



12 November 2021

**THE PHILIPPINE STOCK EXCHANGE, INC.**

9th Floor, PSE Tower  
28th Street corner 5th Avenue  
Bonifacio Global City, Taguig

Attention: **Ms. Janet A. Encarnacion**  
Head, Disclosure Department

Gentlemen:

In compliance with the Disclosure Rules of the Philippine Stock Exchange, we are submitting a copy of the Corporation's Quarterly Report (SEC Form 17-Q) for the third quarter of 2021, which we also filed with the Securities and Exchange Commission.

Thank you and best regards.

Very truly yours,

  
Jose Evangelista (Nov 12, 2021 09:22 GMT+8)  
Jose Antonio V. Evangelista III  
Corporate Secretary



PSE Security Code \_\_\_\_\_  
SEC Number 36140  
File Number \_\_\_\_\_

**CONCRETE AGGREGATES CORP.**

\_\_\_\_\_  
(Company's Full Name)

**7TH FLOOR, WEST WING, ESTANCIA OFFICES, CAPITOL COMMONS,  
MERALCO AVENUE, PASIG CITY**

\_\_\_\_\_  
(Company's Address)

**8631-1231 / Fax no.: 8631-6517**

\_\_\_\_\_  
(Company's Telephone Number)

**SEPTEMBER 30**

\_\_\_\_\_  
(Fiscal Year Ending)  
(Month & Day)

**SEC FORM 17-Q: 3rd Quarter 2021**

\_\_\_\_\_  
(FORM TYPE)

\_\_\_\_\_  
(Amendment Designation if Applicable)

**30 September 2021**

\_\_\_\_\_  
Period Ended Date

**Permit to Offer Securities for Sale**

\_\_\_\_\_  
(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE  
SECURITIES REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER**

1. For the quarterly period ended 30 September 2021
2. SEC Identification Number 36140      3. BIR Tax Identification No. 000-201-881
4. Exact name of registrant as specified in its charter CONCRETE AGGREGATES CORP.
5. Philippines      6. (SEC Use Only)   
Province, Country or other jurisdiction of      Industry Classification Code;  
Incorporation or organization
7. . Address of principal office: 7th Floor, West Wing, Estancia Offices, Capitol Commons,  
Meralco Avenue, Pasig City  
Postal code: 1600
8. Issuer's telephone number: (02) 8631-1231  
Fax number: (02) 9631-6517
9. Former name, former address and formal fiscal year, if changed since last report:  
Not applicable
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA  

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares	<b>27,466,449</b>
11. Are any or all of these securities listed on the Philippine Stock Exchange?  
Yes (x)    No ( )      Classes Common "A" and Common "B"
12. Check whether the registrant:
  - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a) – 1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);  
Yes (x)    No ( )
  - (b) has been subject to such filing requirements for the past 90 days.  
Yes (x)    No ( )

## FINANCIAL INFORMATION

### Item 1. Financial Statements

- Unaudited Consolidated Statements of Financial Position as of 30 September 2021 and Audited Consolidated Statements of Financial Position as of 31 December 2020
- Unaudited Consolidated Statements of Income for the period ended 30 September 2021 and 2020
- Unaudited Consolidated Statements of Changes in Stockholder's Equity as of 30 September 2021 and 2020
- Unaudited Consolidated Statements of Cash Flows for the period ended 30 September 2021 and 2020
- Aging of Accounts Receivables as of September 30, 2021.
- Notes to Interim Financial Statements

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

Concrete Aggregates Corporation (“CAC” or the “Company”) underwent changes in 2008 which had a significant impact on its operations and, consequently, its financial condition. The most significant of these changes was the selection and appointment of a third party as the operator of the Company’s quarry in Angono, Rizal. As discussed in previous disclosures, the Board of Directors of CAC, during a regular meeting held on 18 June 2007, authorized the conduct of a bidding to select an operator of its Angono quarry for a period of fifteen (15) years. Three companies qualified to participate in the bidding of which two submitted formal bids on 16 November 2007. On 29 November 2007, the Company’s Board of Directors declared that the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the “Consortium”) won the bid for the right to operate the Company’s Angono quarry.

The declaration that the Consortium was the winning bidder was affirmed by the Company’s stockholders during a special meeting held on 18 January 2008, including the execution of all agreements necessary to implement the foregoing. After securing stockholders’ approval, the Company and the Consortium entered into an Agreement on 18 January 2008, setting forth the actions to be taken by each party as well as the agreements to be executed by them in order to carry out their intentions.

Complying with its obligations under the 18 January 2008 Agreement, the Company incorporated Batong Angono Aggregates Corp. (BAAC). Thereafter, the Company and BAAC entered into an Operating Agreement on 23 January 2008, which became effective as of 1 June 2008. On 2 June 2008, the parties completed all the specified actions in the 18 January 2008 Agreement including the execution of the Asset Purchase Agreement, Trademark License Agreement and Transition Services Agreement by CAC and BAAC as well as the execution by CAC and the Consortium of a Share Purchase Agreement. With the execution of the Share Purchase Agreement, the Consortium became the owner of 100% of the outstanding capital stock of BAAC.

Pursuant to the foregoing transactions, the Company formally turned over the operation of its Angono quarry to BAAC on 1 June 2008. Under the Operating Agreement, BAAC was granted the right to operate the Angono quarry for fifteen (15) years subject to the conditions indicated in the agreement, CAC’s Mineral Production Sharing Agreements (MPSAs) and its Environmental Compliance Certificate (ECC). During the latter part of 2013, BAAC changed its name to Lafarge Republic Aggregates, Inc. (LRAI). In 2015, LRAI once again changed its name to Lafarge Holcim Aggregates, Inc. (LHAI).

### **Review of 3Q 2021 vs. 3Q 2020 Results of Operation**

The Company generated Net Income of ₱17.2 million, a 141% growth from ₱7.2 million, mainly due to eased community quarantines and restrictions in 2021, as the economy reopens amidst the pandemic.

**Revenue** from royalty fees increased by 70% to ₱30.6 million from ₱18 million, largely due to improved sales of aggregates by Lhai as compared to the same period last year when the COVID-19 pandemic caused business disruptions.

**Total operating expenses** stood at ₱11.9 million, lower by 6% mainly due to the absence of MPSA renewal costs and lower professional fees.

**Other income** amounted to ₱2.3 million or 41% drop mainly due to lower interest rates on bank deposits.

In March 2020, the World Health Organization (WHO) officially declared the spread of COVID-19 as a global pandemic and at the same time, the Philippine government declared a State of Public Health Emergency. This caused Lhai to temporarily suspend its quarry operations during the period of the Enhanced Community Quarantine (ECQ) implemented in the province of Rizal, which significantly affected CAC's financial performance, as with most of the companies worldwide. It was only towards the second half of 2020 that the restrictions were gradually eased to revive and sustain the economy.

During the first three quarters of 2021, Rizal was placed under various community quarantine status. At the start of the third quarter, Rizal was placed under General Community Quarantine (GCQ), which showed some easing of restrictions in the province. However, due to a surge in COVID-19 cases caused by the more transmissible COVID-19 Delta variant, Rizal was again placed under Enhanced Community Quarantine starting August 6, 2021. By the end of third quarter, Rizal was still under Modified ECQ. The government continues to monitor the number of cases throughout the country and adjust the community quarantine restrictions accordingly. On top of this, the government has also intensified its ongoing vaccination program either through the Local Government Units and private companies. These measures are intended to bring some sense of normalcy to the economic activities, and in turn, help continue the improvement of the Company's financial performance.

The company continues to monitor the development of the related events and its impact to the business as the global pandemic unfolds.

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill was signed by the President into law (Republic Act No. 11534). One of the salient features of CREATE is the reduction of the corporate income tax rate from 30% to either 25% or 20% depending on the type of corporation, effective July 1, 2020. Under CREATE, the Company is subject to 25% income tax rate, which is 5% lower than the previous year's income tax rate, thereby resulting to a higher Net Income for the first three quarters of 2021.

### **Financial Condition 3Q 2021 vs. December 31, 2020**

The Company's Balance Sheet remains strong, thus ensuring its financial sustainability during the ongoing pandemic as evidenced also by its high current ratio of 13.21. The Company has no significant liquidity or credit risks.

**Total Assets** amounted to ₱332.24 million, an increase of 1% from ₱327.85 million mainly driven by the increase in cash level and receivables as a result of higher amount of royalty fees from Lhai as well as rental income from China Banking Corporation (CBC) versus prior year.

**Total Liabilities** decreased by 1% to ₱37.4 million, compared to ₱37.9 million in prior year due to lower income tax payable at the end of the third quarter of 2021.

**Total Equity** up by ₱4.9 million to ₱294.83 million or 2% higher due to improved results of operations.

Book value per share is at ₱10.73 per share as at 30 September 2021 compared to ₱10.56 per share at 31 December 2020.

