NATIONAL DEVELOPMENT COMPANY
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022
(In Philippine Peso)

	Note	**2023**	2022 (As restated)	January 1, 2022 (As restated)
ASSETS				
Current Assets				
Cash and cash equivalents	7	**215,581,117**	255,664,554	254,749,119
Other investments	8	**1,017,866,401**	1,627,432,908	1,632,243,702
Receivables, net	9	**231,246,979**	202,564,214	202,052,533
Inventories	10	**1,671,740**	1,627,648	1,797,258
Other current assets	11	**687,854,590**	32,203,493	40,598,722
Total Current Assets		**2,154,220,827**	2,119,492,817	2,131,441,334
Non-Current Assets				
Financial assets	12	**1,354,658,550**	1,395,461,736	1,350,502,786
Investments in associates/affiliates	13	**275,309,871**	246,804,019	216,482,931
Investments in subsidiaries	14	**402,315,129**	402,315,129	402,315,129
Other investments	15	**196,446,890**	196,446,890	196,446,890
Receivables, net	9	**79,111,059**	79,362,457	61,563,241
Investment property	16	**31,472,238,370**	27,033,272,204	21,743,121,151
Property and equipment, net	17	**188,287,666**	71,941,780	50,642,341
Other non-current assets	18	**28,854,755**	42,450,117	49,087,907
Total Non-Current Assets		**33,997,222,290**	29,468,054,332	24,070,162,376
TOTAL ASSETS		**36,151,443,117**	31,587,547,149	26,201,603,710
LIABILITIES AND EQUITY				
Current Liabilities				
Financial liabilities	19	**638,903,456**	616,100,350	618,009,000
Inter-agency payables	20	**23,616,605**	16,848,402	7,445,457
Trust liabilities	21	**11,696,380**	32,192,806	35,571,374
Deferred credits/unearned income	22	**26,048,915**	9,880,921	6,136,927
Provisions	23	**322,275,371**	316,463,017	313,909,671
Other payables	24	**2,330,260**	796,913	299,518
Total Current Liabilities		**1,024,870,987**	992,282,409	981,371,947
Non-Current Liabilities				
Deferred tax liability	32	**7,059,492,309**	5,951,501,338	4,619,143,713
Trust liabilities	21	**43,006,081**	37,922,385	41,983,845
Total Non-Current Liabilities		**7,102,498,390**	5,989,423,723	4,661,127,558
Equity	33	**28,024,073,740**	24,605,841,017	20,559,104,205
TOTAL LIABILITIES AND EQUITY		**36,151,443,117**	31,587,547,149	26,201,603,710

The notes on pages 9 to 65 form part of these financial statements.

NATIONAL DEVELOPMENT COMPANY
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Note	**2023**	2022 (As restated)
INCOME			
Business income	25	**402,135,541**	334,552,040
Gains	26	**4,446,303,644**	5,330,323,267
Other non-operating income	27	**6,033,684**	8,171,087
		4,854,472,869	5,673,046,394
EXPENSES			
Personnel services	28	**50,571,131**	39,919,610
Maintenance and other operating expenses	29	**148,109,429**	131,458,645
Financial expenses	30	**3,925,826**	3,931,769
Non-cash expenses	31	**12,221,077**	21,869,942
		214,827,463	197,179,966
INCOME BEFORE INCOME TAX		**4,639,645,406**	5,475,866,428
INCOME TAX EXPENSE			
Current tax	32	**29,073,922**	27,906,951
Deferred tax	32	**1,107,990,971**	1,332,357,625
NET INCOME		**3,502,580,513**	4,115,601,852
Other comprehensive income	12	**4,804,810**	21,580,025
TOTAL COMPREHENSIVE INCOME		**3,507,385,323**	4,137,181,877

The notes on pages 9 to 65 form part of these financial statements.

NATIONAL DEVELOPMENT COMPANY
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Note	Share Capital (Note 33)	Share in Revaluation Increments of Associates	Accumulated Other Comprehensive Income	Retained Earnings (Note 33)	Total
Balances, December 31, 2021, as restated		**8,602,803,483**	**28,883,100**	**41,479,735**	**11,875,877,147**	**20,549,043,465**
Correction of prior years' errors	34	0	0	0	10,060,740	10,060,740
Balances, January 1, 2021, as restated		**8,602,803,483**	**28,883,100**	**41,479,735**	**11,885,937,887**	**20,559,104,205**
Changes in Equity for 2022						
Net income for the year		0	0	0	4,115,601,852	4,115,601,852
Dividends	36	0	0	0	(90,445,065)	(90,445,065)
Other comprehensive income for the year						
Unrealized gain on financial assets at FVOCI	12	0	0	21,580,025	0	21,580,025
Balances, December 31, 2022		**8,602,803,483**	**28,883,100**	**63,059,760**	**15,911,094,674**	**24,605,841,017**
Changes in Equity for 2023						
Net income for the year		0	0	0	3,502,580,513	3,502,580,513
Dividends	36	0	0	0	(89,152,600)	(89,152,600)
Other comprehensive income for the year						
Unrealized gain on financial assets at FVOCI	12	0	0	4,804,810	0	4,804,810
Balances, December 31, 2023		**8,602,803,483**	**28,883,100**	**67,864,570**	**19,324,522,587**	**28,024,073,740**

The notes on pages 9 to 65 form part of these financial statements.

NATIONAL DEVELOPMENT COMPANY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(In Philippine Pesos)

	Note	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Collection of rentals		**250,758,880**	156,376,509
Collection of interest		**33,422,658**	33,145,056
Dividends received		**13,858,937**	17,194,745
Collection of receivables		**19,596,794**	5,236,310
Miscellaneous collections		**2,951,787**	1,859,626
Total Cash Inflows		**320,589,056**	213,812,246
Cash Outflows			
Payment to suppliers and service providers		**244,243,506**	91,038,466
Payment of taxes and licenses		**53,213,999**	77,647,807
Payment of salaries and benefits to officers and employees		**52,995,076**	33,736,632
Total Cash Outflows		**350,452,581**	202,422,905
Net cash provided by operating activities		**(29,863,525)**	11,389,341
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Proceeds/placements on investments		**77,784,504**	83,494,196
Proceeds from disposal of assets		**390,378**	8,572,123
Collection of loans		**132,550**	1,308,320
Total Cash Inflows		**78,307,432**	93,374,639
Cash Outflow			
Loan released		**0**	13,500,000
Total Cash Outflow		**0**	13,500,000
Net cash provided by investing activities		**78,307,432**	79,874,639
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Outflow			
Payment of dividends	36	**89,152,600**	90,445,065
Total Cash Outflow		**89,152,600**	90,445,065
Net cash used in financing activities		**(89,152,600)**	(90,445,065)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**625,256**	96,520
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(40,083,437)**	915,435
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**255,664,554**	254,749,119
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	**215,581,117**	255,664,554

The notes on pages 9 to 65 form part of these financial statements.

1. CORPORATE INFORMATION

The National Development Company (NDC) was established as a semi-private corporation on March 10, 1919, through Legislative Act (LA) No. 2849, as amended by LA No. 2873. It was authorized to engage in commercial, industrial, and other enterprises essential to the country's economic development.

On November 13, 1936, it became a public corporation through Commonwealth Act (CA) No. 182, as amended by CA No. 311, dated June 9, 1938, to implement the economic policies of the National Government (NG) and play an active role in the development of natural resources.

Presidential Decree No. 1648, issued on October 25, 1979, revised the NDC Charter and reorganized the NDC to be the government's investment arm under the Department of Trade and Industry (DTI). The NDC's mandate is to invest in pioneering and development-oriented projects where private investors are unwilling (because of the high risks or uncertainties involved) or unable to venture into (because of the large investment requirement) but are necessary for the country's development.

On March 10, 2003, Executive Order (EO) No. 184 was issued directing the reorganization and streamlining of the NDC by refocusing its operations as the government's investment arm. In fulfilling this role, NDC shall:

- adopt a new philosophy and strategy by sourcing and investing funds in a portfolio of socially relevant and commercially driven projects, the returns from which shall balance out the generation of income streams and ensure sustainable financial returns to uphold the government's shareholder value;

- adopt a more aggressive divestment policy and more precise exit mechanism on its equity investments, which could be best handled by the private sector; and

- act as a holding corporation to manage its subsidiaries where government investments are placed, ensure that their growth potentials are maximized to enhance the government's shareholder value, and adopt control mechanisms to effectively monitor the performance of the subsidiaries.

Further, the NDC was also directed to review its operations, following a set of performance-measuring criteria, to attain its missions, plans, and goals in accordance with the refocused functions.

The Department of Budget and Management approved the new structure of NDC on May 29, 2003, as well as the required staffing pattern and qualification standards for all positions. The corresponding Implementing Rules and Regulations of EO No. 184 was promulgated and approved by the DTI Secretary on August 28, 2003, under DTI Department Order No. 70. With the implementation of EO No. 184, new employees were hired to work and implement the mandate of NDC as the government's investment arm.

The NDC's principal office is located at the NDC Building, No. 116 Tordesillas St., Salcedo Village, Makati City.

The accompanying financial statements as of December 31, 2023, and 2022 were approved and authorized for issue by the Management on May 31, 2024.

2. GOING CONCERN

The coronavirus disease (COVID-19) outbreak is a severe and unprecedented public health threat. On March 11, 2020, the World Health Organization officially declared COVID-19 as a pandemic.

On March 8, 2020, the President of the Philippines signed Proclamation No. 922, declaring a State of Public Health Emergency throughout the country upon the recommendation of the Department of Health following the confirmed local transmission of COVID-19. Subsequently, on March 16, 2020, the President signed Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six months, unless earlier lifted or extended as circumstances may warrant, and imposing an Enhanced Community Quarantine throughout Luzon.

On July 21, 2023, the President of the Philippines signed Proclamation No. 297 lifting the State of Public Health Emergency throughout the Philippines due to COVID-19.

Management assessed that the COVID-19 pandemic had a moderate impact on NDC's operations but could not be considered a sufficient reason to close down its operations in the succeeding years.

3. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the NDC were prepared in accordance with Philippine Financial Reporting Standards (PFRS), which include all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee, Philippine Interpretations Committee and Standing Interpretations Committee as approved by the Financial Reporting Standards Council and Board of Accountancy and adopted by the Securities and Exchange Commission.

Basis of Preparation

Unless otherwise indicated, the NDC's financial statements were prepared using historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the NDC takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the NDC operates. All values represent absolute amounts except when otherwise indicated.

4. NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Amended PFRS

a. *Effective in 2023 that are relevant to the NDC*

   The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the NDC adopted effective for annual periods beginning on or after January 1, 2023:

   - Amendments to PAS 1, *Presentation of Financial Statements*, Classification of Liabilities as Current or Non-Current – The amendments affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income, or expenses, or the information that entities disclose about those items. Clarify that the classification of liabilities as current or non-current (i) should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the ”right” to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of liability, (ii) is unaffected by expectations about whether an entity will exercise its right to defer settlement of liability, and (iii) settlement refers to the transfer to the counterparty of cash, equity instruments, and other assets or services.

- Amendments to PAS 1*, Presentation of Financial Statements and* PFRS Practice Statement 2*, Making Materiality Judgements,* Disclosure Initiative – Accounting Policies – The amendments aim to help entities provide accounting policy disclosures that are more useful by: (i) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and (ii) adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

- Amendments to PAS 8*, Accounting Policies, Changes in Accounting Estimates and Errors,* Definition of Accounting Estimates– The amendments introduced a definition of accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty" and clarified the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

- Amendments to PAS 12, *Income Taxes,* Deferred Tax related to Assets and Liabilities from a Single Transaction – The main change is an exemption from the initial recognition exemption provided in PAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

b. New and amended PFRS issued but not yet effective

The new and amended PFRS which are not yet effective for the year ended December 31, 2023, and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases,* Lease Liability in a Sale and Leaseback – The amendments pertain to the addition of subsequent measurement requirements for sale and leaseback transactions.

- Amendments to PAS 1, *Presentation of Financial Statements,* Non-current Liabilities with Covenants – The amendments improve the information an entity provides when its right to defer settlement of liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

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

- Amendments to PFRS 17, *Insurance Contracts* – On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of IFRS 17 by two (2) years after its effective date as decided by the IASB.

The main changes resulting from Amendments to PFRS 17 are:

- Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023, and change the fixed expiry date for the temporary exemption in PFRS 4 Insurance Contracts from applying PFRS 9 Financial Instruments, so that entities would be required to apply PFRS 9 for annual periods beginning on or after January 1, 2023.

- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.

- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.

- Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.

- Clarification of the application of contractual service margin attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.

- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.

- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.

- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.

- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

- Several small amendments regarding minor application issues.

• Amendment to PFRS 17, *Insurance Contracts*, Initial Application of PFRS 17 and PFRS 9 – Comparative Information – The amendment adds a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on the initial application of PFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of PFRS 17, to be classified on an instrument-by-instrument basis in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of PFRS 9. The overlay can be applied by entities that have already applied PFRS 9 or will apply it when they apply PFRS 17.

Deferred effectivity

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

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the NDC's financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared using the measurement bases specified by PFRS for each type of asset, liability, income, and expense.

Financial Assets

Initial Recognition

Financial assets are recognized in the NDC's financial statements when the NDC becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the NDC's financial assets, except for investments classified at fair value through profit or loss (FVTPL).

Classification and Subsequent Measurement

Financial assets are classified into the following specified categories: financial assets at FVTPL, financial assets at fair value through other comprehensive income (FVOCI), and at amortized cost. The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial Assets at FVTPL

The NDC classifies financial assets as at FVTPL when the financial asset is held for trading and designated upon initial recognition as either held for trading or designated upon initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the NDC manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and is not effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis in accordance with the NDC's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and it is permitted that the entire combined contract be designated as at fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on the measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

As of the reporting date, the NDC does not have financial assets that are classified as fair value through profit or loss.

Financial Assets at Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

After initial measurement, the financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are reclassified to FVTPL, impaired or derecognized, and through the amortization process.

Cash and cash equivalents, short-term investments, and receivables fall under this category.

Financial Assets at FVOCI

For debt instruments that meet the contractual cash flow characteristic and are not designated at FVTPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the NDC may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses, and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established unless the dividend clearly represents a recovery of part of the investment's cost. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position.

These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

Financial assets at FVOCI-equity instruments are disclosed in Note 12.

Impairment of financial assets- starting January 1, 2022:

The NDC applies an “expected credit loss” (ECL) model to its financial assets measured at amortized cost and debt investment at FVOCI but not to investment in equity instruments.

Loss allowances are measured on either of the following bases:

- *12-month ECLs*. These are ECLs that result from possible default events within the 12 months after the reporting date; and

- *Lifetime ECLs*. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The NDC measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The NDC has elected to measure loss allowances for receivables at an amount equal to lifetime ECLs.

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

The NDC assumes that a financial asset's credit risk has increased significantly if it is more than two years past due.

The NDC considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the NDC in full without recourse by the NDC to actions such as realizing security (if any is held); or

- The financial asset is more than two years past due.

The maximum contractual period over which the NDC is exposed to credit risk is considered when estimating ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the NDC expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the NDC assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Impairment of financial assets- before January 1, 2022:

Impairment loss is provided when there is objective evidence that the NDC will not be able to collect all amounts due to it in accordance with the original terms of the receivables or when the investment can no longer be recovered.

Derecognition of financial assets

The NDC derecognizes financial assets when the contractual rights to the cash flow from the asset expire or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another party. If the NDC neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the NDC recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the NDC retains substantially all the risk and rewards of ownership of a transferred financial asset, the NDC continues to recognize the financial asset and also recognizes collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the NDC retains an option to repurchase part of a transferred asset), the NDC allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Debt and equity instruments issued by the NDC are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial Liabilities

Initial recognition

Financial liabilities are recognized in the NDC's financial statements when the NDC becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the NDC's financial liabilities except for debt instruments classified at FVTPL. In a regular way purchase or sale, financial liabilities are recognized and derecognized, as applicable, using settlement date accounting.

Classification and Subsequent Measurement

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liability is held for trading, designated upon initial recognition, either held for trading or designated upon initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis in accordance with the NDC's documented risk management or investment strategy, and information about the NDC is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and Philippine Accounting Standards 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in the notes.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Accounts payable and accrued expenses, inter-agency payables, and loans payable are classified as other financial liabilities.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency, or bankruptcy.

Derecognition of financial liabilities

The NDC derecognizes financial liabilities when, and only when, the NDC's obligations are discharged, canceled, or expired. The difference between the carrying amount of the financial liability derecognized, and the consideration paid and payable is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the NDC are recognized at the proceeds received, net of direct issue costs.

Retained earnings

Retained earnings represent accumulated profit and/or loss attributable to equity holders of the Company after deducting dividends declared. Retained earnings may also include the effect of changes in accounting policy and prior period adjustments.

Investment in Subsidiary

A subsidiary is an entity over which NDC exercises control over the financial and operating policy decisions of the investee.

An investment in subsidiary is accounted for using the cost method from the date on which the investee becomes a subsidiary. Under the cost method, the investment in subsidiary is initially measured at cost and presented in the statement of financial position at cost less any accumulated impairment in value.

Investment in subsidiary is derecognized upon disposal. Any difference between the carrying amount of the investment in subsidiary and the net proceeds from disposal is recognized immediately in profit or loss.

Investment in Joint Venture (JV)

A JV is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control.

Where a group of companies undertakes its activities under JV arrangements directly, the group's share of jointly-controlled assets and any liabilities incurred jointly with other venturers are recognized in the financial statements of the venturers and classified according to their nature.

Liabilities and expenses incurred directly with respect to interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly-controlled assets and its share of JV expenses are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.

Investment in Associate/Affiliate

An associate is an entity over which NDC has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the investee's financial and operating policy decisions but is not control or joint control over those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. Any excess of the cost of acquisition over the NDC's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognized as implied goodwill, which is included within the carrying amount of the investments and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the NDC's share of the fair values of the identifiable net assets of the associate at the date of acquisition, i.e., discount on acquisition, is immediately recognized in profit or loss in the period of acquisition.

The results of operations and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, which is measured at lower of carrying amount and fair value less cost to sell. Under the equity method, investments in associates or joint ventures are carried in the statements of financial position at cost and adjusted thereafter to recognize the NDC's share of the profit or loss and other comprehensive income of the associate or joint venture. When the NDC's share of losses of an associate exceeds the NDC's interest in that associate, the NDC discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the NDC has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The NDC's accounting policy for impairment of financial assets is applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in an associate. When necessary, the entire carrying amount of the investment, including goodwill, is tested for impairment in accordance with the NDC's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The NDC discontinues the use of the equity method from the date the investment ceases to be an associate or when the investment is classified as held for sale. When the NDC retains an interest in the former associate and the retained interest is a financial asset, the NDC measures the retained interest at fair value at that date, and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of gain or loss on disposal of the associate. In addition, the NDC accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the NDC reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when the equity method is discontinued.

Investment Property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in the income statement in the period in which they arise.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use, and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of the change. If owner-occupied property becomes an investment property, the NDC accounts for property in accordance with the policy stated under property, plant, and equipment up to the date of change.

Property and Equipment

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Property and equipment are stated in the financial statements at cost less accumulated depreciation, amortization, and any impairment in value.

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

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

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the property and equipment.

Impairment of Non-financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Derecognition of Non-financial assets

Non-financial assets are derecognized when they are disposed of or when no future economic benefits are expected from them. Any difference between the carrying value of the asset derecognized, and the net proceeds from derecognition is recognized in profit or loss.

Related Parties

Related party relationships exist 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 relationships also exist between and/or among entities that are under common control with the reporting enterprise or between and/or among the reporting enterprise and its key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the NDC and that the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, which represents the amount of receivable services provided in the normal course of business.

Dividend Income

Dividend income is recognized when the NDC's rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the NDC and the amount of income can be measured reliably.

Interest Income

Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Lease Income

Lease income from cancellable lease agreements is recognized when earned in the statement of comprehensive income.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of a direct association between the costs incurred and the earning of specific items of income, on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

All other leases are classified as operating leases. Rental payments under operating leases are recognized in profit or loss on a straight-line basis over the term of the relevant lease.

The NDC as Lessor

The Contract of Lease entered into by the NDC does not transfer substantially all the risks and benefits of ownership of the asset. The NDC is engaged in a lease with a termination clause of which, in case the Contract of Lease is terminated by the Lessor at any time prior to its expiration, the Lessor shall refund the amount representing the unearned portion of the rental to the Lessee. On the other hand, if the Contract of Lease is terminated by the Lessee at any time prior to its expiration, the amount representing the unearned portion of the rental will be deemed forfeited in favor of the Lessor. The rent income from the Contract of Lease is recognized in the statement of comprehensive income.

