCI - equity investment or FVPL. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification of financial assets depends on both the business model in which the financial asset is managed and whether the cash flows from the financial asset represent, on specified date, SPPI on the principal amount outstanding. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if the asset is held within a business model whose objective is to collect contractual cash flows and its 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. Such assets are recognized initially at fair value plus any incremental transaction cost.

After initial recognition, these financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment losses. 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. Losses are recognized in consolidated profit or loss and reflected in the allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant account is written-off. Gains and losses are recognized in consolidated profit or loss when these financial assets are derecognized or impaired, as well as through amortization process. Financial assets at amortized cost are classified as current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

The Group's cash in bank, accounts receivable, due from a related party and deposits (both presented under "Other current assets" account in the statements of financial position) are included in this category.

Financial Assets at FVOCI. A financial asset is measured at FVOCI if the asset is held within a business model whose objective is both to collect contractual cash flows and its 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 and to sell the financial asset. Such assets are recognized initially at fair value plus any incremental transaction cost.

At initial recognition, the Group irrevocably elects to present in other comprehensive income (OCI) subsequent changes in the fair value of its investment in an equity instrument that is not held for trading.

The Group's investment in equity securities not held for control or significant influence over the investee is included in this category. The Group has no FVOCI - debt investment.

After initial recognition, FVOCI - equity investments are measured at fair value. Dividends are recognized when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in OCI. Changes in fair value are recognized in OCI and are never recycled to profit and loss, even if the asset is sold or impaired.

Business Model Assessment. The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

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

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

Financial Liabilities

Initial Recognition, Classification, Measurement and Gains and Losses. Financial liabilities are classified as measured at amortized cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated profit or loss. Any gain or loss on derecognition is also recognized in consolidated profit or loss.

Included in the Group's other financial liabilities are accounts payable and other current liabilities (excluding statutory payables), due to related parties, short-term loans payable, mortgage payable and other noncurrent liability.

Impairment of Financial Assets

The Group recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

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

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

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

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor; and
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

A default on a financial asset is when the counterparty fails to make contractual payments and objective evidence of impairment exists. A financial asset is credit-impaired when an event that has a detrimental impact on the estimated future cash flows have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default;
- it is probable that the borrower will enter bankruptcy or either financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Financial assets are written off when there is no reasonable expectation of recovery. The Group categorizes a financial asset for write off when a debtor fails to make payments or when it is no longer probable that the financial asset will be collected. Where financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the financial asset due. Where recoveries are made, these are recognized in consolidated profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, the Group has an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, thus, the related assets and liabilities are presented on a gross basis in the consolidated statements of financial position.

Derecognition of Financial Assets and Liabilities

Financial Assets

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

- The right to receive cash flows from the asset has expired;
- The Group retains the right to receive cash flows from the 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 asset and either has: (a) 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 an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in consolidated profit or loss.

Determination of Fair Values

The Group's accounting policies require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, when necessary, based on the estimated amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. When applicable, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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, 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. Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred.

Inventories

Inventories, which consist of nickel and chromite ores, are measured at the lower of cost and NRV. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The Group uses the average method of inventory costing. Under the average cost formula, the cost of each item is determined from the average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period. The average may be calculated on a periodic basis, or as each additional shipment is received, depending upon the circumstances of the entity.

Cost represents the average cost and comprises direct materials, labor and production overhead expenditure, including depreciation, amortization and depletion incurred in converting materials to finished products.

Other Current and Noncurrent Assets

Other current assets pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group. These are classified in the consolidated statements of financial position as current asset when the assets are expected to be received within one year or the Group's normal operating cycle, whichever is longer. Otherwise, these assets are classified as noncurrent assets.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The Group's investment properties are held either to earn rental income or for capital appreciation or both or for undetermined future use. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and any impairment in value.

Construction in progress represents investment properties under construction and is stated at cost. This includes cost of construction and other direct costs. Assets under construction are transferred to the related investment property account when the construction and installation and related activities necessary to prepare the investment property for the intended use are completed, and the investment property is ready for services. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operational use but tested for impairment losses.