- i. Due to the Company's sound financial condition, and the transfer of its quarry operations to Lhai, there are no foreseeable trends, events or uncertainties that may have a material impact on its long-term or short-term liquidity.
- ii. There are no events that will trigger any direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- iii. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- iv. Funding will be sourced from internally-generated cash flow, and also from borrowings or available credit facilities from local and international commercial banks, if warranted.
- v. At the moment, there are no material commitments yet for capital expenditures other than those performed in the ordinary course of trade or business.
- vi. The causes for any material changes in the unaudited financial statements from the first three quarters of 2021 as compared to the first three quarters of year 2020 and as of year ending 2020 are explained in the Management Discussion and Analysis, as well as in the accompanying Notes to Financial Statements.
- vii. There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached unaudited financial statements.

viii. Accounts that registered material changes of 5% or more and the causes thereof are as follows:

Accounts	Unaudited as of 30 Sept 2021	Unaudited as of 30 Sept 2020	Increase (Decrease)	Remarks
Royalties	30,577,708	18,001,845	12,575,863	Increased by 70% due to eased community quarantines as compared with the strict restrictions imposed by the Philippine government in the same period last year due to COVID-19 pandemic.
Operating expenses	11,934,518	12,709,074	(774,556)	Dipped by 6% due to the absence of MPSA renewal costs and lower professional fees.
Other income	2,279,599	3,868,194	(1,588,595)	Dropped by 41% brought about by the decrease in interest rates on bank deposits.

Accounts	Unaudited as of 30 Sept 2021	Audited as of 31 December 2020	Increase (Decrease)	Remarks
Receivables, net	7,914,853	4,891,745	3,023,108	Increased by 62% due to delay in payments of Lhai (3 months in September 2021 vs 2 months receivable as of December 2020). The two (2) months' receivables worth P5,707,446.13 have been

				subsequently collected though in October 2021.
Prepaid expenses	2,355,250	6,745,338	(4,390,088)	Lower by 65% due to amortization of real property tax.
Deferred income tax asset	1,463,082	1,755,160	(292,078)	Decrease of 17% driven by the adjustment in income tax arising from Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law implementation whereby income tax rate was reduced from 30% to 25%.
Income tax payable	478,035	892,887	(414,852)	Down by 46% largely due to Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law implementation whereby income tax rate was reduced from 30% to 25%.
Retained earnings	18,337,876	13,449,767	4,888,109	Up by 36% due to improved results of operations during the first three quarters of 2021, net of dividend declared in April 2021.

#### Schedule of Financial Soundness Indicators

The Company has identified the following financial soundness indicators affecting its operation:

Ratio	Formula	Unaudited as of 30 September 2021	Audited as of 31 December 2020
Current ratio	Total Current Assets / Total Current Liabilities	13.21	12.41
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) / Total Current Liabilities	13.04	11.93
Solvency ratio	Net Income before Depreciation and Amortization / Total Liabilities	0.47	0.23
Liabilities-to-equity ratio*	Total Liabilities / Shareholders' Equity	0.13	0.13
Asset-to-equity ratio	Total Assets / Shareholders' Equity	1.13	1.13
Interest rate coverage ratio*	Earnings Before Interest expense, Income Tax, Depreciation and Amortization / Interest Expense	-	-
Return on equity	Annualized Net Income Available to Common Shareholders / Shareholders' Equity	7.80%	9.46%
Return on assets	Annualized Net Income Available to Common Shareholders / Total Assets	6.92%	8.37%
Net profit margin	Net Income Available to Common Shareholders / Revenues	56.41%	50.22%
Book value per share	Shareholders' Equity / Weighted Average Outstanding Number of Common Shares	10.73	10.56

\*No debt/loans payable hence no interest expense

SIGNATURE

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



JENNIFER ALMOJUELA (Nov 12, 2021 09:09 GMT+8)

**Maria Jennifer J. Almojuela**  
**Head of Finance**  
\_\_\_\_\_ 2021

Concrete Aggregates Corp. and Subsidiaries

Unaudited Consolidated Statements of Financial Position  
 30 September 2021  
 (With comparative figures as at 31 December 2020)  
 (All amounts in Philippine Peso)

	Notes	Unaudited September 2021	Audited December 2020
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	170,350,325	164,252,707
Receivables, net	3	7,914,853	4,891,745
Prepaid expenses	4	2,355,250	6,745,338
<b>Total current assets</b>		<b>180,620,427</b>	<b>175,889,790</b>
<b>NON-CURRENT ASSETS</b>			
Property and equipment, net	5	59,456,368	59,484,459
Investment properties, net	6	57,429,460	57,451,286
Deferred income tax assets, net	12	1,463,082	1,755,160
Other non-current assets, net	7	33,272,573	33,272,573
<b>Total non-current assets</b>		<b>151,621,483</b>	<b>151,963,478</b>
<b>Total assets</b>		<b>332,241,910</b>	<b>327,853,268</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	6,730,215	6,846,366
Dividends payable	9	6,461,792	6,438,518
Income tax payable		478,035	892,887
<b>Total current liabilities</b>		<b>13,670,042</b>	<b>14,177,771</b>
<b>NON-CURRENT LIABILITIES</b>			
Rental deposit		473,700	473,700
Decommissioning liability	7	23,269,179	23,269,179
<b>Total non-current liabilities</b>		<b>23,742,879</b>	<b>23,742,879</b>
<b>Total liabilities</b>		<b>37,412,921</b>	<b>37,920,650</b>
<b>EQUITY</b>			
Share capital	9	274,664,490	274,664,490
Share premium		1,069,304	1,069,304
Accumulated other comprehensive income		757,320	749,057
Retained earnings		18,337,876	13,449,767
<b>Total equity</b>		<b>295,828,990</b>	<b>289,932,618</b>
<b>Total liabilities and equity</b>		<b>332,241,910</b>	<b>327,853,268</b>

(The accompanying notes are an integral part of these financial statements.)

Concrete Aggregates Corp. and Subsidiaries

Unaudited Consolidated Statements of Total Comprehensive Income  
 For the 3<sup>rd</sup> Quarter ended 30 September 2021  
 (With comparative figures for the 3<sup>rd</sup> Quarter ended 30 September 2020)  
 (All amounts in Philippine Peso)

	Notes	Unaudited July to September 2021	Unaudited July to September 2020	Unaudited January to September 2021	Unaudited January to September 2020
Revenue	16	8,097,565	5,581,930	30,577,708	18,001,845
Operating expenses	10	(4,534,840)	(4,911,007)	(11,934,518)	(12,709,074)
Operating income		3,562,725	670,923	18,643,190	5,292,770
Other income, net	11	769,837	982,190	2,279,599	3,868,194
Income before income tax		4,332,562	1,653,113	20,922,789	9,160,965
Income tax expense	12	(914,762)	(483,312)	(3,674,778)	(1,995,850)
Net income for the year		3,417,800	1,169,801	17,248,011	7,165,115
Other comprehensive loss		-	-	-	-
<i>Item that may not be subsequently reclassified to profit or loss</i>		-	-	-	-
Fair value loss on financial assets at FVOCI, net of tax		-	-	8,262	-
Total comprehensive income for the year		3,417,800	1,169,801	17,256,274	7,165,115
Basic and diluted earnings per share	14	0.12	0.04	0.63	0.26

(The accompanying notes are an integral part of these financial statements.)

Concrete Aggregates Corp. and Subsidiaries

Unaudited Consolidated Statements of Changes in Equity  
 For the 3<sup>rd</sup> Quarter ended 30 September 2021  
 (With comparative figures for the 3<sup>rd</sup> Quarter ended 30 September 2020)

(All amounts in Philippine Peso)

	Share Capital (Note 9)	Share Premium	Fair value reserve on financial assets at FVOCI	Retained Earnings (Note 9)	Total
Balances, December 31, 2019	274,664,490	1,069,304	725,257	36,763,622	313,222,673
Comprehensive income					
Net income for the period	-	-	-	7,165,115	7,165,115
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	7,165,115	7,165,115
Transaction with owners					
Cash dividends	-	-	-	(35,706,384)	(35,706,384)
Balances, September 30, 2020	274,664,490	1,069,304	725,257	8,222,353	284,681,404
Balances, December 31, 2019	274,664,490	1,069,304	725,257	36,763,622	313,222,673
Comprehensive income					
Net income for the year	-	-	-	12,392,529	12,392,529
Other comprehensive income	-	-	23,800	-	23,800
Total comprehensive income for the year	-	-	23,800	12,392,529	12,416,329
Transaction with owners					
Cash dividends	-	-	-	(35,706,384)	(35,706,384)
Balances, December 31, 2020	274,664,490	1,069,304	749,057	13,449,767	289,932,618
Comprehensive income					
Net income for the period	-	-	-	17,248,011	17,248,011
Other comprehensive income	-	-	8,262	-	8,262
Total comprehensive income for the period	-	-	8,262	17,248,011	17,256,274
Transaction with owners					
Cash dividends	-	-	-	(12,359,903)	(12,359,903)
Balances, September 30, 2021	274,664,490	1,069,304	757,319	18,337,875	294,828,988

(The accompanying notes are an integral part of these financial statements.)

Concrete Aggregates Corp. and Subsidiaries

Unaudited Consolidated Statements of Cash Flows  
 For the 3<sup>rd</sup> Quarter ended 30 September 2021  
 (With comparative figures for the 3<sup>rd</sup> Quarter ended 30 September 2020)  
 (All amounts in Philippine Peso)

Notes	Unaudited January to September 2021	Unaudited January to September 2020	Unaudited July to September 2021	Unaudited July to September 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash generated from (used in) operations				
15	21,893,539	20,875,587	1,560,628	1,840,838
Interest received	11	447,414	2,120,579	150,149
Income taxes paid		(3,789,289)	(3,330,244)	(1,063,658)
Net cash flows from operating activities		18,551,664	19,665,923	647,118
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Property and equipment, net		(117,420)	-	(63,036)
Net cash flows from investing activities		(117,420)	-	(63,036)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid		(12,336,628)	(35,964,759)	-
Net cash flows from financing activities		(12,336,628)	(35,964,759)	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>				
		6,097,616	(16,298,836)	584,083
<b>CASH AND CASH EQUIVALENTS</b>				
At January 1	2	164,252,707	180,010,746	169,766,241
At September 30	2	170,350,323	163,711,910	162,289,720
				163,711,910

(The accompanying notes are an integral part of these financial statements.)