The NDC determines whether an arrangement is or contains a lease based on its substance. It assesses whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Employee Benefits

Short-term Benefits

Short-term benefits include salaries, bonuses, compensated absences, and other forms of employee benefits that are expected to be settled within one year from the reporting date. Short-term employee benefits are recognized as expenses in the period the related services are provided.

Terminal leave benefits

Terminal leave benefits are computed based on the actual leave credits earned by employees as of the reporting date. The amount reported as a liability in the statement of financial position is based on the employee’s salary grade as of the reporting dates.

Provident fund

Pursuant to Executive Order No. 641, the NDC has established a Provident Fund, a defined contribution plan consisting of contributions made by its officers and employees and the NDC. The Fund is administered by its Board of Trustees.

Income Tax

The income tax expense represents the sum of the current tax and deferred tax expenses.

Current Tax

The current tax expense is the amount of tax due which is computed based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the NDC expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the Year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Borrowing Costs

Borrowing costs are interest and other costs that the NDC incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets are added to the cost of the assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Provisions and Contingencies

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

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

Foreign Currency Transactions

Transactions in foreign currencies are initially recognized by applying the spot exchange rate between the functional currency and the foreign currency at the transaction date.

At each reporting date:

a. Foreign currency monetary items are translated using the closing rate;

b. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

c. c. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value is determined.

Exchange differences arising (a) on the settlement of monetary items or (b) on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statements are recognized in surplus or deficit in the period in which they arise.

Changes in Accounting Policies and Estimates

The effects of changes in accounting policies are recognized retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impracticable.

The effects of changes in accounting estimates are recognized prospectively by including in profit or loss.

The material prior period errors are corrected retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or

- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities, and equity for the earliest prior period presented.

The increase in the capitalization threshold from P15,000 to P50,000 for Property and Equipment shall be considered a change in accounting policy and shall be applied retrospectively, in accordance with COA Circular No. 2022-004 dated May 31, 2022.

Events after the Reporting Date

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after the period ends (non-adjusting events) are disclosed in the notes to the financial statements.

6. JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards requires the NDC to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur, which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Estimated allowance for impairment of receivables

The NDC maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. This amount is evaluated based on factors that affect the collectability of the accounts. These factors include the age of the receivables, the length of the NDC's relationship with the customer, the customer's payment behavior, and known market factors. The amount and timing of recorded expenses for any period would differ if the NDC made different judgments or utilized different estimates.

At the end of 2023 and 2022, the NDC recognized the allowance for impairment of receivables in the amounts of P2.532 million and P6.576 million, respectively.

Estimating useful lives of property and equipment

The NDC estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed and adjusted, if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

Type of Asset	Estimated useful life in years
Land improvements	40
Building and building improvements	2 to 20
Furniture and equipment	3 to 10

7. CASH AND CASH EQUIVALENTS

This account consists of:

	2023	2022
Cash with collecting/disbursing officer	**104,273**	110,326
Cash in banks	**53,108,838**	5,554,228
Cash equivalents	**162,368,006**	250,000,000
	215,581,117	255,664,554

Cash in banks earns interest at the prevailing bank deposit rates. Interest earned on Cash in banks amounted to P14,782 and P7,978 in calendar years (CYs) 2023 and 2022, respectively.

Cash equivalents pertains to investment in time deposits in Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP) with interest rate ranging from 4.15 to 6.03 per cent and with maturity dates of three months or less.

8. OTHER INVESTMENTS

This account consists of money market placements in LBP and DBP in the total amount of P1.018 billion and P1.627 billion in CYs 2023 and 2022, respectively. Interest earned on these investments amounted to P100.297 million and P42.931 million in CYs 2023 and 2022, respectively.

9. RECEIVABLES

This account consists of:

	2023	2022 (As restated)
Current		
Interest receivables	**84,264,549**	79,779,978
Rental receivables	**72,548,734**	57,883,453
Due from officers and employees	**880,045**	866,248
Other receivables	**333,669,155**	321,617,543
	491,362,483	460,147,222
Allowance for impairment losses	**(260,115,504)**	(257,583,008)
	231,246,979	202,564,214
Non-Current		
Loans receivable	**1,115,088,322**	1,115,088,322
Interest receivables	**6,938,606**	6,938,606
Due from subsidiaries/associates/affiliates	**1,143,744,206**	1,143,744,206
Due from officers and employees	**7,481,790**	7,733,188
Due from National Government (NG)	**3,252,878**	3,252,878
	2,276,505,802	2,276,757,200
Allowance for impairment losses	**(2,197,394,743)**	(2,197,394,743)
	79,111,059	79,362,457

Interest receivables pertains to interests from various investments and income-generating activities that were already earned as of the reporting date but not yet actually received.

Rental receivables consists of collectibles from leases of real properties covered by lease agreements between the Corporation and lessees. The rental receivable from Philippine Pharma Procurement Inc. (PPPI) amounting to P9.204 million represents the outstanding balance for the leased offices located on the ground, 2nd, and 12th Floors of the NDC building. PPPI has been incurring significant losses and has not been able to pay its monthly rentals and assessment fees to NDC. Consequently, in CY 2017, NDC ceased accruing rental income from PPPI in compliance with Section 7 of Bangko Sentral ng Pilipinas Circular No. 1011, series of 2018, pertaining to Non-Bank Financial Institutions (see Notes 16 and 25).

Due from officers and employees pertains to loans granted by the NDC to its officers and employees.

Other receivables includes management fees, guarantee fees, commitment fees, NDC's 50 per cent share from Rizal Hydro Project, trade receivables, and other receivables.

Loans receivable includes a restructured loan to the Philippines Mining Development Corporation (PMDC) with terms of up to 10 years starting July 30, 2013. PMDC requested a re-computation of its outstanding restructured loan and filed an arbitration case in November 2019. The Office of the Government Corporate Counsel (OGCC) noted the comment filed by NDC in September 2020. On October 22, 2021, the OGCC conducted a Case Management Conference. During the said conference, OGCC required the counsels of the parties to secure authority from their respective Board of Directors to represent the parties in the arbitration and to negotiate for the possible settlement of the case. On November 5, 2021, NDC received the settlement proposal of PMDC. On November 8, 2021, NDC submitted the Secretary's Certificate showing the authority granted to its counsels to represent NDC in the arbitration. On November 22, 2021, NDC submitted its proposed settlement to PMDC. The OGCC scheduled the Preliminary Conference in April 2022. On July 6, 2022, NDC filed a memorandum relative to the complaint for arbitration filed by PMDC against NDC, alleging that the P25 million advances made by NDC were for additional equity and not a loan. As of December 31, 2023, the committee of the Arbitration Panel has not yet issued a resolution in regard to the case. This also includes loan to GY Real Estate, Inc., one of the subsidiaries of NDC, amounting to P13.500 million with a term of two years at an interest rate of 2.37 per cent per annum.

The loans receivable from PPPI amounting to P291.795 million represents the outstanding principal and accrued interest, exclusive of penalties from the loan that was restructured on June 30, 2013, between NDC and PPPI. The loan is payable every quarter for a period of eight years and bears an interest rate of seven per cent per annum. Since CY 2014, PPPI has been unable to make any installment payments or pay the accrued interest on its restructured loan. In CY 2015, considering PPPI's unfavorable financial condition and in accordance with the Manual of Regulations for Non-Bank Financial Institutions, NDC suspended the recognition of interest income from PPPI loans in the books. In CY 2017, a 100 per cent allowance for impairment was provided for the outstanding principal and interest balance of PPPI.

Due from subsidiaries/associates/affiliates consists of advances made to the NDC's various subsidiaries and affiliates. This also pertains to the various advances to the Philippine National Construction Corporation (PNCC) totaling P214 million between CYs 1990 to 1999 for foreign and peso accounts for which it issued promissory notes and interest and penalties thereon of P989 million as of December 31, 2009. The collection of the various advances made by NDC was the subject of an arbitration case before the OGCC Arbitral Tribunal:

- The arbitration case filed by NDC was consolidated by the Department of Justice (DOJ) with the arbitration case filed by the Privatization and Management Office against PNCC.

- The DOJ, in its Consolidated Decision dated February 18, 2014, granted NDC's Petition against PNCC; the dispositive portion was as follows:

> "*However, the Petition filed by NDC against PNCC is GRANTED. As prayed for, respondent PNCC is ordered: (1) to pay petitioner NDC the principal amount of the Promissory Notes, plus accrued interests and penalties as provided for in the said Notes; and (2) to reimburse the petitioner the amount of mortgage loan, including interest thereon."*

- On March 13, 2014, PNCC files a Motion for Reconsideration on the Consolidated Decision of the DOJ.

- On January 22, 2015, the DOJ denied PNCC's Motion for Reconsideration.

- On June 26, 2015, the PNCC filed a Notice of Appeal with the Office of the President (OP) of the Republic of the Philippines.

- On May 19, 2022, the OP dismissed the appeal filed by PNCC. A Motion for Reconsideration was filed by PNCC.

- NDC is still awaiting the resolution of the OP on the appeal.

Due from NG represents the amount due from the Republic of the Philippines, representing expenses accompanying the NDC's transferred accounts to the NG. These accounts, consisting of loans, equity investments, advances, acquired assets, and other assets and liabilities, were identified and approved for transfer to the NG pursuant to Administrative Order No. 64 dated March 31, 1987.

A reconciliation of the allowance for impairment losses at the beginning and end of CYs 2023 and 2022 is shown below:

	2023	2022
Beginning balance	**2,454,977,751**	2,448,401,810
Impairment loss during the year		
Rental Receivables	**2,195,770**	6,575,941
Others	**336,726**	0
	2,457,510,247	2,454,977,751

10. INVENTORIES

This account consists of the following:

	2023	2022
Inventory held for consumption:		
Carrying amount, January 1	**1,627,648**	**1,797,258**
Additions/acquisitions during the year	**1,386,133**	**1,025,264**
Expensed during the year	**(1,342,041)**	**(1,194,874)**
Carrying amount, December 31	**1,671,740**	**1,627,648**

Inventory held for consumption pertains to office supplies, accountable forms, and fuel, oil, and lubricants that were deployed for utilization or consumption in the ordinary course of operation.

11. OTHER CURRENT ASSETS

This account consists of:

	2023	2022 (As restated)
Restricted fund (held-in-trust)	**655,122,152**	8,286,949
Prepayments	**32,494,031**	23,882,966
Advances	**238,407**	33,578
	687,854,590	32,203,493

Restricted fund (held-in-trust) refers to Mintex escrow fund invested in treasury bills with maturity dates of three months or less than one year. The distribution of the fund is governed by a deed of undertaking among the Human Settlements Development Corporation, the Southern Philippines Development Authority, and NDC. The purpose of the fund includes the entire settlement and liquidation of liabilities, which were assumed by the shareholders of the old Mintex, and the eventual distribution of the remaining trust assets. On February 9, 2023, the Mintex escrow funds were distributed following the new MOA based on their proportionate shareholdings.