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

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, 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 commencement of owner-occupation or commencement of development with a view to sale.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Explored Mineral Resources

Explored mineral resources represent the Group's intangible asset for its right to mine certain areas. Such intangible asset, which has a definite useful life, was acquired by the Group in relation to its acquisition of a group of assets.

Explored mineral resources are initially recognized at fair value based on the cash flow generation of the relevant mineral property covered by the acquired MPSCA which is the deemed cost, subsequently stated at initial amount less accumulated amortization and accumulated impairment losses, if any.

Amortization of explored mineral resources is calculated using the units-of-production method based on estimated recoverable reserves, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and is directly charged as an expense during the period.

Amortization shall begin when the nickel ore extraction begins or when the mine site is in the condition when it is capable to operate in the manner intended by management, whichever is earlier. Amortization shall cease at the earlier of the date that the intangible assets is classified as held for sale in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* and the date that asset is derecognized.

The estimated recoverable reserves and the amortization method are reviewed periodically to ensure that the estimated recoverable reserves and method of depletion are consistent with the expected pattern of economic benefits from the explored mineral resources. If the estimated recoverable reserve is different from previous estimates, the basis of depletion shall be changed accordingly.

Property, Plant and Equipment

Property, plant and equipment, except for land, are carried at cost less accumulated depreciation and amortization, depletion and impairment losses, if any. Land is carried at cost less any impairment in value.

Initially, an item of property, plant and equipment is measured at its cost, which consists of its purchase price and any directly attributable cost in bringing the asset to the location and condition for its intended use. Subsequent costs (including costs of replacing a part of an item of property, plant and equipment) that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Mine site development costs represent the cost of road network, pier, stockyard and other costs incurred in constructing the production infrastructure for the intended mining operations. When exploration results are positive or commercially viable, cost incurred for development of mining properties are deferred as incurred.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization of these major spare parts and stand-by equipment commence once these have become available for use (i.e., when they are in the location and condition necessary for them to be capable of operating in a manner intended by the Group).

Construction in progress represents assets under construction and is stated at cost. This includes costs of construction and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are completed and put into operational use but tested for impairment losses. Assets under construction are transferred to the related property, plant and equipment account when the construction and installation and related activities necessary to prepare the property and equipment for the intended use are completed and the property, plant and equipment are ready for services.

Depreciation and amortization charge is computed using the straight-line method over the EUL of the assets. Depreciation, amortization and depletion charge commences once the assets become available for use.

	Number of Years
Machineries, transportation and field equipment	4 - 40
Building, office space and improvements	10 - 45
Office equipment, furniture and fixtures	3 - 5

Depletion of mine site development cost is computed based on ore extraction over the estimated volume of proven and probable ore reserves, as estimated by the Group's geologist and certified by an independent geologist, or over the estimated life of specific components whichever results in a shorter period of depletion.

Depreciation, amortization and depletion charge is recognized in consolidated profit or loss unless future economic benefits embodied in the related property and equipment are absorbed by other assets. In this case, the depreciation, amortization and depletion charge constitutes part of the cost of the other asset and is included in its carrying amount.

The assets' residual values, useful lives and depreciation, amortization and depletion methods are reviewed annually and adjusted, if appropriate, to ensure that the methods and period of depreciation, amortization and depletion are consistent with the expected pattern of economic benefits from items of property and equipment. Any change in the expected residual values, EUL and methods of depreciation, amortization and depletion is adjusted prospectively from the time the change was determined necessary.

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

When an asset is disposed of, or is retired from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization, depletion and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in consolidated profit or loss.

Deferred Exploration Costs

All costs directly attributable to the exploration and evaluation of mineral resources are deferred on a project by project basis until commencement of commercial mining operations or until an impairment is considered necessary. The recoverability of the amounts recorded as deferred exploration costs is dependent on the existence of economically recoverable reserves and future profitable production from the mineral properties.