CONCRETE AGGREGATES CORP.

ACCOUNTS RECEIVABLE AGING (Unaudited)

For the 3<sup>rd</sup> Quarter ended 30 September 2021

Description	Total	1-30 days	30-120 days	Over 120 days
A. Trade Receivables	7,591,140	7,591,140	-	-
Net Trade Receivables	7,591,140	7,591,140	-	-
B. Other Receivables	9,597,808	-	-	9,597,808
Less: Allowance for Doubtful Accounts	(9,274,094)	-	-	(9,274,094)
Subtotal	323,713	-	-	323,713
Total	7,914,853	7,591,140	-	323,713

Concrete Aggregates Corporation and Subsidiaries

Notes to Consolidated Financial Statements

As at and for the 3<sup>rd</sup> Quarter ended 30 September 2021

(In the Notes, all amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 – General information**

Concrete Aggregates Corporation (the “Parent Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 23, 1968. The Parent Company is listed in the Philippine Stock Exchange (PSE) and is primarily engaged in quarrying, crushing and selling basalt concrete aggregates. As its secondary purpose, the Parent Company is permitted to engage in real estate business and purchase, own, subdivide, sell, lease, rent, mortgage, take option or otherwise deal in real property, improved or unimproved, be it residential, commercial, or agricultural, insofar as may be permitted by law. On March 15, 2018, the Board of Directors (BOD) of the Parent Company approved the amendment of Article IV of its Amended Articles of Incorporated extending the corporate life of the Parent Company, which will expire on August 23, 2018, for another 50 years or up to August 23, 2068.

The Parent Company’s quarrying operations in its property in Barangay San Isidro, Angono, Rizal is allowed by virtue of Mineral Production Sharing Agreements (MPSA) and Environmental Clearance Certificates (ECC) issued by the government.

The Parent Company’s immediate parent is Ortigas & Company, Limited Partnership (OCLP), and its ultimate parent is Ortigas Land Corporation (OLC), which are both domiciled in the Philippines.

Details of the Parent Company’s wholly-owned subsidiaries, which are currently dormant companies, follow:

Name of Subsidiary	Country of incorporation	Principal activities	% of ownership	
			2021	2020
CAC Insurance Agency Corp. (CIAC)	Philippines	General insurance	100.00	100.00
CAC Marketing and Services Corp. (CMSC)	Philippines	Marketing	100.00	100.00

On June 1, 2008, the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the “Consortium”), through LafargeHolcim Aggregates, Inc. (LHAI) [(formerly Batong Angono Aggregates Corporation (BAAC)], took over the Parent Company’s quarrying operations by virtue of the Company’s Memorandum of Agreement with the Consortium dated January 18, 2008 and its Operating Agreement with BAAC dated January 23, 2008. In return, the Parent Company shall receive lump sum and basic royalty fees in accordance with the terms of its Operating Agreement (Note 16).

Pursuant to the Operating Agreement, the Parent Company’s quarrying operations, including its employees, were transferred to BAAC in 2008, which company was eventually renamed LHAI in 2015. Consequently, the Parent Company settled its retirement obligation to almost all of its employees and the remaining retirement plan assets were returned to the Parent Company in 2009. The Parent Company has only 2 employees as at September 30, 2021 and December 31, 2020.

The registered office address of the Company is located at 7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons, Meralco Avenue, Pasig City.

*Coronavirus pandemic*

On March 11, 2020, the World Health Organization declared the spread of COVID-19 as a global pandemic due to the rapid increase in the number of infections. On March 16, 2020, a state of calamity was declared throughout the Philippines and enhanced community quarantine (ECQ) was imposed throughout the island of Luzon until May 15, 2020. This caused LHAI to temporarily suspend its operations at the quarry site during the period of the ECQ, which significantly affected CAC’s financial performance, as with most of the companies worldwide. Subsequent various quarantine extensions were implemented particularly in high risk areas. Towards the second half of 2020, the restrictions were

gradually eased to revive and sustain the economy. Since then, there have been increased market activities particularly with the vaccine on the horizon. The national vaccination program is expected to help bring back the businesses to normalcy and gain further momentum to improved profitability.

During the first three quarters of 2021, Rizal was placed into various community quarantine status. At the start of the third quarter, Rizal was placed under General Community Quarantine (GCQ), which showed some easing of restrictions in the province. However, due to a surge in COVID-19 cases caused by the more transmissible COVID-19 Delta variant, Rizal was again placed under Enhanced Community Quarantine starting August 6, 2021. By the end of third quarter, Rizal was still under Modified ECQ. The government continues to monitor the number of cases throughout the country and adjust the community quarantine restrictions accordingly. On top of this, the government also intensified its vaccination program either through the Local Government Units or private companies. These measures are intended to bring some sense of normalcy to the economic activities and continue to help improve the Company's financial performance.

The Group continues to monitor the development of the related events and its impact to the business as the global pandemic unfolds.

#### **Note 2 – Cash and cash equivalents**

The account consists of:

	Unaudited September 2021	Audited December 2020
Petty cash fund	60,000	60,000
Cash in banks	29,561,274	23,890,155
Short-term placements	140,729,051	140,302,552
	170,350,325	164,252,707

Cash in banks consist of current and savings deposits with universal and thrift banks which earn interest at the prevailing bank deposit rates. The short-term placements consist of time deposits which have maturities of up to one month (2020 – one month) depending on the immediate cash requirements of the Group and earn interest based on the prevailing short-term rates.

Interest income arising from savings and time deposits amounted to ₱0.45 million in the first three quarters of 2021 (2020 – ₱2.1 million) (Note 11).

#### **Note 3 – Receivables, net**

The account consists of:

	Notes	Unaudited September 2021	Audited December 2020
Trade receivables	16	7,591,140	4,616,119
Other receivables		9,597,808	9,549,720
		17,188,947	14,165,839
Allowance for impairment of other receivables		(9,274,094)	(9,274,094)
		7,914,853	4,891,745

Other receivables pertain to receivable from customers of the Group's discontinued Engineering and Construction Division and advances from officers and employees.

There are no movements in allowance for impairment of other receivables as at September 30, 2021 and December 31, 2020.

*Critical accounting estimate: Expected credit loss on receivables*

Expected credit loss (ECL) are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, including significant changes in external market indicators which involved estimated and judgements.

The Group has only one customer, Lhai under the existing operating agreement as discussed in Note 1. There has been no historical of credit loss or default in the past 10 years and there are no expected changes in the macroeconomics factor, hence, ECL arising from trade receivables is assessed to be zero.

The allowance for impairment pertains to other receivables, which is substantially impaired.

Management believes, based on its assessment that the carrying amount of receivables as at September 30, 2021 and December 31, 2020 is recoverable.

**Note 4 – Prepaid expenses**

As at September 30, 2021, prepaid expenses amount to ₦ 2,355,250 (2020 – ₦6,745,338) and consist mainly of real property tax and business tax paid in advance.

**Note 5 – Property and equipment**

Details of property and equipment and their movements during the period are as follows:

	Land	Buildings and Improvements	Plant Site Improvements	Machinery and Equipment	Transportation, furniture and equipment	Total
<b>Gross carrying amount</b>						
At January 1, 2020	58,494,228	8,290,541	318,929	2,564,067	7,352,018	77,019,783
Retirement	-	(880,135)	(318,929)	(2,548,347)	(6,981,660)	(10,729,071)
At December 31, 2020	58,494,228	7,410,406	318,929	15,720	370,358	66,290,713
Additions	-	-	-	-	117,420	117,420
At September 30, 2021	58,494,228	7,410,406	-	15,720	487,778	66,408,133
 Accumulated depreciation and amortization						
At January 1, 2020	-	6,915,987	318,929	2,564,067	7,339,472	17,138,455
Retirement		(880,135)	(318,929)	(2,548,347)	(6,981,660)	(10,729,070)
Depreciation and amortization	-	384,322	-	-	12,547	396,869
At December 31, 2020	-	6,420,175	-	15,720	370,359	6,806,254
Depreciation and amortization	-	127,896	-	-	17,613	145,509
At September 30, 2021	-	6,548,071	-	15,720	387,972	6,951,763
 Net carrying amount						
At December 31, 2020	58,494,228	990,232	-	-	-	59,484,459
At September 30, 2021	58,494,228	862,336	-	-	99,806	59,456,370

There were office equipment purchased during the first three quarters of 2021. No disposals of property and equipment for the period ended September 3 2021 and for the year ended December 31, 2020. In 2020, the Group retired fully depreciated assets that are no longer in use.

Critical accounting estimate: Useful lives of long-lived assets

The Group estimates the useful life of each of its property and equipment and investment properties based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life 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 results of operations 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 estimated useful life of any item of property and equipment and investment property would increase the recorded operating expenses and decrease non-current assets.

Critical accounting judgment: Impairment of long-lived assets

The Group likewise determines whether there are indicators of impairment on its property and equipment and investment properties at least on an annual basis. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Group determines the recoverable amount of the asset which is the higher of the asset's fair value less cost to sell and value in use.

Given historical profitable operations and sustained profit projection, the Group has assessed that there are no impairment indicators with respect to the above non-financial assets as at September 30, 2021 and December 31, 2020.