This account also includes the fund for the hydropower project with the Philippine National Oil Company Renewables Corporation (PNOC RC), amounting to P45 million. On July 1, 2014, PNOC RC and NDC entered into a Memorandum of Agreement for the development, commercialization, operation, and maintenance of the Pampanga River Irrigation System Main Canal Hydroelectric Power Project (Rizal Hydropower Project) for energy commercialization. On September 4, 2014, the Department of Energy confirmed the declaration of commerciality and approved the conversion of the Rizal Hydropower Service Contract from pre-development to development/commercial stage. This commenced the development and utilization of the Rizal Hydropower plant facility, which has a capacity of one megawatt. The plant started commercial operation on July 1, 2016. Cash and cash equivalents from Rizal Hydro Power amounted to P6.361 million as of December 31, 2023. NDC recognized 50 per cent share amounting to P3.181 million, these are funds reserved for the operation of the project.

The account also includes cash earmarked for the Startup Venture Fund, amounting to P499.973 million, and the Waste to Fuel project, amounting to P150 million.

Prepayments includes amounts advanced for property insurance, contractors for various projects, input tax, and creditable withholding tax.

Advances pertains to unliquidated cash advances granted to officers and employees for official travel, various special events, and operating expense payments.

12. FINANCIAL ASSETS

This account consists mainly of investments in bonds and other securities, as summarized below:

	2023	2022
Financial assets at amortized cost	**1,217,164,655**	1,262,772,651
Financial assets at fair value through other comprehensive income	**137,493,895**	132,689,085
	1,354,658,550	1,395,461,736

Financial assets at amortized cost

This account consists of long-term investments in retail treasury bonds purchased by NDC from the Land Bank of the Philippines with an interest rate ranging from 2.38 per cent to 4.00 per cent.

Interest earned on these investments amounted to P34.911 million and P34.631 million in CYs 2023 and 2022, respectively.

Financial assets at fair value through other comprehensive income

This account consists of investments in the following:

	2023	2022
Manila Golf and Country Club	**115,000,000**	87,500,000
Philippine Long Distance Telephone Company	**16,469,085**	22,659,060
Makati Sports Club	**1,100,000**	850,000
Philippine Columbian Association	**120,000**	100,000
	132,689,085	111,109,060
Market adjustment	**4,804,810**	21,580,025
	137,493,895	132,689,085

13. INVESTMENTS IN ASSOCIATES/AFFILIATES

This account consists of the following investments in associates of which the NDC has significant influence, and that is neither a subsidiary nor an interest in a joint venture.

		% of Ownership	**2023**	2022 (as restated)
Cost				
Refractories Corporation of the Phils.	RCP	33.00	**193,620,979**	193,620,979
San Carlos Bio-Energy, Inc.	SCBI	3.86	**172,900,000**	172,900,000
Manila Exposition Complex, Inc.	MECI	36.36	**120,000,000**	120,000,000
Philippine Dockyard Corporation	PDC	35.00	**101,650,000**	101,650,000
Triad Asia, Ltd.	TAL	50.00	**65,435,000**	65,435,000

		% of Ownership	**2023**	2022 (as restated)
Alabang-Sto. Tomas Development, Inc.	ASDI	49.00	**58,432,010**	58,432,010
Philippine Mining Development Corp.	PMDC	20.00	**25,000,000**	25,000,000
Phividec Industrial Estate	PIE	23.95	**17,000,000**	17,000,000
Philippine Pharma Procurement, Inc.	PPPI	40.00	**15,000,000**	15,000,000
Metro Hospital Waste Conversion	MHWC	40.00	**12,000,000**	12,000,000
First International Document Masters, Inc.	FIDMI	40.00	**4,000,000**	4,000,000
UP-NDC Basilan Plantations, Inc.	UNBPI	40.00	**2,400,000**	2,400,000
Interbank Venture Capital Corporation	IVCC	20.00	**1,000,000**	1,000,000
Philbancor Venture Capital Corporation	PBVCC	20.00	**1,000,000**	1,000,000
Veterans Venture Capital Corporation	VVCC	20.00	**1,000,000**	1,000,000
LIDE Management Corporation	LMC	20.00	**20,000**	20,000
San Jose Oil Company	SJOC	20.00	**1,716**	1,716
			790,459,705	790,459,705
Accumulated equity in net earnings (losses)				
Balance at the beginning of the year			**(263,584,922)**	(293,906,009)
Share in net profit for the year.			**29,060,441**	30,872,893
Dividends received			**(554,589)**	(551,805)
Balance at the end of the year			**(235,079,069)**	(263,584,921)
Share in the revaluation increment of an associate			**28,883,100**	28,883,100
Share in prior period adjustment of associates			**(104,467,149)**	(104,467,149)
			479,796,587	451,290,735
Allowance for impairment losses			**(204,486,716)**	(204,486,716)
			275,309,871	246,804,019

Refractories Corporation of the Philippines (RCP) is a minority-owned affiliate of NDC at 33 per cent (4.328 million shares equivalent to P108.223 million in equity). On September 2, 2009, RCP filed for corporate rehabilitation before the Regional Trial Court (RTC) Branch 159 in Pasig City. The Court approved the rehabilitation on May 7, 2010. As part of the rehabilitation, RCP's total debt as of March 31, 2010, was converted into common shares. As a result, NDC’s shareholdings in RCP was diluted from 33 per cent to 11 per cent. The RCP is undergoing court litigation on its corporate rehabilitation plan. A court hearing was held on February 26, 2016, at the Pasig RTC. The Court has not yet issued an order on the issues of the case.

14. INVESTMENTS IN SUBSIDIARIES

This account consists of the following investments in subsidiaries over which the NDC exercises control over the investee's financial and operating policy decisions.

		% of Ownership	**2023**	2022
Common Shares				
Operational				
Philippine International Trading Corp.	PITC	99.50	**199,000,000**	199,000,000
Batangas Land Company, Inc.	BLCI	60.00	**55,659,300**	55,659,300
GY Real Estate, Inc.	GYREI	60.00	**13,084,200**	13,084,200
First Cavite Industrial Estate, Inc.	FCIEI	100.00	**8,845,038**	8,845,038
Kamayan Realty Corporation	KRC	60.00	**7,447,000**	7,447,000
Pinagkaisa Realty Corporation	PRC	60.00	**2,508,629**	2,508,629

		% of Ownership	**2023**	2022
Non-operational				
First Centennial Clark Corporation	FCCC	60.00	**400,000,000**	400,000,000
Manila Gas Corporation	MGC	91.70	**74,616,000**	74,616,000
NDC-Philippine Infrastructure Corp.	NPIC	100.00	**80,000,000**	80,000,000
For dissolution				
Luzon Stevedoring Corporation	LSC	100.00	**330,987,000**	330,987,000
Preferred Shares				
Non-operational				
First Centennial Clark Corporation	FCCC	60.00	**500,000,000**	500,000,000
			1,672,147,167	1,672,147,167
Allowance for impairment losses			**(1,269,832,038)**	(1,269,832,038)
			402,315,129	402,315,129

The Luzon Stevedoring Corporation had ceased operations in 1999. The records and books of accounts were not turned over to NDC.

The First Centennial Clark Corporation (FCCC) had ceased operations way back in CY 2007, when Clark Development Corporation (CDC), a subsidiary of the Bases Conversion and Development Authority (BCDA), terminated with finality the Lease Agreement dated October 30, 1997, between CDC and FCCC for the failure of FCCC to pay the rental fees. Prior to such termination, FCCC and CDC entered into a Management Agreement whereby CDC operated the FCCC leasehold area. However, CDC simultaneously canceled the said Memorandum of Agreement and the Lease Agreement. Both NDC and FCCC requested that the CDC reconsider such termination, but to no avail. As a consequence of the CDC's cancellation of leasehold rights, the CDC took over and appropriated the structures and buildings of FCCC erected on the leased area.

The dividend income earned by the NDC from its investment in subsidiaries amounted to P1.915 million and P4.701 million in CYs 2023 and 2022, respectively.

15. OTHER INVESTMENTS

This account consists of investment in equity instruments as shown below:

		% of Ownership	**2023**	2022
Common Shares				
Operational				
Asean Bintulu Fertilizer Sdn. Bhd.	ABFSB	9.50	**158,895,989**	158,895,989
Science Park of the Philippines,Inc.	SPPI	4.59	**24,951,957**	24,951,957

		% of Ownership	**2023**	2022
Non-operational				
Paper Industries Corp. of the Phils.	PICOP	0.28	**15,000,000**	15,000,000
Menzi Development Corporation	MDC	5.20	**10,000,000**	10,000,000
For dissolution				
P.T Asean Aceh Fertilizer	PTAAF	13.00	**106,605,963**	106,605,963
Resort Hotels	RH	6.30	**6,474,300**	6,474,300
LSCO- PDCP	LPDCP	0.00	**188,550**	188,550
LSCO – Republic Planters Bank	LRPB	0.00	**96,000**	96,000
LSCO- PLDT	LPLDT	0.00	**15,250**	15,250
Pre-operating				
Asean Potash Mining Corporation	APMC	1.00	**12,598,944**	12,598,944
Under receivership				
National Steel Corporation	NSC	0.53	**622,305,756**	622,305,756
Preferred Shares				
Under receivership				
National Steel Corporation	NSC	0.53	**1,196,967,152**	1,196,967,152
Other Investments				
Investments in the project (NDC Rattan)			**62,406,520**	62,406,520
Others			**99,455,145**	99,455,145
			2,315,961,526	2,315,961,526
Allowance for impairment losses			**(2,119,514,636)**	(2,119,514,636)
			196,446,890	196,446,890

Update on National Steel Corporation (NSC)

The NSC Liquidation Plan involves, among others, the disposition of the NSC plant assets as an integral facility in order to allow a prospective buyer to resume the operation thereof within a short period of time from acquisition. Under the Plan, the NSC plant assets are to be used exclusively in settling the claims of all the NSC Secured Creditors, who are to waive their right to claim against the other assets of NSC for any deficiency in their secured credit and their unsecured credit.