Deferred exploration costs are provided with appropriate allowance for impairment losses when properties are abandoned or when cost exceeds net realizable value. No depletion and amortization expense is included in consolidated profit or loss for the Cement Plant Project since the project has not yet reached commercial mining operations.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets, such as investment properties, property and equipment, explored mineral resources, deferred exploration costs and other noncurrent assets (excluding rehabilitation costs) are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired, or whether there is any indication that an impairment loss previously recognized for an asset in prior periods may no longer exist or may have decreased. If any such indication exists and when the carrying amount of an asset exceeds its estimated recoverable amount, the asset or cash-generating units (CGU) to which the asset belongs is written-down to its recoverable amount. Recoverable amounts are estimated for individual assets or investments or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs of disposal and its value in use. The fair value is the amount obtainable from the sale of the asset in an orderly transaction between market participants at a measurement date, less the costs of disposal. Value in use is the present value of the future cash flows expected to be delivered from an asset or CGU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognized in consolidated profit or loss in the year in which it arises. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any accumulated depreciation and amortization for property and equipment, net of any depletion for mine site development cost) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in consolidated profit or loss. After such reversal, the depreciation, amortization and depletion expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Capital Stock

Capital stock is measured at par value for all shares issued and outstanding. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to additional paid-in capital. If additional paid-in capital is not sufficient, the excess is charged to deficit.

Retained Earnings (Deficit) and Dividend Distribution

Deficit represents the cumulative balance of periodic profit (loss), dividend distributions, prior period adjustments and effects of changes in accounting policy and capital adjustments.

Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Group. Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

Cash and Property Dividend

The liability for the distribution is measured, initially and until the settlement date, at the fair value of the assets to be distributed. Any changes in the measurement of the liability are recognized in equity. For distributions in which the owners may elect to receive either non-cash assets or a cash alternative, the Group considers the fair value of each alternative and their associated probabilities when measuring the liability.

At the date on which the distribution occurs, the liability is remeasured based on the fair value of the assets to be distributed, with any change therein recognized in equity; the liability and the assets distributed are derecognized, any difference between the fair value of the assets distributed and their carrying amount in the consolidated financial statements is recognized as a separate line item in consolidated profit or loss and any amounts recognized in OCI in relation to the assets distributed are reclassified to consolidated profit or loss or they may be transferred within equity depending on the derecognition requirements in other standards, on the same basis as would be required if the non-cash assets had been disposed of.

Other Comprehensive Income

Other comprehensive income pertains to items of income and expenses that are not recognized in consolidated profit or loss for the year in accordance with PFRS.

Revenue

Revenue from Contracts with Customers under PFRS 15

The Group is in the business of selling nickel ores. Revenue from contracts from customers is recognized as or when performance obligations are satisfied by transferring control of goods to the customer. Revenue is measured at the amount that the Group expects to receive under the contract or the transaction price.

Revenue from sale of nickel ores and cement products are recognized at the point in time when control of the asset is transferred to the customer upon delivery.

Sale of Nickel Ore and Cement Products

Revenue from sale of nickel ore and cement products are recognized in consolidated profit or loss on the date that minerals are delivered to the customer. Revenue is the transaction price, net of taxes, such as VAT (if applicable). Full payment of transaction price is due upon delivery.

Other Income

Other income is recognized when earned.

Interest income is recognized on a time-proportion basis using the effective interest method.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are rendered, or the expenses are incurred.

Cost of Sales

Cost of sales is recognized when the expense is incurred and is reported in the consolidated financial statements in the periods to which it relates.

Operating Expenses

Expenses incurred in the general administration of the day-to-day operation of the Group are generally recognized when the service is rendered or the expense is incurred.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits Liability

The Group provides for the estimated retirement benefits of qualified employees as required under RA No. 7641, Retirement Pay Law. In the absence of a formal retirement plan, under RA No. 7641, an employee who retires shall be entitled to retirement pay equivalent to at least one-half month salary for every year of service minimum of 5 years, cash equivalent of five (5) days of service incentive leave and 1/12 of 13th month pay, a fraction of least six (6) months being considered as one (1) whole year. The determination of the retirement liability incorporates assumptions such as discount rates and expected rate of salary increase. The retirement liability recognized by the Group is the present value of the defined benefit obligation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free rates of government bonds that have terms to maturity approximating the terms of the related retirement liability.