**Note 6 – Investment properties, net**

Details of investment properties and their movements during the period follow:

	Land	Land Improvements	Condominium Unit and parking slots	Total
<b>Gross carrying amount</b>				
At December 31, 2020 and September 30, 2021	57,077,135	16,070,133	17,991,883	91,139,151
<b>Accumulated depreciation and amortization</b>				
At January 1, 2020	-	15,692,965	17,991,883	33,684,848
Depreciation and amortization (Note 10)	-	3,017	-	3,017
At December 31, 2020	-	15,695,982	17,991,883	33,687,866
Depreciation and amortization (Note 10)	-	21,825	-	21,825
At September 30, 2021	-	15,717,807	17,991,883	33,709,691
<b>Net carrying amount</b>				
At December 31, 2020	57,077,135	374,151	-	57,451,286
At September 30, 2021	57,077,135	352,326	-	57,429,460

There are no additions or disposals of investment property for the period ended September 30, 2021 and for the year ended December 31, 2020.

As at September 30, 2021 and December 31, 2020, the fair value of the Group's land and land improvements is ₦471.17 million. The fair value of the Group's investment properties was determined by an independent external appraiser using the sales comparison approach (market data approach), which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the market.

In first three quarters of 2021, rent income from investment properties amounted to ₱ 1.8 million (2020 – ₱1.72 million) (Note 11), while expenses incurred for investment properties consisting mostly of real property taxes and security services amounted to ₱2.12 million (2020 – ₱1.96 million) (Note 10)

Critical accounting estimate: Useful lives of long-lived assets

The Group estimates the useful life of each of its investment properties based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life 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 results of operations could be materially affected by changes in the amounts and timing or recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of investment property would increase the recorded operating expenses and decrease non-current assets.

Critical accounting judgment: Impairment of long-lived assets

The Group likewise determines whether there are indicators of impairment on its investment properties at least on an annual basis. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Group determines the recoverable amount of the asset which is the higher of the asset's fair value less cost to sell and value in use.

Given the historical profitable operations and sustained profit projection, the Group has assessed that there are no impairment indicators with respect to the above non-financial asset as at September 30, 2021 and December 31, 2020.

**Note 7 – Other non-current assets**

The account consists of:

	Unaudited September 2021	Audited December 2020
Mine rehabilitation fund	29,367,942	29,367,942
Miscellaneous deposits	2,590,960	2,590,960
Financial assets at FVOCI/available-for-sale financial assets	1,313,670	1,313,670
	33,272,573	33,272,573

Pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as "The Philippine Mining Act of 1995", the Group maintains a mine rehabilitation fund (MRF) with the Land Bank of the Philippines. The MRF shall be used for the physical and social rehabilitation of areas affected by the Group's quarrying activities, and for research in the social, technical and preventive aspects of the mine rehabilitation. Under the Group's Operating Agreement with LHAI (Note 16), LHAI shall have the exclusive right to manage, operate and provide additional MRF as may be required by applicable laws and regulations provided that the MRF will remain in the name of the Group as the contracting party to the MPSA. In 2018, the final mine rehabilitation and decommissioning plan was approved by DENR. In 2018, funds received by the Group from LHAI amounted to ₱13.13 million. In June 2019, LHAI provided additional funds to the MRF amounting to ₱10.03 million. As at September 30, 2021, the decommissioning liability amounted to ₱23.26 million (2020 - ₱23.26 million).

Miscellaneous deposits pertain to cash deposits in escrow fund set aside for settlement of labor cases filed by former employees.

Financial assets at FVOCI is composed of equity investments in listed entities and club shares amounting to ₱1,168,670 and ₱145,000, respectively. Dividends earned for the quarter ended September 30, 2021 amount to ₱0.027 million (2020 – ₱0.028 million) (Note 11).

#### **Note 8 – Trade and other payables**

The account consists of:

	Unaudited September 2021	Audited December 2020
Trade payables	3,530,522	3,198,903
Accrued expenses	2,876,806	2,701,562
Payable to government agencies	152,592	775,606
Other payables	170,295	170,295
	6,730,215	6,846,366

Accrued expenses consist mainly of professional fees, contracted services and utilities.

#### **Note 9 – Equity**

Details of the Parent Company's share capital are as follows:

	Class A	Class B	Total
Common shares, P10 par value			
Authorized shares			
Number of shares	40,000,000	10,000,000	50,000,000
Amount	400,000,000	100,000,000	500,000,000
Issued and outstanding shares			
Number of shares	22,077,771	5,388,678	27,466,449
Amount	220,777,710	53,886,780	274,664,490

As at September 30, 2021, issued and outstanding share capital of the Parent Company is held by 548 shareholders (2020 – 548) of which 392 shareholders (2020 – 392) each own 100 or more shares.

Class A and Class B common shares have the same rights and privileges. Class A common shares shall be issued solely to Filipino citizens, while Class B common shares may be issued to Filipino and non-Filipino citizens.

As at September 30, 2021, there are 22,077,771 issued and outstanding Class A common shares, of which 6,048,673 are floating shares, whereas there are 5,388,678 issued and outstanding Class B common shares, of which 403,066 are floating shares. The latest closing price for Class A common shares as at September 30, 2021 was recorded at ₱48.05 per share (2020 – ₱54.05 per share), while Class B common shares closed at ₱53.00 per share (2020 – ₱61.45).

Cash dividends were declared to shareholders as authorized by the Parent Company's BOD as follows:

Date declared	Shareholders of record as at	Paid on	Amount per share	Amount
21 March 2019	4 April 2019	26 April 2019	1.15	31,586,416
17 April 2020	12 May 2020	05 June 2020	1.30	35,706,384
25 March 2021	14 April 2021	6 May 2021	0.45	12,359,902

As at September 30, 2021, unclaimed dividends amount to ₱6.46 million (2020 – ₱6.44 million).

### **Note 10 – Cost and expenses**

The account for the periods ended consists of:

	Notes	Unaudited September 2021	Unaudited September 2020
Taxes and licenses		4,556,320	5,137,826
Contracted services		2,542,394	2,372,323
Professional fees		2,303,246	2,458,992
Dues and registrations		1,044,619	1,036,372
Personnel costs		737,059	753,987
Insurance		175,934	163,279
Depreciation and amortization	5,6	167,337	306,502
Utilities		65,967	48,533
Others		341,641	431,262
<b>Total</b>		<b>11,934,518</b>	<b>12,709,074</b>

The above expenses are classified as:

		Unaudited September 2021	Unaudited September 2020
Direct operating expenses		8,007,619	8,661,405
Other operating expenses		3,926,899	4,047,669
		<b>11,934,518</b>	<b>12,709,074</b>

Depreciation and amortization shown above are attributable to the following:

	Notes	Unaudited September 2021	Unaudited September 2020
Property and equipment	5	145,509	304,239
Investment property	6	21,825	2,263
		<b>167,334</b>	<b>306,502</b>

Details of the personnel costs shown above are as follows:

		Unaudited September 2021	Unaudited September 2020
Salaries and wages		613,831	670,184
Other benefits		123,228	83,803
		<b>737,059</b>	<b>753,987</b>

### **Note 11 - Other income, net**

Details of other income and charges are as follows:

	Notes	Unaudited September 2021	Unaudited September 2020
Rent income	6	1,805,047	1,719,893
Interest income	2	447,414	2,120,579
Others, net		27,138	27,721
		<b>2,279,599</b>	<b>3,868,194</b>

## **Note 12 - Income taxes**

Income tax expense for the periods ended consists of:

	Unaudited September 2021	Unaudited September 2020
Current	3,374,437	1,996,390
Deferred	300,340	(540)
	<b>3,674,778</b>	<b>1,995,850</b>

DIT assets, net for the periods ended are as follows:

	Unaudited September 2021	Audited December 2020
<b>DIT asset and liability</b>		
Allowance for impairment of other receivables	1,434,562	1,721,474
Others	69,840	83,268
<b>DIT liability</b>		
Unrealized fair value loss on financial assets at FVOCI/AFS securities	(41,320)	(49,582)
	<b>1,463,082</b>	<b>1,755,160</b>

DIT asset and liability are expected to be realized/settled beyond 12 months from the reporting date.

The movements in DIT assets, net for the periods ended are as follows:

	Unaudited September 2021	Audited December 2020
At January 1	1,755,160	1,749,116
Charged to profit or loss	(300,340)	11,268
Charged to other comprehensive income	8,262	(5,224)
	<b>1,463,082</b>	<b>1,755,160</b>

The reconciliation of income tax computed at the statutory income tax rate to the effective income tax expense recognized in profit or loss is as follow:

	Unaudited September 2021	Unaudited September 2020
Income tax computed at statutory income tax rate	5,230,697	2,748,289
Adjustments to income tax resulting from:		
Availment of OSD	(1,458,803)	(115,725)
Interest income subjected to final tax	(111,554)	(636,174)
Adjustment in income tax rate	14,437	-
<b>Income tax expense</b>	<b>3,674,778</b>	<b>1,996,390</b>

### **Critical accounting judgment: Recognition of deferred income tax assets**

The Group reviews the carrying amounts of DIT assets at each reporting date and reduces DIT assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the DIT assets to be utilized. As at September 30, 2021 and December 31, 2020, the DIT assets are deemed to be realizable.

### Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

On February 1, 2021, the Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of House Bill No. 4157 and Senate Bill No.1357 or the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE). Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) rates as follows:

- Reduction in CIT rate effective July 1, 2020 for domestic corporations depending on their assets and taxable income:
  - Those with assets amounting to P100,000,000 (excluding land on which the particular business entity's office, plant and equipment are situated) and below, and with taxable income equivalent to P5,000,000 and below will be subjected to a 20% tax rate;
  - Those with assets above P100,000,000 or those with taxable income amounting to more than P5,000,000 will be subjected to a 25% tax rate; and
- Effective July 1, 2020 until June 30, 2023, the minimum corporate income tax rate shall be one percent (1%).

On March 26, 2021, CREATE was passed into a law. The income tax computed in the first three quarters of 2021 was computed based on the provisions of CREATE Act.

### **Note 13 - Related party transactions**

The table below summarizes the Group's transactions with its related parties:

	Description	Unaudited September 2021	Unaudited September 2020
<b>Management fees</b>			
Ultimate parent company	Refer to (a) below	1,580,311	-
Immediate parent company	Refer to (a) below.	-	1,505,058
<b>Dividends</b>			
Immediate parent company	Refer to Note 9	9,453,413	27,309,862

The outstanding balance at September 30, 2021 arising from above related party transactions are as follows:

	Unaudited September 2021	Audited December 2020	Terms and conditions
Management fee payable			Due on demand, unsecured and noninterest-bearing, payable in cash at gross amount
Immediate parent company (Note 8)	-	-	

### *Eliminations*

There are no balances or transactions eliminated in preparing the financial statements since the investments are fully impaired. Moreover, the subsidiaries have no balances and transactions.

#### *(a) Key management personnel*

In 2005, the Group entered into a Management Agreement with OCLP, which was amended in 2015. The agreement is effective until October 31, 2020 and it provides that the Group shall pay OCLP a monthly fee of ₱0.15 million effective November 1, 2015, subject to an annual escalation. Under the agreement, OCLP shall manage the Group's operations by way of assignment of employees to perform the various functions set forth in the agreement.

During the Annual Stockholders' Meeting of CAC held on June 25, 2020, the stockholders unanimously approved the execution of the Management Agreement with OLC effective as of November 1, 2020 with a term of five years and an increased management fee, subject to annual escalation.

Total management fee recognized is included as part of professional fees in profit or loss (Note 10). Invoices for management fee carry a 30-day term, interest and collateral free.

There are no compensation and benefits paid in the first three quarters of 2021 and 2020 to key management personnel, as the management of CAC is covered by the management agreement.

#### **Note 14 - Basic/diluted earnings per share**

Basic/diluted earnings per share amounts are calculated as follows:

	Unaudited September 2021	Audited December 2020
Net income for the period	17,248,011	12,392,528
Divided by weighted average number of common shares outstanding during the year	27,466,449	27,466,449
Basic/diluted earnings per share	0.63	0.45

The basic and diluted earnings per share are the same for the periods as the Group does not have dilutive potential common shares as at September 30, 2021 and December 31, 2020.

#### **Note 15 - Cash generated from operations**

Details of cash generated from operations for the periods ended as follow:

	Notes	Unaudited January to September 2021	Unaudited January to September 2020	Unaudited July to September 2021	Unaudited July to September 2020
Income (loss) before income tax		20,922,789	9,160,965	4,332,562	1,653,114
Adjustments for:					
Interest income on:					
Bank deposits	2, 7, 11	(447,414)	(2,120,579)	(150,149)	(335,705)
Accrued retirement expense		1,000	3,000	-	-
Depreciation and amortization		167,334	306,502	46,249	95,356
Operating income (loss) before changes in operating assets and liabilities		20,643,709	7,346,887	4,228,662	1,412,765
Changes in operating assets and liabilities					
(Increase) decrease in:					
Receivables		(3,023,108)	11,731,958	(4,526,830)	1,843,820
Prepaid expenses		4,390,088	4,802,309	1,495,191	1,698,173
Other non-current assets		-	(113,511)	-	(93,032)
(Decrease) increase in:					
Trade and other payables		(117,151)	(2,992,672)	363,605	(3,020,889)
Income Tax Payable		-	-	-	-
Decommissioning liability		-	97,716	-	-
Cash generated from operations		21,893,539	20,875,587	1,560,629	1,840,838

## **Note 16 - Significant agreements**

On June 1, 2008, the Consortium, through Lhai, took over the Group's quarrying operations by virtue of the Agreement dated January 18, 2008 executed between the Group and the Consortium. The Agreement provided for, among others, the execution of the following agreements:

- Operating Agreement with Lhai (see below);
- Asset Purchase Agreement with Lhai, pursuant to which Lhai purchased all the rights, title and interest of the Group in certain operating assets, which include property and equipment, for ₱217.6 million;
- Share Purchase Agreement with the Consortium, pursuant to which the Consortium purchased all the Group's rights, title and interest in Lhai for ₱587 million; and
- Trademark License Agreement with Lhai (see below).

The Asset Purchase and Share Purchase Agreements were consummated in 2008.

### *(a) Operating Agreement with Lhai*

On January 23, 2008, the Group executed an Operating Agreement with Lhai, pursuant to which Lhai shall, among others:

- Extract aggregates at least at the minimum extraction rate, which means 1.6 million metric tons (MMT) (or 1.06 million cubic meters) per annum at the ECC maximum extraction limit of 2.7 MMT (or 1.8 million cubic meters) per annum at the time the Operating Agreement was executed and after the second anniversary date of the approval by the Department of Environment and Natural Resources (DENR) of the Group's application for increase of the maximum extraction limit from 2.7 MMT to 5.25 MMT (or 3.6 million cubic meters), means 2.6 MMT per annum (or 1.74 million cubic meters).
- Conduct quarrying operations for a period of fifteen (15) years: (i) in accordance with the MPSA between the Group and the DENR, the ECC issued by the DENR, applicable laws and regulations and applicable industry standards; and (ii) in accordance with the existing development plan of the Group.

MPSA represents Mineral Production Sharing Agreement No.032-95-IV (1st MPSA) and No.055-96-IV (2nd MPSA) entered into with the Government of the Republic of the Philippines through DENR.

- Pay the Group royalty with the following terms:
  - i. two-and-a-half percent (2.5%) of the value of the aggregates sold;
  - ii. a lump-sum amount of ₱300 million after the approval by the DENR of the increase in the maximum extraction rate from 2.7 MMT to 5.25 MMT per annum; and
  - iii. the royalty amount to be adjusted/indexed annually to the weighted average price of the aggregates sold on an arms' length pricing.
- Maintain the MPSA in good standing, as well as complete and accurate records relating to the quarrying operations.

In 2008 and 2009, the Group had recognized the lump sum amount as royalty fee due to the fulfillment of the conditions contained in an Amendment to the Agreement dated January 18, 2008 executed by the Group. As at December 31, 2010, the Group had received the full settlement of ₱300 million lump sum amount in accordance with the agreed payment terms.

Basic royalty fee of 2.5% of the value of the aggregates sold amounted to ₱30.6 million in the first three quarters of 2021 (2020 – ₱18 million). Outstanding receivable arising from royalty fee amounted to ₱7.6 million as at September 30, 2021 (2020 – ₱4.62 million) (Note 3).

*(b) Trademark License Agreement*

On June 2, 2008, in relation to the Operating Agreement, the Group and Lhai entered into a Trademark License Agreement granting Lhai a license to use the following trademarks and service marks for the period and under the terms and conditions set out in the said agreement:

- “Concrete Aggregates Corporation and Device”;
- “Blue Sand”;
- “Blue Sand and Device”;
- “Blue Rock”;
- “Blue Rock and Device”; and
- “Blue Sand Vibro and Device”.

No separate fees are charged to Lhai in relation to this agreement; fees are embedded in the royalty fees charged to Lhai on account of the Operating Agreement discussed above.

**Note 17 - Contingencies**

The Group is involved in various legal proceedings incidental to its normal business activities. The Group's management and legal counsel are of the opinion that the amount of the ultimate liability with respect to these matters would not have a material adverse effect on the financial position, financial performance or liquidity of the Group. The detailed information of these legal proceedings were not disclosed as it might prejudice the ongoing litigations.

**Note 18 – Subsequent Events**

There is no subsequent event from the reporting date.

**Note 19 - Critical accounting estimates, assumptions and judgments**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*a) Critical accounting estimates and assumptions*

- *Expected credit loss on receivables (Note 3)*
- *Useful lives of long-lived assets (Notes 5 and 6)*

*b) Critical judgments in applying the Group's accounting policies*

- *Impairment of long-lived assets (Notes 5 and 6)*
- *Recognition of deferred income tax assets (Note 12)*

**Note 20 - Financial risk and capital management**

The Group's activities expose it to a variety of financial risks: credit risk, market risk (mainly currency risk and price risk), and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyze these risks and to monitor the risks by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The Group's Management, under the direction of the BOD, is responsible for the management of financial risks. The objective of risk management is to minimize adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

The most important types of risk the Group manages are: credit risk and liquidity risk.

The Group has no significant assets and liabilities exposed to significant market risks such as foreign currency risks, cash flow and fair value interest rate risks and price risks.

## 20.1 Financial risk management

### 20.1.1 Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. Significant changes in the economy, or in the prospects of a particular industry segment that may represent a concentration in the Group's business, could result in losses that are different from those provided for at the reporting date. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from cash and cash equivalents, receivables and miscellaneous deposits. Credit risk is closely monitored by the Management on an ongoing basis.