Two years after NSC’s liquidation, the majority of the secured creditors and the stockholders of NSC came into a general understanding and agreement as to the disposition of the NSC plant assets, the payment of the liabilities owing to the NSC secured creditors, and the business operation of the Special Purpose Vehicle (SPV), which shall eventually purchase the NSC plant assets.

On January 29, 2004, the NSC Liquidator, the NSC Secured Creditors, the NSC Shareholders, and Global Ispat Holdings Ltd. (GIHL) entered into an Initial Agreement that set out the basic terms and conditions of the sale and purchase of the NSC plant assets. The proposed sale to and purchase of the NSC plant assets by GIHL was approved by the Securities and Exchange Commission (SEC) in its Order issued on May 6, 2004.

On September 10, 2004, the Parties executed an Asset Purchase Agreement (APA) to document the detailed terms and conditions of the sale and purchase of the right, titles, and interests in and to, including the ownership of the NSC plant assets. However, at the time of signing, NDC was not able to obtain Board approval for its authorized signatory. Thus, its share in the down payment was held in escrow with the Philippine National Bank (PNB). To remedy the situation, an accession agreement was executed among NDC, GIHL, and Global Steel Corporation (Global Steel). As soon as the Accession Agreement is signed by all Parties, the Corporation shall withdraw the escrow fund held by PNB and recognize the sale accordingly.

NDC, in its capacity as a Government-Owned and Controlled Corporation secured creditor of NSC, sought the Department of Finance's approval to consider the transaction as a "true sale" and, thus, be eligible for all the incentives available under the SPV Law of 2002. The Bangko Sentral ng Pilipinas, the appropriate regulatory authority for creditor banks, considered the transaction structure on the sale of NSC plant assets to GIHL a "true sale" under the SPV Law as confirmed by the Monetary Board under Resolution No. 514 dated April 15, 2004.

The Corporation's primary consideration in consenting to the sale is twofold. First, the national interest was taken into account, given the government's commitment to reopen NSC as soon as possible and the mandate given to the Department of Trade and Industry to facilitate the same. Second, NDC's corporate interest was also considered, with the opportunity to partially recover its investments in NSC, which were unlikely in the first place given NSC's liquidation status.

On October 15, 2004, the Parties executed the Omnibus Agreement, which set the terms and conditions governing the deferred payment of the balance of the agreed price in the remaining sum of P12.250 billion, spread over eight years. However, Global Steel has not paid the real property taxes on the Iligan Plant since the NSC plant assets were turned over to it in CY 2005. Global Steel has interposed due to the following reasons: the alleged over-assessment by the City, the pendency of its application for tax incentive under a city ordinance, and the alleged misapplication by the City of its previous real property tax payments to other NSC properties. By 2006, therefore, Global Steel began defaulting on its installment payments and/or obligation to provide the standby letters of credit as required under the APA and the Omnibus Agreement.

Global Steel filed an action with the RTC of Makati City on October 2, 2008, praying for an injunctive relief specifically to prohibit the NSC Secured Creditors from declaring an event of default in case it fails to pay the maturing installments. The trial court denied its prayer for injunctive relief.

Global Steel then filed for arbitration with the Singapore International Arbitration Center on October 13, 2008. Using the arbitration proceedings as the legal excuse, Global Steel sought provisional relief from the Singapore High Court where it prayed that the NSC Secured Creditors be restrained from declaring Global Steel to be in default under the Agreement and from declaring due and payable the balance of the purchase price and all other amounts payable under the Agreement. Global Steel claimed that the

Liquidator and the Secured Creditors failed to deliver title to the NSC plant assets free and clear from all liens since the real property tax lien of the City of Iligan had not been discharged. Thus, Global Steel allegedly could not obtain title to the NSC plant assets and seek additional financing.

At this point, NDC did not become a signatory to the Implementing Agreements (Omnibus Agreement, the Asset Purchase Agreement, and Purchase Price Sharing Agreements) for the sale of NSC assets. While NDC has signed the Accession Agreement, a document that makes a creditor accede to and adhere to the Implementing Agreements, the same was not perfected due to Global Steel's failure to sign, given their filing for arbitration.

On May 9, 2012, the Arbitral Tribunal issued the Partial Award (the "Award") in favor of Global Steel and against NSC Liquidator Danilo L. Concepcion and the Secured Creditors. The Award specifically held Danilo L. Concepcion and the Secured Creditors solidarily liable to Global Steel. In sum, the Award ordered Danilo L. Concepcion and the Secured Creditors to pay Global Steel the amount of US$80 million by way of damages and to transfer all NSC plant assets free from all liens to Global Steel and for the Secured Creditors to pay Global Steel the amount of US$1.043 billion with respect to the Lost Land Claim. The majority of the Secured Creditors of Global Steel then filed an application to set aside the Award with the Singapore High Court on July 9, 2012.

The High Court of Singapore issued a Decision dated July 31, 2014 ("High Court Decision") that set aside the arbitral Award in its entirety. In addition, the High Court granted the Secured Creditors' claims for the payment of their legal costs for the court proceedings, which shall be subject to further submissions.

Global Steel appealed the High Court's Decision to the Singapore Court of Appeals on all points. The Singapore Court of Appeals allowed and dismissed Global Steel's appeals in part. The practical effect of the decision is that certain parts of the Award remain to be set aside. However, the Court of Appeals reinstated the findings of the Tribunal in the Award that the Liquidator and the Secured Creditors breached the APA in failing to transfer clean title over the NSC plant assets to Global Steel.

On August 23 and 30, 2016, the City Treasurer of Iligan City caused the publication of a Notice of Real Property Tax Delinquency in the Gold Star Daily, covering all real properties declared in the name of NSC in Iligan City pertaining to the period beginning on the 4th quarter of 1999 ending on the 2nd quarter of 2016. The Liquidator wrote the City Treasurer a letter to remind them that any attempt to levy on the subject properties will be in contravention of the Stay Order issued by the SEC on November 30, 2006. SEC affirmed the continuing validity of the said Stay Order in its letter to the Office of the City Treasurer of Iligan City, dated January 5, 2016. Notwithstanding the writ of execution issued by Branch 57 of the RTC of Makati, the City of Iligan, through the City Treasurer, proceeded with the tax sale on October 19, 2016. No bid was submitted. Pursuant to the Local Government Code, there being no bidder, the City Treasurer shall purchase the property for the local government.

While the petition for Ex-Parte motion for annotation on the titles of NSC assets regarding the omnibus order nullifying the auction sale was granted on October 19, 2016, the secured creditors are implementing the other legal remedies to secure the NSC properties which were taken over by the City of Iligan.

On August 6, 2020, NDC received a forwarded letter from BDO Trust stating Platinum Paramount Pacific Group of Companies Inc.'s intent to acquire the NSC. On November 10, 2020, BDO Trust informed NDC and other stakeholders that a building is about to be constructed at the lower portion of the former NSC Administrative Building 1 and NSC Gym at the Hilltop, which will serve as housing for the New People's Army surrenderees.

On July 15, 2021, GJL Real estate GMBH, a foreign company in Germany, and its Philippine partner, Platinum Paramount Pacific Group of Companies, Inc., submitted their letter of intent to acquire NSC, including all its assets.

The receiver of the entire property has been in constant communication with the NDC to discuss various strategies to address the longtime issues surrounding the NSC and its creditors. One such idea is for the NDC to consider exercising its expropriation powers on the property sold to Global Steel Corporation. In order to make this possible, the law dictates that a sum of money should be deposited with the court in the amount equivalent to the assessed value of the property being considered.

The dividend income earned by the NDC from its stock investments amounted to P11.390 million for CYs 2023 and 2022.

16. INVESTMENT PROPERTY

The NDC's investment properties consist of 53 real properties with an aggregate area of 32,252,304.26 square meters (sq. m.), three buildings, two residential houses, and one condominium unit located in various cities and municipalities across the country. These properties include land and buildings that are held to earn rentals under operating leases, capital appreciation, and project development. Details are as follows:

Investment Properties with a lease

Location of the Property	**2023**	2022 (As restated)
Land		
Philphos Assets-LIDE	**6,895,600,800**	6,550,820,760
Pandacan, Manila	**2,707,449,300**	2,256,207,750
Isabel, Leyte	**2,527,652,000**	821,486,900
M Fortich/Libona, Bukidnon	**1,588,940,000**	1,601,830,000
Lapu-Lapu City, Cebu	**1,256,900,000**	1,030,660,000
Sen. Gil Puyat, Makati City	**1,072,864,000**	1,065,127,000
Barangka, Mandaluyong City	**607,916,000**	557,130,000
Tordesillas St., Salcedo Village, Makati City	**601,200,000**	571,140,000
Sta. Mesa, Manila	**506,122,110**	1,507,292
P.Tamo & Dela Rosa Sts.,Makati City	**438,880,000**	436,740,000
Pingag Property	**341,020,000**	306,918,000
Bagong Ilog, Pasig City	**209,050,000**	203,530,000
Bugo Dist.,Cagayan De Oro City	**205,279,000**	163,700,000
San Andres & E. Quirino Ave. Manila	**144,980,000**	147,616,000
Lacson & Rizal Sts. Bacolod City	**106,535,000**	104,480,000

Location of the Property	2023	2022 (As restated)
San Roque, Tarlac	**32,920,000**	28,640,000
Aguinaldo & Luna St., Iligan City	**31,840,000**	25,300,000
	19,275,148,210	15,872,833,702
Buildings and Condominium		
Industry & Investment Building	**197,357,760**	209,942,102
NDC Building	**127,405,000**	100,473,000
Manila Luxury Condominium	**15,950,000**	15,824,000
Leyte Port Complex	**925,400**	925,400
	341,638,160	327,164,502
	19,616,786,370	16,199,998,204