The Group did not undertake an actuarial valuation determined using the projected unit credit method. Management believes that the effect in the financial statements of the difference between the current method used by the Group and the required valuation method is not significant.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (a) the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (b) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and,
- (c) the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - (i) the Group has the right to operate the asset; or
 - (ii) the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Group as Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Short-term Leases and Leases of Low-value Assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of 12 months or less and leases of low-value assets. The Group records the lease payments associated with these leases as an expense on a straight-line basis over the lease term and are recognized as "Rent expense" on the consolidated statements of comprehensive income.

Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in consolidated profit or loss, except to the extent that it relates to items recognized directly in equity or in OCI, in which case it is recognized in equity or in OCI.

Current Tax

Current tax assets and liabilities for the current period are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefits of the NOLCO, if any, and unused tax credits from excess MCIT. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, carry forward benefits of NOLCO, using tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable consolidated profit or loss;
- temporary differences relates to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future and; and
- taxable temporary difference arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward tax benefits of NOLCO can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that the future taxable income will allow the deferred tax assets to be recognized.

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

VAT

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

- where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales 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 sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the Group's consolidated statements of financial position.

Final Tax

Final tax represents tax on interest income derived from bank deposits. Final tax is recognized in consolidated profit or loss in the same period when the related interest income is recognized and is withheld by the depository bank for remittance to the taxing authority.

Related Parties

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Segment Reporting

An operating segment is a component of an entity that: (a) 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 entity); (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

The Group's operating business is organized and managed according to the nature of the products provided. In 2022 and 2021, since there is only one segment representing a strategic business unit that offers the same product for the sale of nickel ores, financial information on business segment is no longer presented in the consolidated financial statements.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the consolidated profit (loss) applicable to common stock by the weighted average number of common shares outstanding during the period, with retroactive adjustments for any stock dividends declared.

Diluted earnings (loss) per share is calculated by dividing the profit (loss) attributable to common equity holders by the weighted average number of common shares outstanding during the year, adjusted for the effects of any potentially dilutive common shares.

Foreign Currency Transactions

The functional and presentation currency of the Group is the Philippine peso. Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated into Philippine peso using the prevailing exchange rate at the reporting date. Exchange gains or losses arising from translation of foreign currency denominated items at rate different from those at which they were previously recorded are recognized in consolidated profit or loss.

Interest Expense

Interest expense comprises accretion of interest expense on the provision for site rehabilitation and on borrowings. Interest expense is recognized in consolidated statements of comprehensive as it accrues, using the effective interest method and is presented net of final tax.

Provisions

A provision is a liability of uncertain timing or amount. It is 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.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the 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 interest expense in the consolidated statements of comprehensive loss.

Provision for Site Rehabilitation

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mine assets. Overtime, the discounted liability 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 unwinding of the discount is recognized in the consolidated statements of comprehensive loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Contingencies

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

Events After the Reporting Period

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

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2024. However, the Group has not early adopted the following amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's financial statements.

Effective January 1, 2024

- Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments: current or non-current, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Deferral of the local implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures*). The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the Financial Reporting Standards Council decided to postpone the effective date of these amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.



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REPORT OF INDEPENDENT AUDITORS ON SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and **Stockholders**
Century Peak Holdings Corporation
17th Floor, AIA Tower (formerly Philamlife Tower)
8767 Paseo de Roxas, Barangay Bel-Air
Makati City, Philippines

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Peak Holdings Corporation and **Subsidiaries** (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated May 15, 2024.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause);
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 21671, Transition clause)



This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted (see Annex A).

R.G. MANABAT & CO.