The maximum credit risk exposure relating to significant financial assets in the statement of financial position is as follows:

	Notes	2021	2020
Cash and cash equivalents	2	170,290,325	164,192,706
Receivables			
Trade receivables	3	7,591,140	4,616,119
Other receivables, net	3	323,713	275,625
Other non-current assets			
Mine rehabilitation fund	7	29,367,942	29,367,942
Miscellaneous deposit	7	2,590,960	2,590,960
		210,164,080	201,043,352

Cash and cash equivalents exclude cash on hand as at September 30, 2021 and December 31, 2020 amounting to ₦60,000 (Note 2).

The Group does not hold any collateral as security for receivables noted above. There were no financial assets whose terms were renegotiated during the first three quarters of 2021.

#### *Credit quality of financial assets*

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below summarizes the credit quality of the Group's financial assets:

	Neither Past Due nor Impaired		Past Due but Not Impaired			Total
	High Grade	Standard Grade		Impaired		
2021						
Cash and cash equivalents	170,290,325		-	-	-	170,290,325
Receivables						
Trade receivables	7,591,140		-	-	-	7,591,140
Other receivables, gross	323,713		-	-	9,274,095	9,597,808
Other non-current assets						
Mine rehabilitation	29,367,942		-	-	-	29,367,942
Miscellaneous deposits	2,590,960		-	-	-	2,590,960
	210,164,080		-	9,274,095		219,438,175
2020						
Cash and cash equivalents	164,192,706		-	-	-	164,192,706
Receivables						
Trade receivables	4,616,119		-	-	-	4,616,119
Other receivables, gross	275,626		-	-	9,274,095	9,549,720
Other non-current assets						
Mine rehabilitation	29,367,942		-	-	-	29,367,942
Miscellaneous deposits	2,590,960		-	-	-	2,590,960
	201,043,353		-	9,274,095		210,317,447

High grade rating is given to those counterparties with no history of default. On the other hand, standard grade rating is given to counterparties or customers with low collection risk and with history of default but eventually, collection of amounts due were made.

The Group manages credit risk on its cash and cash equivalents by placing investments in banks that qualified in the criteria of the Group. Some of these criteria are stability, financial performance, industry-accepted ratings, quality, diversity and responsiveness of products and services.

As at September 30, 2021, the Group's cash and cash equivalents amounting to ₦170.29 million (2020 – ₦164.19 million) are maintained in universal and commercial banks (Note 2).

Trade receivables are accounts with Lhai assessed to be high grade. Hence, there is no expected credit loss from the Group's receivables.

The balance of impaired other receivables in 2021 and 2020 pertains to receivables from customers of discontinued Engineering and Construction Division of the Group amounting to ₦9.27 million (Note 3), which has been outstanding for more than 10 years.

#### **20.1.2 Market risks**

Market risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in equity prices, interest rates, foreign currency exchange rates and other market changes.

The Group's exposure to foreign exchange risk is insignificant as it has no assets, liabilities or transactions denominated in foreign currency.

##### *(a) Interest rate risk*

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates, while fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is not exposed to cash flow interest rate risk as there are no variable-interest-bearing financial assets and liabilities. The Group is likewise not exposed to fair value interest rate risk as its installment contract receivable bears fixed rates and is carried at amortized cost.

##### *(b) Price risk*

The Group has minimal exposure to equity price risk which arises mainly from available-for-sale equity securities. Equity price risk arises because of fluctuations in market prices of equity securities. The Group is not exposed to commodity price risk.

#### **20.1.3 Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to repay creditors and fulfill commitments.

The Group's liquidity management process, as carried out within the Group and monitored by the Management includes:

- Day-to-day funding requirement, managed by monitoring future cash flows to ensure that requirements can be met;
- Prudent management of cash and cash equivalents;
- Efficient cash collection program; and
- Monitoring liquidity ratios in the statement of financial position against internal requirements.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The table below summarizes the maturity profile of the Group's financial liabilities as at September 30, 2021 and December 31, 2020 based on contractual undiscounted payments:

	Less than 3 months	3 to 12 Months	More than one year	Total
<b>2021</b>				
Trade payables	-	3,530,522	-	3,530,522
Dividends payable	6,461,792	-	-	6,461,792
Accrued expenses	2,876,806	-	-	2,876,806
Rental deposit	-	-	473,700	473,700
Decommissioning liability	-	-	23,269,179	23,269,179
Other payables	-	170,295	-	170,295
	9,338,598	3,700,817	23,742,879	36,782,294
<b>2020</b>				
Trade payables	-	3,198,903	-	3,198,903
Dividends payable	6,438,518	-	-	6,438,518
Accrued expenses	2,701,562	-	-	2,701,562
Rental deposits	-	-	473,700	473,700
Decommissioning liability	-	-	23,269,179	23,269,179
Other payables	-	170,295	-	170,295
	9,140,080	3,369,198	23,742,879	36,252,157

As at September 30, 2020, payables to government agencies amounting to ₱0.15 million (2020 – ₱0.77 million) (Note 8) are considered non-financial liabilities.

Management does not foresee any significant liquidity risk due to its strong cash position as at the reporting date.

#### 20.1.4 Risks related to COVID-19 Pandemic

At the time of the preparation of this report, the country is still being affected by the COVID-19 global pandemic. On March 11, 2020, the World Health Organization declared the spread of COVID-19 as a global pandemic due to the rapid increase in the number of infections. On March 16, 2020, a state of calamity was declared throughout the Philippines and enhanced community quarantine (ECQ) was imposed throughout the island of Luzon until May 15, 2020. This caused LHAI to temporarily suspend its operations at the quarry site during the period of the ECQ implemented in the province of Rizal, which significantly affected CAC's financial performance, as with most of the companies worldwide. Towards the second half of 2020, the restrictions were gradually eased to revive and sustain the economy. Since then, there have been increased market activities, spurring momentum to improved profitability.

During the first three quarters of 2021, Rizal was placed into various community quarantine status. At the start of the third quarter, Rizal was placed under General Community Quarantine (GCQ), which showed some easing of restrictions in the province. However, due to a surge in COVID-19 cases caused by the more transmissible COVID-19 Delta variant, Rizal was again placed under Enhanced Community Quarantine starting August 6, 2021. By the end of third quarter, Rizal was still under Modified ECQ. The government continues to monitor the number of cases throughout the country and adjust the community quarantine restrictions accordingly. On top of this, the government also intensified its vaccination program either through the Local Government Units or private companies. These measures are intended to bring some sense of normalcy to the economic activities and will help to continue the improvement of the Company's financial performance. Nonetheless, the Group anticipates that the adverse effects of the pandemic will continue to be felt throughout the year.

CAC continues to monitor the situation and its impact on LHAI's operations and the business as a whole. At the same time, CAC complies with COVID-19 related national and local government advisories and directives, as well as the best practices advised by the World Health Organization and the Philippine Department of Health, to support its endeavor to curb the spread of the COVID-19 virus.

## 20.2 Fair value estimation

The Group uses sales comparison approach in determining the fair values of its investment properties which uses observable inputs such as prices, broker quotes and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Appropriate adjustments are made to the valuations taking into consideration the specific circumstances of the properties. The fair values of the Group's investment properties as disclosed in Note 6 fall under Level 3 of the fair value hierarchy. The main Level 3 inputs used by the Group pertain to marketability and size.

The following table presents the Group's financial assets that are measured at fair value at September 30, 2021 and December 31, 2020 following the fair value hierarchy definition as described in Note 21.10 - Fair value measurement.

	Level 1	Level 2	Total
2021			
Recurring measurements			
Financial assets at FVOCI	1,168,670	145,000	1,313,670
2020			
Recurring measurements			
Financial assets at FVOCI	1,168,670	145,000	1,313,670

The fair values of listed equity securities classified as financial assets at FVOCI as at September 30, 2021 and December 31, 2020 were valued based on their quoted market prices at the end of each reporting period; hence, categorized within Level 1. Level 2 category includes the Group's investments in club shares as their prices are not derived from a market considered as active due to lack of sufficient volume of trading activities among market participants at the end of each reporting period.

The fair value of the Group's decommissioning liability approximates its carrying value as the impact of discounting is not significant.

There are no financial instruments classified as Level 3 as at September 30, 2021 and December 31, 2020. There were also no transfers between the levels in the fair value hierarchy during the periods ended September 30, 2021 and December 31, 2020.

## 20.3 Capital management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group's capital consists of total equity (less any reserves) as shown in the consolidated statement of financial position which is calculated as follows:

	Unaudited September 2021	Audited December 2020
Share capital	274,664,490	274,664,490
Share premium	1,069,304	1,069,304
Retained earnings	18,337,876	13,449,767
	294,071,670	289,183,561

As part of the reforms of the Philippine Stock Exchange (PSE) to expand capital market and improve transparency among listed firms, the PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. On May 31, 2017, the SEC issued a Memorandum Circular to increase the minimum percentage requirement to at least fifteen percent (15%) on or before end of 2018 and then to at least twenty percent (20%) on or before end of 2020. The Parent Company has fully complied with this requirement.

There are no changes in the Group's capital management policies as at September 30, 2021 and December 31, 2020.

#### **Note 21 - Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### **21.1 Basis of preparation**

These consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of FVOCI financial assets included under other non-current assets (Note 7). The preparation of these consolidated financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 19. These consolidated financial statements have been prepared under the going concern assumption. The Group has reasons to believe that despite the significant impact of the pandemic to the business in year 2020, the key operational indicators show that it is in the road to recovery.

##### **Changes in accounting policies and disclosures**

###### **(a) Amendments to existing standards adopted by the Group**

The Group has adopted the following amendments to existing standards and revised Conceptual Framework effective January 1, 2020:

- *Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

The adoption of the above amendments did not significantly impact the financial statements of the Group.