Investment Properties without a lease

Location of the Property	2023	2022 (As restated)
Land		
Macapagal Blvd., Pasay City	**6,230,586,000**	6,203,943,000
Sucat, Muntinlupa	**2,161,055,000**	1,740,530,000
Dasmarinas, Cavite	**1,201,230,000**	755,300,000
Toril, Davao City	**798,700,000**	823,663,500
San Juan St. Bacolod City	**401,190,000**	364,240,000
Kamagong & Sampaloc Sts., Makati City	**288,880,000**	285,112,000
Diliman, Quezon City	**202,500,000**	199,462,500
San Dionisio, Paranaque	**73,010,000**	44,920,000
Hermosa, Bataan	**65,000,000**	40,000,000
Meycauayan, Bulacan	**53,880,000**	41,850,000
Sta. Fe, Bantayan, Cebu	**46,080,000**	41,320,000
San Francisco Del Monte, Quezon City	**44,980,000**	39,870,000
Bo. San Juan & Sto. Nino Pampanga	**44,410,000**	38,500,000
Sambag, Cebu	**40,210,000**	36,900,000
Baliwasan, Zamboanga City	**31,550,000**	25,870,000
Los Baños, Laguna	**29,380,000**	29,400,000
Bo. Bia-an, Mariveles, Bataan	**22,880,000**	20,670,000
Dao, Tagbilaran, Bohol	**22,340,000**	18,990,000
San Fernando, Pampanga	**19,160,000**	17,480,000
Bo. Langhian, Butuan City	**13,800,000**	9,860,000
Poblacion, Parang, Cotabato	**12,980,000**	12,980,000
Puerto, Cagayan de Oro City	**11,060,000**	9,390,000
Sta. Rosa, Laguna	**7,610,000**	7,560,000
Suyong, Echague, Isabela	**6,920,000**	6,920,000
Bongabon, Nueva Ecija	**3,765,000**	2,680,000
Bonot, Legazpi City	**3,760,000**	2,880,000
Cagayan de Oro City	**3,010,000**	2,480,000
San Roque, Antipolo City	**2,990,000**	1,494,000
Calatagan, Batangas	**2,600,000**	2,490,000
Tanay, Rizal	**2,260,000**	1,270,000
Mariveles, Bataan	**1,680,000**	1,400,000
San Isidro, Antipolo City	**1,395,000**	780,000
San Jose, Antipolo City	**1,100,000**	1,000,000
Talakag, Bukidnon	**900,000**	810,000
Pueblocillo Village, Dasmarinas Cavite	**714,000**	663,000

Location of the Property	2023	2022 (As restated)
Porac, Pampanga	**380,000**	350,000
	11,853,945,000	10,833,028,000
Residential houses		
San Roque, Antipolo City	**1,260,000**	0
Pueblocillo Village, Dasmarinas Cavite	**247,000**	246,000
	1,507,000	246,000
	11,855,452,000	10,833,274,000
	31,472,238,370	27,033,272,204

The NDC uses the Fair Value Model for its investment properties. Cal-Fil Appraisal and Management, Inc., Value Metrics, Inc., and Toppers Performer Appraisal, Inc., appraised the fair market value of investment properties as of December 31, 2023.

The lease income earned and the operating expenses incurred by the NDC arising from these investment properties are as follows:

	2023	2022 (As restated)
Investment Properties with lease		
Lease income	**223,702,089**	205,065,122
Operating expenses	**25,813,349**	30,488,634
Investment Properties without lease		
Operating expenses	**29,079,183**	28,192,704

Operating expenses consist of real property taxes, security services, and repairs and maintenance of the properties.

NDC's property located at Tomas Claudio St., Pandacan, Manila, with an area of 50,137.95 sq. m. and covered by Transfer Certificate of Title No. 121218, was affected by the Right-of-Way (ROW) requirement of the Metro Manila Skyway Stage 3 (MMSS3) Project. In a meeting with the representatives of the Toll Regulatory Board (TRB) and the Department of Public Works and Highways (DPWH) held on November 22, 2021, TRB/DPWH intends to acquire only the portion of the property with an area of 13,297.97 sq. m. that was directly affected by the ROW of the MMSS3 Project. The acquisition of the remaining areas not covered by the ROW shall be the subject of adjudication and appropriate action by the Department of Justice. TRB will officially send a letter-offer to NDC to purchase the portion of the property directly affected by the said ROW at a price based on the property's reappraised market value and shall secure approval for a Permit to Enter (PTE) for the works on the additional area requirement of the MMSS3 Project. On December 9, 2022, NDC Management sought policy direction from the Board on the issue of the payment of just compensation for the subject property and the pending request of DPWH for a PTE to continue the works pertaining to the alignment of the MMSS3 Project to the North Luzon Expressway- South Luzon Expressway Connector Road. The Board agreed to the issuance of PTE, subject to the execution of a Memorandum of Agreement among NDC, DPWH, and TRB, which shall include, among others: a) payment to NDC of the just compensation of P757.984 million for the areas directly affected by the ROW (13,297.97 sq. m.) and b) undertaking on the part of TRB/DPWH to facilitate the acquisition of the rest of the property.

The Board instructed the Management to conduct a Highest and Best Use (HABU) study for the remaining portion of the subject property. The procurement process for engaging a third-party consulting firm to conduct the HABU study is now underway. On December 22, 2022, the representatives of NDC, TRB, and DPWH met to discuss the NDC Board directives.

The Office of Government Corporate Counsel, under Contract Review No. 334 s. 2024, dated April 18, 2024, and Contract Review No. 398 s. 2024, dated May 9, 2024, has issued favorable reviews on the draft Memorandum of Agreement (MOA) and the Deed of Sale (DOS). Management shall secure the final approval of the NDC Board via referendum to facilitate the execution of the aforesaid documents. Once the necessary approvals are secured, the MOA and the DOS for the directly affected areas will be signed.

The property located in San Dionisio, Parañaque has a pending case of unlawful detainer filed by the International Corporate Bank Inc. against Marita M. Alegre et. al. This case was ordered archived by the Metropolitan Trial Court of Parañaque Branch 78 on December 11, 1992. In CY 2015, when the NDC Legal Department went to the court to secure copies of the case records for possible revival of the case, they were informed that the records of the case were no longer available because they were destroyed/damaged due to water exposure.

Upon verification of the status of the property, the NDC Asset Management Group discovered that it remained registered under the name of Asia Pacific Finance Corporation (APCOR), as indicated in the certified true copy obtained from the Registry of Deeds. However, records from the Tax Mapping Division of the Assessor's Office of Parañaque revealed that the area where the APCOR property is located is registered under the name of Love Jean B. Tee, who possesses a consolidated title. Further, the records indicate that the property was transferred to Ms. Tee by the Alegres.

Further, eight investment properties with a fair market value of P291.665 million were occupied by informal settlers. The informal settlers were already occupying the properties when they were assigned to NDC. The majority of these assets were assigned through a Deed of Assignment by the International Corporate Bank. Third-party appraisers appraised these properties as vacant and ready for immediate use and development.

Management remains steadfast in its commitment to addressing the issue of the informal settlers to optimize the value and utility of the subject properties. In line with this, Management shall implement the updated NDC Property Roadmap for 2024 upon approval by the NDC Board. The property roadmap aims to transform, among other things, the NDC's illegally occupied properties into valuable assets that will contribute to the NDC's income and overall strategic goals.

17. PROPERTY AND EQUIPMENT

This account consists of the following:

	Land and Improvements	Buildings & Building Improvements	Furniture & Equipment	Rizal Hydro-power Plant	Total
December 31, 2023					
Cost					
At January 1, 2023	610,926,741	38,874,121	665,606,186	34,049,808	1,349,456,856
Additions	0	107,834,920	16,125,432	0	123,960,352
Adjustments	(967,858)	0	(436,162)	0	(1,404,020)
At December 31, 2023	609,958,883	146,709,041	681,295,456	34,049,808	1,472,013,188
Accumulated depreciation					
At January 1, 2023	609,130,393	5,636,729	653,911,756	8,836,198	1,277,515,076
Depreciation for the year	291,155	62,215	5,074,472	0	5,427,842
Disposal	0	0	(436,162)	0	
Adjustments	0	0	(25,298)	1,244,064	782,604
At December 31, 2023	609,421,548	5,698,944	658,524,768	10,080,262	1,283,725,522
Net carrying amount, December 31, 2023	**537,335**	**141,010,097**	**22,770,688**	**23,969,546**	**188,287,666**

	Land and Improvements	Buildings & Building Improvements	Furniture & Equipment	Rizal Hydro-power Plant	Total
December 31, 2023					
Cost	610,926,741	38,874,121	665,606,186	34,049,808	1,349,456,856
Accumulated Depreciation/ Adjustment	609,130,393	5,636,729	653,911,756	8,836,198	1,277,515,076
Net carrying amount, December 31, 2022	**1,796,348**	**33,237,392**	**11,694,430**	**25,213,610**	**71,941,780**

Included in the Improvement and Equipment accounts are the properties at the Leyte Port Complex at Isabel, Leyte, which are being leased to PHILPHOS and 50 per cent share of NDC to Rizal Hydro Power Plant Facility located at Rizal, Nueva Ecija.

Buildings & Building Improvements: The additions amounting to P107.835 million pertain to the costs attributable to the site development works for the NDC Industrial Estate project in Brgy. Langkaan, Dasmariñas City, Cavite, charged to the Construction in Progress account.

18. OTHER NON-CURRENT ASSETS

This account consists of:

	2023	2022
Other non-current assets		
Lands not used in operation	**9,794,105**	9,794,104
Prepayments	**3,413,992**	124,455
Deposits	**325,990**	1,972,756
Restricted Fund (held-in-trust)	**0**	15,238,134
Others	**982,971,125**	982,971,125
Allowance for impairment loss	**(968,478,762)**	(968,478,762)
	28,026,450	41,621,812

	2023	2022
Deferred charges		
Coal Operating Contract	**42,000,000**	42,000,000
Allowance for impairment loss	**(42,000,000)**	(42,000,000)
Miscellaneous	**828,305**	828,305
	828,305	828,305
	28,854,755	42,450,117

Lands not used in operation pertains to the properties located at San Jose del Monte and San Idelfonso, Bulacan, and Camarines Sur, which were covered by the Comprehensive Agrarian Reform Program (CARP) of the Department of Agrarian Reform (DAR). The Landbank of the Philippines (LBP) has not yet paid for the value of these lands, and NDC is still in the process of completing the necessary documents as required by the DAR. It also includes property located in Guadalupe, Cebu City which is currently designated as "road right-of-way" for residents of the community in the area.

Deposits consists mainly of long-term refundable deposits made to various companies for the supply of communication, water, electricity, and other similar deposits.

Prepayments pertains to advances made to contractors for various goods and services procured.

Restricted fund (held-in-trust) refers to the Mintex escrow fund with a maturity of more than one year. On February 9, 2023, the Mintex escrow funds were distributed following the new MOA based on their proportionate shareholdings (see Note 11).

Others principally includes assets acquired from the former International Corporate Bank (ICB) amounting to P962.110 million through a Deed of Assignment dated September 16, 1983. ICB sold these assets to NDC as a means of rehabilitating the former pursuant to a Memorandum of Agreement executed by and among NDC, the then Central Bank of the Philippines, the Development Bank of the Philippines, and ICB.