A handwritten signature in black ink that reads 'Tireso Randy F. Lapidez'.

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-034-2023

Issued May 25, 2023; valid until May 25, 2026

PTR No. MKT 10075184

Issued January 2, 2024 at Makati City

May 15, 2024

Makati City, Metro Manila

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
AS AT DECEMBER 31, 2023 AND 2022**

RATIO	FORMULA	2023	FORMULA	2022
Current ratio	Total Current Assets divided by Total Current Liabilities	0.15:1	Total Current Assets divided by Total Current Liabilities	0.12:1
	Total current assets P1,310,171,061 Divide by Total current Liabilities 8,526,182,767		Total current assets P998,981,328 Divide by Total current liabilities 8,491,870,994	
	Current Ratio 0.15		Current Ratio 0.12	
Acid test ratio	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities	0.02:1	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities	0.03:1
	Total Current assets P1,328,106,662 Less: Inventories (704,854,931) Other current assets (480,969,270)		Total Current assets P998,981,328 Less: Inventories (397,970,166) Other current assets (349,595,169)	
	Quick assets 142,282,461 Divided by: Total current liabilities 8,526,182,767		Quick assets 263,835,594 Divided by: Total current liabilities 8,491,870,994	
	Acid test ratio 0.02		Acid test ratio 0.03	
Solvency ratio	[Net income (loss) plus non-cash expenses (income)] divided by Total liabilities	0.07	[Net income (loss) plus non-cash expenses (income)] divided by Total liabilities	0.03
	Net loss (P64,992,346) Add (less): Depletion of explored mineral resources 157,619,563 Depreciation, amortization and depletion of property and equipment 447,088,556 Interest expense 55,624,383 Income before non-cash expenses 595,340,156 Divided by: Total Liabilities 8,563,291,306		Net Loss (P91,502,333) Add (less): Depletion of explored mineral resources 115,233,160 Depreciation, amortization and depletion of property and equipment 207,398,661 Interest expense 5,694,430 Income before non-cash expenses 236,823,918 Divided by: Total Liabilities 8,525,156,065	
	Solvency ratio 0.07		Solvency ratio 0.03	
Debt-to-equity ratio	Total liabilities divided by Total equity	3.60:1	Total liabilities divided by Total equity	3.49:1
	Total liabilities P8,563,291,306 Divided by: Total equity 2,378,529,606		Total liabilities P8,525,156,065 Divided by: Total equity 2,443,521,952	
	Debt-to-equity ratio 3.60		Debt-to-equity ratio 3.49	
Asset-to-equity ratio	Total assets divided by Total equity	4.60:1	Total assets divided by Total equity	4.49:1
	Total assets P10,941,820,912 Divided by: Total equity 2,378,529,606		Total assets P10,968,678,017 Divided by: Total equity 2,443,521,952	
	Asset-to-equity ratio 4.60		Asset-to-equity ratio 4.49	

Forward

RATIO	FORMULA	2023	FORMULA	2022
Interest rate coverage ratio	Earnings before interest and taxes/Interest expense	0.35:1	Earnings before interest and taxes/Interest expense	-7.22:1
	Net Income (P64,992,346)		Net Loss (P91,502,333)	
	Add (less):		Add (less):	
	Income tax expense 28,877,444		Income tax expense 44,711,769	
	Interest income (41,889)		Interest income (24,317)	
	Interest expense 55,624,383		Interest expense 5,694,430	
	Income before interest and taxes 19,467,592		Loss before interest and taxes (41,120,451)	
	Divided by: Interest expense 55,624,383		Divided by: Interest expense 5,694,430	
	Interest rate coverage ratio 0.35		Interest rate coverage ratio -7.22	
Return on equity	Net income (loss) divide by Total equity	-0.03:1	Net income (loss) divided by Total equity	-0.04:1
	Net income (P64,992,346)		Net income (P91,502,333)	
	Divided by: Total equity 2,378,529,606		Divided by: Total equity 2,443,521,952	
	Return on equity -0.03		Return on equity -0.04	
Return on assets	Net income (loss) divided by Total assets	-0.01:1	Net income (loss) divided by Total assets	-0.01:1
	Net Income (P64,992,346)		Net Income (P91,502,333)	
	Divided by: Total assets 10,941,820,912		Divided by: Total assets 10,968,678,017	
	Return on assets -0.01		Return on assets -0.01	
Net Profit Margin	Net income (loss) divided by Net Sales	-0.03:1	Net income (loss) divided by Net Sales	-0.08:1
	Net income (P64,992,346)		Net income (P91,502,333)	
	Divided by: Net sales 2,531,646,405		Divided by: Net sales 1,081,294,076	
	Net Profit Margin -0.03		Net Profit Margin -0.08	