- *Revised Conceptual Framework for Financial Reporting*

The revised Framework includes the following changes:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The adoption of the revised Framework did not have a material impact on the financial statements of the Group.

- *Amendments to PFRS 16, Leases, COVID-19 related Rent Concessions*

The amendment, effective June 1, 2020, provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

The adoption of the above amendments did not impact the financial statements of the Group since it is not a lessee to any lease arrangement.

Other standards, amendments to standards and interpretations which are effective for the financial year beginning on January 1, 2020 are considered not relevant or material to the Group's financial statements.

*b) New standards, amendments and interpretations not yet effective as at December 31, 2020*

- *Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Change in Accounting Estimates and Errors, Classification of Liabilities as Current or Non-current*

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. These could affect the classification of liabilities, particularly for companies previously considering management's intention to determine classification and for some liabilities that can be converted into equity.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Group.

There are no other standards, amendments to standards or interpretations effective subsequent to December 31, 2020 that are considered relevant or would be expected to have a material impact on the Group's financial statements.

## **21.2 Consolidation**

The consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiaries, CIAC and CMSC (Note 1) as at March 31, 2021 and December 31, 2020. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies. Details of the subsidiaries are presented in Note 1.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The subsidiaries have no balance and operations. Moreover, investment balance is reduced to zero.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Parent Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Parent Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

## **21.3 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments with maturities of three months or less from the dates of acquisition and that are subject to insignificant risk of changes in value.

Cash and cash equivalents are recognized at face value or nominal amount.

## **21.4 Receivables**

Trade receivables arising from royalty agreement and rent with normal credit term of 30 days, are recorded initially at fair value and subsequently measured at amortized cost less any allowance for impairment. Fair value approximates invoice amount due to the short-term nature of these receivables.

Receivables from officers and employees are recognized when the contractual right to receive cash from the officer or employee is established. These are measured at nominal amount (due to their generally short-term maturity), less any provision for impairment, if any.

Receivables are classified as current assets if expected to be collected or recovered within one year or less. If not, they are presented as non-current assets.

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Expected credit losses (ECL) on trade and other receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The relevant policies on classification, recognition, measurement, impairment and derecognition are further disclosed in Note 21.5.

## **21.5 Financial instruments**

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

A financial asset is any asset that is (a) cash; (b) an equity instrument of another entity; or (c) a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group.

### *(i) Classification*

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income (OCI) or through profit or loss], and,
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when, and only when, its business model for managing those assets changes.

The financial liabilities are classified by the Group in the following categories: (a) at fair value through profit or loss ("FVTPL"), and (b) at amortized cost. The Group does not hold financial liabilities at FVTPL as at September 30, 2021 and December 31, 2020.

### *(ii) Recognition*

The Group recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of

financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the financial asset. 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 settlement date. Loans are recognized when cash is received by the Group or advanced to the borrowers.

*(iii) Measurement*

At initial recognition, the Group measures a financial asset or liability at its fair value plus, in the case of a financial asset or liability not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset or liability. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. As at September 30, 2021 and December 31, 2020, the Group does not hold financial assets with embedded derivatives.

*(a) Financial assets - debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "Other income (charges)" account together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

This financial asset classification applies primarily to the Group's Cash and cash equivalents (Note 2), Trade and other receivables, net (Note 3) and other non-current assets (Note 7).

- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Other income" account. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within "Other income" account in the period in which it arises.

As at September 30, 2021 and December 31, 2020, the Group does not hold any debt instruments that are measured at FVTPL.

*(b) Financial assets - equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the

investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(c) *Financial liabilities*

The Group's financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

This accounting policy applies to the Group's Trade and other payables (Note 8).

(iv) *Impairment*

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortized cost. The Group recognizes a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and,
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group applied the simplified approach permitted by PFRS 9 for its receivables, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical profiles of receivable balances and the corresponding historical credit losses experienced for these balances. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment losses on receivables are presented as a separate line item within operating profit. Subsequent recoveries of amounts previously written off are credited on "Other income" account in profit or loss.

(v) *Determination of fair value*

The fair value for financial instruments traded in active markets at the financial reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

(vi) *Derecognition of Financial Assets and Liabilities*

(a) *Financial asset*

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

- the right to receive cash flows from the asset has expired;
- the Group has transferred its rights to receive cash flows from the asset and has assumed an obligation to pay them in full without material delay to a third party under a “passthrough” arrangement; or either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, 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 original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) *Financial liability*

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

## **21.6 Prepaid expenses**

Prepaid expenses mainly consist of real property tax and business tax paid in advance. These will be amortized and charged to expense in the next 12 months.

Prepaid expenses are recognized in the event that payments have been made in advance of obtaining right of access to good or receipt of services and measured at normal amounts. These are derecognized from the statement of financial position upon delivery of goods or services, through amortization over a period of time and use of consumption.

Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve (12) months after the reporting period, which are then classified as non-current assets.

## **21.7 Property and equipment**

Property and equipment, excluding land, quarry land and construction in progress, are stated at cost less accumulated depreciation and amortization and any impairment losses. Land and quarry land are stated at cost less any impairment losses. Construction in progress is stated at cost and is not depreciated until such time the relevant assets are completed and ready for intended use.

The initial cost of property and equipment is comprised of the purchase price and costs directly attributable to bringing the assets to their intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized as part of that asset.

Subsequent expenditures incurred after the assets have been put into operation are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably the carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets, as follows:

	In years
Buildings and improvements	20
Plant site improvements	3 to 20
Machinery and equipment	3 to 10
Transportation, furniture and equipment	3 to 5

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

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 21.11).

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

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their cost, accumulated depreciation and amortization and accumulated impairment losses, if any, are eliminated from the accounts and any resulting gain or loss is included in profit or loss of such period.

#### **21.8.1 Investment property**

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment property. Investment properties comprise land and improvements, building and improvements, and parking improvements leased out under operating lease agreements.

Recognition of investment property takes place only when it is probable that the future economic benefits that are associated with the property will flow to the Group and the cost can be measured reliably. This is usually the day when all risks and rewards are transferred to the Group.

Investment property is measured initially at cost, including transaction costs. Cost is the fair value of the consideration given to acquire the property which includes transaction costs such as legal fees and taxes on the purchase of the property. The cost of a self-constructed asset includes all directly attributable costs required to bring the property to its required working condition.

Subsequent to initial recognition, investment property, except land, is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is carried at cost less any impairment losses. Subsequent expenditure should demonstrably enhance the original asset to qualify for asset recognition. Repairs and maintenance costs are charged to profit or loss during the year in which they are incurred.

Depreciation and amortization on investment property, except land, is recognized in profit or loss on a straight-line basis over 10 years.

Property that is being constructed or developed for future use as investment property is classified as investment property under construction in progress. Construction in progress is stated at cost and

depreciated only when the relevant assets are completed and ready for intended use. Upon completion, these properties are reclassified to an appropriate investment property account.

Transfers to, or from, investment property are made when, and only when, there is a change in use.

A transfer is made to investment property when owner-occupation has ended and/or an operating lease to another party has commenced. A transfer is made from investment property to property and equipment when owner-occupation has commenced. A transfer is made from investment property to real estate inventory when development with a view to sale has begun. A transfer between investment property, property and equipment and real estate inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes. Transfers to investment property do not result in gain or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 21.11).

Investment property is derecognized when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Gains or loss on derecognition of investment property is calculated as the difference between any disposal proceeds and the carrying amount of the related asset and is recognized in profit or loss in the year of derecognition.

## **21.9 Mine rehabilitation fund/Decommissioning liability**

Pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as "The Philippine Mining Act of 1995", the Group maintains a mine rehabilitation fund (MRF). The MRF shall be used for the physical and social rehabilitation of areas affected by the Group's quarrying activities, and for research in the social, technical and preventive aspects of the mine rehabilitation. Under the Group's Operating Agreement with Lhai (Note 16), Lhai shall have the exclusive right to manage, operate and provide additional MRF as may be required by applicable laws and regulations provided that the MRF will remain in the name of the Group as the contracting party of MPSA. In addition, Lhai shall have the responsibility to rehabilitate the mine site and provide the funds for the final mine rehabilitation and decommissioning plan. The funds received by the Group are restricted for the sole purpose of rehabilitating the mine site. These are presented as mine rehabilitation fund in other non-current assets and a related decommissioning liability is recognized.

## **21.10 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

(a) *Financial assets and financial liabilities*

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price within the bid-ask spread that is most representative of fair value is used. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(b) *Non-financial assets*

The fair value of a non-financial asset is measured based on its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

As at September 30, 2021 and December 31, 2020, there are no material assets and liabilities carried at fair value.

### **21.11 Impairment of non-financial assets**

Property and equipment, investment property, land held for development and sale and other non-financial assets that have finite useful lives are reviewed for impairment annually or whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of impairment at each reporting date.

### **21.12 Trade and other payables**

Trade and other payables (excluding payables to government agencies) are recognized, measured and derecognized using the accounting policies for financial liabilities at amortized cost as discussed in Note 21.5.

Payables to government agencies are recognized in the period when a legally enforceable claim against the Group is established.

Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

## **21.13 Share capital; Share premium and Retained Earnings**

Common shares, which are stated at par value, are classified as share capital.

Share premium represents premiums or consideration received in excess of par value on the issuance of share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in capital funds as a deduction from the proceeds, net of tax.