Deferred charges - Coal Operating Contract pertains to the project for the exploration, development, exploitation, production, and utilization of the country's coal resources pursuant to the Coal Development Program under Presidential Decree No. 972[1]. NDC acquired the rights, titles, and interests of the coal operating project from Vulcan Industrial and Mining Corporation. The project, however, did not commence commercial operations and the account had been outstanding since CY 1980. The amount of the project, which was provided with full allowance for non-recovery, is part of the accounts requested for write-off from the Commission on Audit (COA). Under COA Decision No. 2015-297, dated November 24, 2015, COA denied NDC's request to write off the account in the amount of P42 million.

[1] Coal Development Act of 1976

19. FINANCIAL LIABILITIES

This account consists of:

	2023	2022 (As restated)
Interest payable	**456,620,150**	456,620,150
Loans payable	**140,000,000**	140,000,000
Accounts payable	**42,283,306**	19,480,200
	638,903,456	616,100,350

Interest payable pertains to the interest on advances from the Bureau of Treasury.

Loans payable consists of guarantee fees amounting to P140 million for the 2nd tranche bond floatation of NDC Agri-Agra bonds.

Accounts payable consists of various expenditures already incurred but remained unpaid as of the statement of financial position date.

20. INTER-AGENCY PAYABLES

This account consists of:

	2023	2022
Income tax payable	**9,972,792**	5,582,909
Due to Treasurer of the Philippines	**7,393,324**	7,213,718
Due to Bureau of Internal Revenue (BIR)	**5,435,345**	3,327,773
Due to Government Service Insurance System (GSIS)	**701,637**	628,410
Due to PhilHealth	**79,236**	66,774
Due to Pag-IBIG	**34,271**	28,818
	23,616,605	16,848,402

Due to Treasurer of the Philippines pertains to cost of audit rendered COA.

Income tax payable pertains to the NDC's current tax liability based on 25 per cent regular corporate income tax in compliance with Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act.

Due to BIR pertains to taxes withheld on salaries, goods, and services.

Due to GSIS, Pag-IBIG, and PhilHealth accounts represent premiums and loan amortization deductions from employees' salaries and employer share for remittance to the concerned offices.

21. TRUST LIABILITIES

This account consists of:

	2023	2022 (As restated)
Current	**11,696,380**	32,192,806
Non-current	**43,006,081**	37,922,385
	54,702,461	70,115,191

The current account refers to an escrow account for the shareholders of a former affiliate (see Note 11), bid bonds, and performance security received from bidders and suppliers.

Non-current account refers to security deposits received from various lessees under long-term lease.

22. DEFERRED CREDITS/UNEARNED INCOME

This account pertains mainly to advance rental received from various lessees amounting to P26.049 million and P9.881 million in calendar years (CYs) 2023 and 2022, respectively.

In relation to the leases with various tenants, the NDC receives advance rentals upon signing the lease contracts, which the lessees can apply to the last three to four months of the leases.

23. PROVISIONS

This account consists of the following:

	2023	2022
Settlement of legal cases	**313,806,761**	310,052,055
Leave benefits	**8,468,610**	6,410,962
	322,275,371	316,463,017

Settlement of legal cases represents money payable to Sta. Ines Melale Forest Products Corporation (Sta. Ines), et al., involving a case filed to collect a sum of money.

On April 22, 1985, Sta. Ines et al. instituted a collection suit against NDC for the payment of advances made to Galleon and the value of their equity in the Corporation.

On September 16, 2003, the Regional Trial Court (RTC) ruled in favor of Sta. Ines et al. and ordered NDC to pay the total amount of P61.890 million with an interest of six per cent per annum from the date of the filing of the case in CY 1985 up to full payment plus 10 per cent of the total amount due as attorney's fees plus the cost of the suit.

NDC, through the Office of the Government Corporate Counsel (OGCC), appealed the case to the Court of Appeals (CA). The CA, in its Decision dated March 24, 2010, upheld the Decision of the RTC and increased the interest rate from six per cent per annum to 12 per cent per annum from the date of filing of the case until the satisfaction of the judgment award. NDC filed a Motion for Reconsideration of the said Decision. On July 21, 2010, the CA denied NDC's Motion for Reconsideration. On August 17, 2010, NDC filed a Petition for Certiorari with the Supreme Court (SC). On February 14, 2012, OGCC received an SC Resolution dated December 12, 2011, requiring NDC to file its comment to the Development Bank of the Philippines' petition. NDC, through the OGCC, filed a Motion for Extension of Time to File Comment on February 21, 2012. On March 21, 2012, OGCC filed a comment with a Motion to Consolidate the Case.

On February 1, 2017, the SC rendered a Decision affirming the March 24, 2010, Decision and the July 21, 2010, Resolution of the CA with modifications. On March 21, 2017, OGCC filed a Motion for Reconsideration. On July 26, 2017, OGCC filed its Consolidated Comment with a Motion to Refer the Case to the Court En Banc.

On July 1, 2020, OGCC forwarded a copy of Cuenca's Motion to Resolve re: Motion for reconsideration of the Decision dated February 1, 2017, and June 11, 2020.

On October 15, 2020, OGCC received the SC's order dated September 14, 2020. The Court noted the consolidated comment dated July 24, 2017 of NDC on the separate motions for partial reconsideration of respondents Cuenca, Tinio, Cuenca Investment Corporation, and Universal Holdings Corporation, and respondent Sta. Ines Melale Forest Products Corporation with a motion to refer the case to the Honorable Court En Banc and the motion to resolve re: motion for partial reconsideration on the decision dated June 11, 2020, of respondents Rodolfo Cuenca, Manuel Tinio, Cuenca Investment Corporation, and Universal Holdings Corporation.

Leave benefits pertains to the accrual of the money value of leave credits earned by NDC employees as of December 31, 2023, and 2022, respectively.

24. OTHER PAYABLES

This account represents various unpaid personnel services, terminal leave, claims of former NDC employees who are already retired/resigned, and the provident fund established, which consists of contributions from both employees and employers. It serves as a loan facility and provider of supplementary benefits to its members, amounting to P2.330 million and P0.797 million in calendar years (CYs) 2023 and 2022, respectively.

25. BUSINESS INCOME

This account consists of the following:

	2023	2022 (As restated)
Lease income	**223,702,089**	205,065,122
Interest income	**135,928,663**	79,895,616
Share in profit of associates/affiliates	**29,060,441**	32,808,362
Dividend income	**13,304,348**	16,642,940
Management fees	**140,000**	140,000
	402,135,541	334,552,040

Lease income represents the revenue derived from the NDC's investment properties located in various parts of the country. NDC leases out its investment properties under an operating lease agreement with various entities and government agencies.

Lease contracts are negotiated for varying terms from one to twenty-five years with an option to renew clauses. An escalation rate ranging from six per cent to 10 per cent is imposed either yearly or at specific intervals, while in certain cases, the escalation rate is based on the actual inflation rate. Some lease contracts contain provisions stating that the lessee shall pay the real property taxes (RPT) for the leased premises.

The lease income earned by the NDC from its investment properties under operating leases amounted to P223.702 million and P205.065 million in CYs 2023 and 2022, respectively. Meanwhile, direct operating expenses consisting of RPT, security services, and repairs and maintenance of the properties incurred from these investment properties amounted to P25.813 million and P30.489 million in CYs 2023 and 2022, respectively (see Note 16).

Interest income consists mainly of interest income from bank deposits, investments in treasury bills, and loans.

Share in profit of associates/affiliates pertains to proportionate share in the profit of investee under-investment in associates.

Dividend income pertains to dividends received from its subsidiaries and other investments.

Management fees pertain to fees charged to its subsidiaries for services such as procurement, messenger, janitorial, and information technology.

26. GAINS

This account consists of the following:

	2023	2022
Gain from changes in fair value of investment property	**4,430,014,539**	5,300,964,870
Gain on redemption of investments	**14,974,252**	0
Gain on foreign exchange	**1,314,853**	23,487,524
Gain on sale of Investment Property	**0**	5,870,873
	4,446,303,644	5,330,323,267

Gain from changes in fair value of investment property pertains to the net increase in the fair value of investment properties based on the appraisal conducted in CYs 2023 and 2022.

Gain on redemption of investments pertains to the gain arising from the distribution of the Mintex Fund (See Note 11).

Gain on foreign exchange represents the foreign exchange differential arising from the translation of foreign currency-denominated items.

Gain on sale of investment property pertains to the gain arising from disposal of the Sta. Mesa, Manila property and the Iponan, Cagayan de Oro property in CY 2022.

27. OTHER NON-OPERATING INCOME

This account consists of the following:

	2023	2022
Sale of unserviceable property	**495**	1,383,718
Miscellaneous income	**6,033,189**	6,787,369
	6,033,684	8,171,087

Sale of unserviceable property pertains to income from sale of its various unserviceable properties.

Miscellaneous income includes income from assessment charges from lessees.

28. PERSONNEL SERVICES

This account consists of the following:

	2023	2022 (As restated)
Salaries and wages	**30,043,023**	25,736,844
Other compensation	**13,219,776**	8,325,123
Personnel benefit contributions	**4,083,806**	3,562,393
Other personnel benefits	**3,224,526**	2,295,250
	50,571,131	39,919,610

29. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2023	2022 (As restated)
Taxes and licenses	**66,840,308**	51,829,189
General services	**39,596,498**	33,840,424
Professional services	**12,704,779**	14,062,943
Confidential, intelligence and extraordinary	**7,142,585**	2,609,531
Repairs and maintenance	**5,191,496**	4,617,509
Supplies and materials	**4,343,575**	3,623,228
Utility	**3,912,532**	3,398,410
Traveling	**2,181,408**	744,994
Communication services	**986,713**	1,221,818
Training and scholarship	**368,935**	352,084
Other maintenance and operating expenses	**4,840,600**	15,158,515
	148,109,429	131,458,645

30. FINANCIAL EXPENSES

This account consists of the following:

	2023	2022
Interest expenses	**3,754,706**	3,754,706
Bank charges	**171,120**	177,063
	3,925,826	3,931,769

Interest expenses pertains to interest charges paid for the use of borrowed money, bank, and financial charges.

Bank charges pertains to the fee charged by banks for manager's checks and treasury bills.

31. NON-CASH EXPENSES

This account consists of the following:

	2023	2022 (As restated)
Depreciation	**4,771,374**	4,034,465
Loss on foreign exchange	**4,179,779**	1,065
Impairment loss	**3,163,665**	13,345,798
Share in the loss of joint venture	**106,259**	2,553,144
Share in the loss of associates/affiliates	**0**	1,935,470
	12,221,077	21,869,942

Depreciation pertains to the periodic allocation of cost for the wear and tear of the NDC's property and equipment.