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
Century Peak Holdings Corporation
17th Floor, AIA Tower (formerly Philamlife Tower)
8767 Paseo de Roxas, Barangay Bel-Air
Makati City, Philippines

We have audited, in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Century Peak Holdings Corporation and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated May 15, 2024.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J
- Reconciliation of Retained Earnings Available for Dividend Declaration

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink that reads 'Tireso Randy F. Lapidez'. The signature is written in a cursive, flowing style.

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-034-2023

Issued May 25, 2023; valid until May 25, 2026

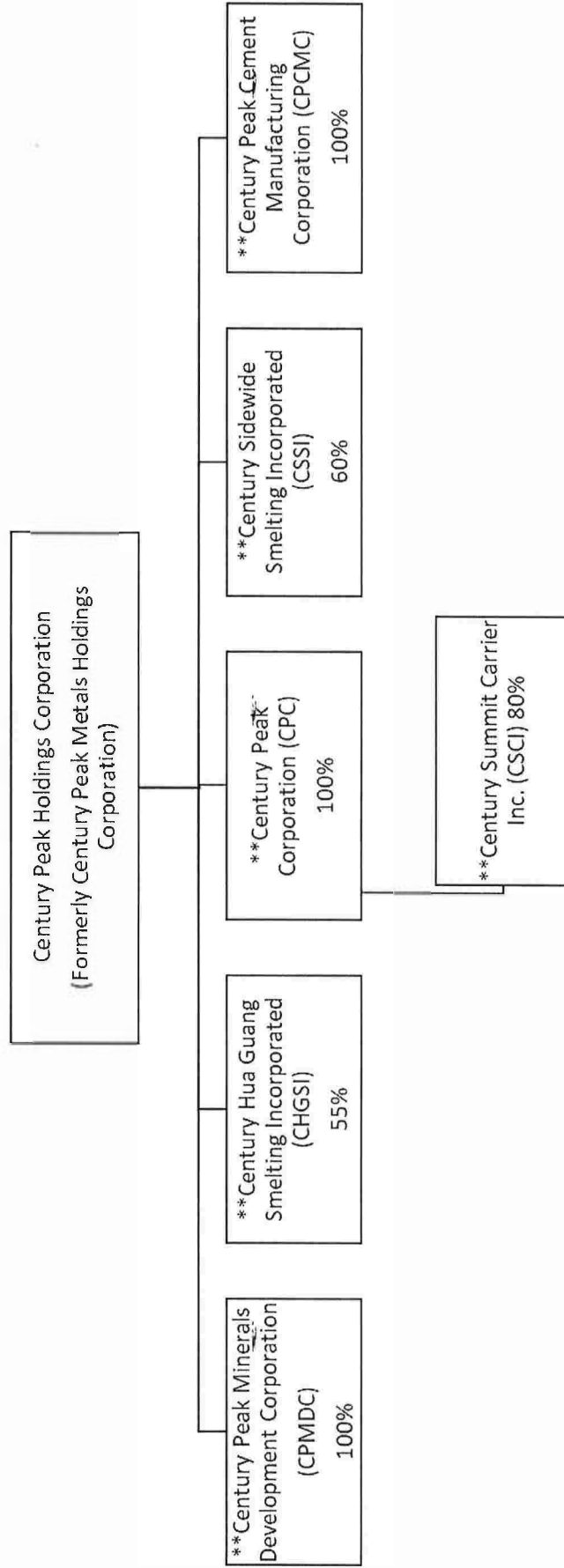
PTR No. MKT 10075184

Issued January 2, 2024 at Makati City

May 15, 2024

Makati City, Metro Manila

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES (FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES) Group Structure