## **21.14 Dividend distribution**

The Group pays cash dividend as its cash position permits and retains that portion of earnings needed in development projects and other business requirements.

Dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved by the BOD.

## **21.15 Earnings per share (EPS)**

Basic EPS is calculated by dividing net income for the year attributable to the common shareholders of the Group by the weighted average number of common shares outstanding during the year with retroactive adjustments for stock dividends. Diluted EPS is computed in the same manner as basic EPS; however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

## **21.16 Revenue and expense recognition**

### *(a) Royalty fees*

The Group's sole performance obligation to Lhai is to provide the right to conduct quarrying operations in exchange for a variable consideration in the form of royalty fees. Thus, revenue is earned and calculated as a fixed percentage of the monthly sales and volume report as stated in the Memorandum of Agreement with Lhai (Note 16) and is recognized at a point in time. The Group has no constraints in estimating royalty fees.

No element of significant financing is deemed present as the consideration is variable.

There are no warranties and other similar obligation and refunds agreed with Lhai.

### *(b) Interest income*

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

### *(c) Costs and expenses*

Cost and expenses are recognized in profit or loss as they are incurred.

### *(d) Other income and expenses*

Other operating income/expenses are recognized in profit or loss when earned/incurred.

## 21.17 Provisions and contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

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

## 21.18 Income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### (b) Deferred income tax

Deferred income tax (DIT) is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, DIT is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

DIT assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized DIT asset.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

DIT assets and liabilities are derecognized when the related temporary difference are realized or settled.

## **21.19 Employee benefits**

### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave when it is probable that settlement will be required and these are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

The Group recognizes a liability net of amount already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses, and non-monetary benefits.

### *Retirement benefits*

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Philippine Retirement Pay Law (Republic Act. No. 7641). The benefits are based on the years of service and latest monthly compensation of the employees. The regulatory benefit is paid on a lump sum upon retirement.

## **21.20 Functional and presentation currency**

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which each entity in the Group operates (the functional currency). The consolidated financial statements are presented in Philippine Peso, which is the Parent Group's functional and presentation currency.

## **21.21 Leases (the Group as the lessor)**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys the right to use an asset or is dependent on the use of specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement. In such cases, when the Group has assessed that the arrangement is, or contains, a lease, the Group accounts for it as an operating lease.

## **21.22 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises 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 shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

### **21.23 Subsequent events (or Events after the reporting date)**

Post year-end events that provide additional information about the Group's 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 in the notes to the consolidated financial statements when material.

### **21.24 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who allocates resources to and assesses the performance of the operating segments of the Group. The Group has determined its President as its chief operating decision maker.

For the period ended September 30, 2021 and the year ended December 31, 2020, the Group has only one operating segment, which is the quarrying business. In view of the current status of the Group's operation which is limited only to this and minimal rental income and interest on receivables, the performance of the Group is being assessed as a single unit. Consequently, detailed segment reporting as required under PFRS 8 is not necessary.

**Concrete Aggregates Corp. and Subsidiaries**  
7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES  
As at September 30, 2021

- A. Financial Assets
- B. Accounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- C. Accounts Receivable from Related Parties which are eliminated during Consolidation of Financial Statements
- D. Long-Term Debt
- E. Indebtedness to Related Parties
- F. Guarantee of Securities of Other Issuers
- G. Capital Stock

**Other Supporting Schedule**

Financial Soundness Indicators

**Concrete Aggregates Corp and Subsidiaries**  
 7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons  
 Meralco Avenue, Pasig

**Schedule A**  
**Financial Assets**  
**As at September 30, 2021**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
Cash and cash equivalents	-	170,350,325	-	447,414
Receivable				
Receivables	-	7,591,140	-	-
Other receivables, net	-	323,713	-	-
Other non-current assets				
Mine rehabilitation	-	29,367,942	-	-
Miscellaneous deposits	-	2,590,960	-	-
Financial assets at FVOCI	42,692	1,313,670	1,313,670	-
<b>Total</b>	<b>42,692</b>	<b>211,537,750</b>	<b>1,313,670</b>	<b>447,414</b>

**Concrete Aggregates Corp and Subsidiaries**  
7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig

**Schedule B**  
**Amounts Receivable from Directors, Officers, Employees, Related Parties**  
**and Principal Stockholders (Other than Related Parties)**  
**As at September 30, 2021**

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**Not Applicable**

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**Concrete Aggregates Corp and Subsidiaries**  
7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig

**Schedule C**  
**Amounts Receivable from Related Parties, which are Eliminated During the**  
**Consolidation of Financial Statements**  
**As at September 30, 2021**

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**Not Applicable**

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**Concrete Aggregates Corp and Subsidiaries**  
7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig

**Schedule D**  
**Long Term Debt**  
**As at September 30, 2021**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Rental deposit	473,700	-	473,700
Decommissioning liability	23,269,179	-	23,269,179
<b>Total</b>	<b>23,742,879</b>	<b>-</b>	<b>23,742,879</b>

The Group has no external borrowings as at September 30, 2021. The amounts presented above pertain to non-current liabilities.

**Concrete Aggregates Corp and Subsidiaries**  
7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig

**Schedule E**  
**Indebtedness to Related Parties**  
**As at September 30, 2021**

Name of related party	Balance at beginning of period	Balance at end of period
Ortigas and Company Limited Partnership	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Concrete Aggregates Corp and Subsidiaries**  
7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons  
Meralco Avenue, Pasig

**Schedule F**  
**Guarantees of Securities of Other Issuers**  
**As at September 30, 2021**

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**Not Applicable**

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**Concrete Aggregates Corp and Subsidiaries**  
 7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons  
 Meralco Avenue, Pasig

**Schedule G**  
**Capital Stock**  
**As at September 30, 2021**

The details of authorized and paid-up capital stock are as follows:

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors, officers and employees	Others
Common Class "A" at P10 par value each	40,000,000	22,077,771	Not Applicable	16,021,973	7,126	6,048,672
Common Class "B" at P10 par value each	10,000,000	5,388,678	Not Applicable	4,985,612	-	403,066
	50,000,000	27,466,449		21,007,585	7,126	6,451,738

Class "A" and Class "B" common shares have the same rights and privileges. Class "A" common shares shall be issued solely to Filipino citizens, while Class "B" common shares may be issued to Filipino and non-Filipino citizens.

As of September 30, 2021, there are 22,077,771 listed and outstanding Class A common shares, of which 6,048,673 are floating shares; whereas, there are 5,388,678 listed and outstanding Class B common shares, of which 403,066 are floating shares. As of September 30, 2021, the latest closing price for Class A common shares was recorded at ₱48.05 while Class B common shares closed at ₱53.00.

**Concrete Aggregates Corp and Subsidiaries**  
 7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons  
 Meralco Avenue, Pasig

**Schedule of Financial Soundness Indicators**  
**As at September 30, 2021**

Ratio	Formula	Unaudited as of 30 September 2021	Audited as of 31 December 2020
Current ratio	Total Current Assets / Total Current Liabilities	13.21	12.41
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) / Total Current Liabilities	13.04	11.93
Solvency ratio	Net Income before Depreciation and Amortization / Total Liabilities	0.47	0.23
Debt-to-equity ratio	Total Liabilities / Shareholders' Equity	0.13	0.13
Asset-to-equity ratio	Total Assets / Shareholders' Equity	1.13	1.13
Interest rate coverage ratio	Earnings Before Interest expense, Income Tax, Depreciation and Amortization / Interest Expense	-	-
Return on equity	Annualized Net Income Available to Common Shareholders / Shareholders' Equity	7.80%	9.46%
Return on assets	Annualized Net Income Available to Common Shareholders / Total Assets	6.92%	8.37%
Net profit margin	Net Income Available to Common Shareholders / Revenues	56.41%	50.22%
Book value per share	Shareholders' Equity / Weighted Average Outstanding Number of Common Shares	10.73	10.56

*\*No debt/loans payable hence no interest expense*



## CERTIFICATION

I, **JOSE ANTONIO V. EVANGELISTA III**, am the duly elected and qualified Corporate Secretary of CONCRETE AGGREGATES CORP. (the "Corporation") with SEC Registration No. 36140 and principal office at the 7<sup>th</sup> Floor, West Wing, Estancia Offices, Capitol Commons, Meralco Avenue, Pasig City, do hereby certify and state that:

1. The Corporation will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail with the Securities and Exchange Commission ("SEC") issued on 30 March 2020 in light of the imposition of a Community Quarantine and Stringent Social Distancing Measures to prevent the spread of the 2019 Coronavirus Disease (COVID-2019).

2. The information contained in the Corporation's Quarterly Report (SEC Form 17-Q) for the third quarter of 2021 to be submitted online on 12 November 2021 is true and correct to the best of my knowledge.

3. On behalf of the Corporation, I hereby undertake to (a) submit hard or physical copies of the Corporation's Quarterly Report (SEC Form 17-Q) for the third quarter of 2021 submitted online with proper notarization and certification (if necessary), (b) pay the filing fees (where applicable), (c) pay the penalties due (where applicable), and (d) other impositions (where applicable), upon issuance of relevant regulations by the MSRD.

4. I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, within ten (10) calendar days upon issuance of relevant regulations by the MSRD, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.

5. I am executing this certification on 11 November 2021 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.

  
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Jose Evangelista (Nov 12, 2021 09:22 GMT+8)  
**JOSE ANTONIO V. EVANGELISTA III**  
Corporate Secretary  
Driver's License No. N01-18-023515