- Century Peak Holdings Corporation has been incorporated on December 30, 2003
- Century Peak Mineral Development Corp. has been incorporated on September 17, 2015
- Century Hua Guang Smelting Incorporated has been incorporated on January 14, 2008
- Century Peak Corporation has been incorporated on March 30, 2006
- Century Sidewide Smelting Incorporated has been incorporated on September 6, 2011
- Century Peak Cement Manufacturing Corporation has been incorporated on September 17, 2015
- Century Summit Carrier, Inc. has been incorporated on September 29, 2011

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)
SCHEDULE A. FINANCIAL ASSETS

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the Consolidated Statement of Financial Position (ii)	Income received and accrued
BDO Unibank, Inc.	P -	P68,269,729	Nil
Development Bank of the Philippines	-	468,871	Nil
Century Peak Hotel Management and Development, Inc.	117,500 shares	11,750,000	Nil
Unionbank	-	4,397,876	Nil
Asia United Bank	-	471,467	Nil
Bank of China	-	454,750	Nil
Security Bank Corp.	-	113,830	Nil
Sterling Bank of Asia Inc.	-	17,548	Nil
Totals	P -	P85,944,071	

**CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)
SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period
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NOT APPLICABLE

**CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)
SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS**

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period
--------------------------------	--------------------------------	-----------	-----------------------	--------------------------	---------	-------------	--------------------------

NOT APPLICABLE

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)
SCHEDULE D. LONG TERM DEBT

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in related Statement of Financial Position (ii)	Amount shown under caption "long-term debt" in related Statement of Financial Position (iii)
Noncurrent liability Mortgage Payable	P1,046,325 5,290,169	P - 2,480,830	P1,046,325 2,809,339
	P6,336,494	P2,480,830	P3,855,664

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)
SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)
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NOT APPLICABLE

**CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)
SCHEDULE F. GUARANTEES OF SECURITIES OF OTHER ISSUERS**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
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NOT APPLICABLE

**CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)
SCHEDULE G. CAPITAL STOCK**

Title of Issue (i)	Number of Shares authorized	Number of shares issued and outstanding at shown under related Statement of Financial Position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related Parties (ii)	Directors, officers and employees	Others (iii)
Common Shares	3,575,000,000	2,820,330,450	-	-	1,695,657,502	1,124,672,948
Totals	3,575,000,000	2,820,330,450	-	-	1,695,657,502	1,124,672,948

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023**

CENTURY PEAK HOLDINGS CORPORATION
17/F Philamlife Tower 8767 Paseo de Roxas, Barangay Bel-Air Makati City,
Philippines

Unappropriated Retained Earnings, beginning of reporting period	P119,665,495
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation/s	-
Effect of restatements or prior-period adjustments	-
Others	-
	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	-
Retained Earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others	-
Unappropriated Retained Earnings, as adjusted	119,665,495
Add/Less: Net income (loss) for the current year	29,903,398
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/ joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark to market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Unrealized fair value gain of Investment Property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
	-
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-
Realized fair value adjustment (mark to market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized fair value gain of Investment Property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
	-

Forward

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalent	P -
Reversal of previously recorded fair value adjustment (mark to market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of Investment Property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Sub-total	-
Adjusted Net Income/Loss	29,903,398
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Sub-total	-
Add/Less: Category E: Adjustments related to relief granted by SEC and BSP	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others	-
Sub-total	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends declaration	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others	-
Sub-total	-
Total Retained Earnings, end of the reporting period available for dividend declaration	P89,762,097