Loss on foreign exchange represents the foreign exchange differential arising from the translation of foreign currency-denominated items.

Impairment loss pertains to loss in the future economic benefits of the NDC's lease receivables.

Share in the loss of joint venture pertains to the proportionate share of Philippine National Oil Company-Renewables Corporation and NDC in the profit or loss of Rizal Hydro Power Project.

Share in the loss of associates/affiliates pertains to proportionate share in the profit or loss of investee under-investment in associates/affiliates.

32. INCOME TAX EXPENSE

Income tax expense for the years ended December 31 consists of:

	2023	2022 (As restated)
Current	**29,073,922**	27,906,951
Deferred	**1,107,990,971**	1,332,357,625
	1,137,064,893	1,360,264,576

Reconciliation between statutory tax and effective tax is as follows:

	2023	2022 (As restated)
Income tax at statutory rate	**1,159,911,353**	1,365,418,621
Dividend income not subject to income tax	**(3,326,087)**	(4,160,735)
Income subjected to final tax	**(33,805,518)**	(19,485,352)
Share in net income of associates	**(7,265,110)**	0
Other reconciling items	**21,550,255**	18,492,042
	1,137,064,893	1,360,264,576

Analysis of deferred tax assets and deferred tax liabilities is as follows:

	2023	2022 (As restated)
Deferred tax assets on:		
Allowance for impairment	**614,377,562**	613,744,437
Unrealized foreign exchange gain	**716,232**	(5,871,881)
Deferred tax liabilities on:		
Rental receivables	**(18,137,183)**	(20,256,123)
Interest receivables	**(22,800,789)**	(15,894,386)
Investment property	**(7,633,648,131)**	(6,523,223,385)
Net deferred tax liability	**(7,059,492,309)**	(5,951,501,338)

33. SHARE CAPITAL

This account represents the capital infusion of the National Government (NG) from CYs 1937 to 2002 aggregating P8.600 billion. The NDC has an authorized capital stock of P10 billion, the amount to be subscribed by the NG and to be paid up in accordance with project funding requirements.

34. RESTATEMENT OF ACCOUNTS

The 2022 financial statements were restated to reflect the following transactions/adjustments:

CY 2021 errors discovered in 2022 and 2023

	December 31, 2021 (As previously reported)	Restatements/ Adjustments	January 1, 2022 (As restated)
STATEMENT OF FINANCIAL POSITION			
Receivables, net -current	**196,785,650**	**5,266,883**	**202,052,533**
Over accrual of rental receivables		*(151,998)*	
Under accrual of rental receivables		*5,418,881*	
Restatement on total assets-increase		5,266,883	
Financial liabilities	**626,673,299**	**(8,364,781)**	**618,308,518**
Under accrual of salaries, allowances, and benefits		*18,709*	
Under accrual of various maintenance and other operating expenses		*206,600*	
Over accrual of loans and interest		*(8,590,090)*	
Deferred Tax liability	**4,617,494,743**	**1,648,970**	**4,619,143,713**
Under accrual of deferred tax for the year		*1,648,970*	
Trust Liabilities- non current	**40,061,891**	**1,921,954**	**41,983,845**
Over derecognition of security deposits from lessees under long-term lease		*1,921,954*	
Restatement on total liabilities-net decrease		(4,793,857)	
Restatement on statement of financial position-net increase		**10,060,740**	

CY 2022 errors discovered in 2023

	December 31, 2022 (As previously reported)	Restatements/ Adjustments	December 31, 2022 (As restated)
STATEMENT OF FINANCIAL POSITION			
Receivables, net -current	**197,217,835**	**5,346,379**	**202,564,214**
Over accrual of rental receivables		*(151,998)*	
Under accrual of rental receivables		*5,846,090*	
Over accrual of interest receivable on money market placements (MMP)		*(371,676)*	
Over accrual of tax on interest receivable on MMP		*23,963*	

	December 31, 2022 (As previously reported)	Restatements/ Adjustments	December 31, 2022 (As restated)
Other current assets	**32,249,669**	**(46,176)**	**32,203,493**
Adjustment on 50 per cent interest in the joint operations with PNOC-RC		*(46,176)*	
Investment in associates/affiliates	**213,995,656**	**32,808,363**	**246,804,019**
Adjustment on investments related to equity share under-investment in associates		*32,808,363*	
Investment property	**27,045,060,679**	**(11,788,475)**	**27,033,272,204**
Adjustment on investment property		*(11,788,475)*	
Restatement on total assets-net increase		26,320,091	
Financial liabilities	**625,201,992**	**(8,304,729)**	**616,897,263**
Over and under accrual of various maintenance and other operating expenses		*9,131*	
Over and under accrual of salaries, allowances and benefits		*276,230*	
Over accrual of loans and interest		*(8,590,090)*	
Deferred Tax liability	**5,948,430,092**	**3,071,246**	**5,951,501,338**
Under accrual of deferred tax for the year		*3,071,246*	
Trust Liabilities- non current	**36,000,431**	**1,921,954**	**37,922,385**
Over-derecognition of security deposits from lessees under long-term lease		*1,921,954*	
Restatement on total liabilities-net decrease		(3,311,529)	
Restatement on the statement of financial position-net increase		**29,631,620**	
STATEMENT OF COMPREHENSIVE INCOME			
Lease income	**204,637,914**	**427,208**	**205,065,122**
Under accrual of rental receivables		*427,208*	
Interest Income	**80,267,290**	**(371,674)**	**79,895,616**
Adjustments on accrual of interest income on MMP		*(371,674)*	
Share in the profit of associates/affiliates	**0**	**32,808,362**	**32,808,362**
Under accrual of share in the profit of associates/affiliates		*32,808,362*	
Personnel Services	**39,662,090**	**257,520**	**39,919,610**
Adjustments on accrual of salaries, allowances and benefits		*257,520*	
Maintenance and operating expenses	**119,891,602**	**11,567,043**	**131,458,645**

	December 31, 2022 (As previously reported)	Restatements/ Adjustments	December 31, 2022 (As restated)
Adjustments on accrual of various maintenance and operating expenses		*11,567,043*	
Non-cash expenses	**21,823,766**	**46,176**	**21,869,942**
Adjustment on 50 per cent interest in the joint operations with PNOC-RC		*46,176*	
Income tax expense-deferred tax	**1,330,935,348**	**1,422,277**	**1,332,357,625**
Adjustment of deferred tax due to restatement of 2022 accounts		*1,422,277*	
Restatement on the statement of comprehensive income-net increase		***19,570,880***	
Total restatement on 2022 financial statements		**49,202,500**	

NDC presented three Statements of Financial Position in compliance with the requirements of PAS 1, *Presentation of Financial Statements,* to include in a complete set of financial statements a statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies an accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

35. RELATED PARTIES

Key Management includes the Board of Directors, all members of Management, and other NDC Officers. Key Management compensation totaled P19.497 million and P12.802 million in CYs 2023 and 2022, respectively. The breakdown of the amounts is as follows:

	2023	2022
Salaries and allowances	**13,646,846**	10,885,428
Other Benefits	**5,850,387**	1,916,471
	19,497,233	12,801,899

36. COMPLIANCE WITH REPUBLIC ACT (RA) NO. 7656

Pursuant to Republic Act No. 7656, requiring Government-Owned or Controlled Corporations and their subsidiaries to declare dividends under certain conditions and remit the same to the National Government, NDC remitted to the Bureau of the Treasury P89.153 million and P90.445 million in CYs 2023 and 2022, respectively. Similarly, the NDC subsidiaries remitted total dividends of P1.915 million and P4.701 million in CYs 2023 and 2022, respectively, including NDC's share in the dividends.

37. CONTINGENCIES

In the ordinary course of business, the NDC became a party litigant to several cases/petitions filed for or against NDC and pending before the appellate courts, the lower courts, and certain administrative bodies. These cases involve civil actions for collection of sums of money, reconveyance of property/title, payment of just compensation, specific performance, and action for refund of taxes withheld.

Since the outcome of the cases cannot be determined, claims for assets and provisions for any liability that may result have not been recognized in the financial statements.

The details of NDC pending cases as of December 31, 2023 are as follows:

Title of Case	Nature	Amount	Status
Mero Structures, Inc. vs. Asian Construction FCCC and NDC. (Civil Case No. 02-206 (Regional Trial Court (RTC) Makati, Branch 145).	Sum of money	P5 million	The case is dismissed as far as NDC is concerned. On November 22, 2022, the Office of the Government Corporate Counsel (OGCC) received the RTC Order dated November 14, 2022, granting the Motion for the Issuance of a Writ of Execution. Accordingly, a writ of execution was issued directing the sheriff to Execute the Court's Decision dated July 19, 2022.
NDC vs. JAO & Company. (CA-GR CV No. 50087 Civil Case No. R-81-1226 RTC-Manila, Br. 38).	Sum of money	P7.520 million plus six per cent interest per annum and liquidated five percent damages for the principal obligation and interest.	On May 22, 2015, NDC received the court's Order dated September 22, 2014. The Motion for Execution filed by NDC through counsel was Granted. Waiting for the issuance of the Writ of Execution to

Title of Case	Nature	Amount	Status
			implement the Decision of the Court dated March 20, 1995, which was affirmed in *toto* by the CA in the Decision promulgated on July 28, 2005.
Victoria Corcelles Abunda, et al. vs. NDC, et al. (DARAB Case No. X-678-SC-2000).	Reconveyance	No amount involved as the issue to be resolved is ownership.	As of December 2018, no other related documents have been received. Awaiting Court's Order for submission of position paper.
Liwanag L. Cruz, et al. vs. Juanito F. Galumo and Register of Deeds of South Cotabato. (Civil Case No. 12-4396, RTC-Br. 39, Polomolok, South Cotabato).	Annulment of deed of sale, reconveyance of real properties, damages with prayer for preliminary mandatory injunction	No amount involved as the issue to be resolved is ownership.	RTC issued Order dated November 13, 2023 re: Court considers the Notice of Appeal. On September 7, 2023 received RTC Order dated July 31, 2023, resetting the proceedings of the case on January 29, 2024, 8:30 a.m. On September 4, 2023, OGCC received the Order dated July 11, 2023, noting the Entry of Appearance filed by Atty. Nena Santos, counsel for Defendant Heirs of Juanito F. Galumo. On July 12, 2023, NDC filed a Notice of Appeal with the CA.

Title of Case	Nature	Amount	Status
			On June 29, 2023, the OGCC received the Omnibus Order dated June 6, 2023, denying NDC's Partial Motion for Reconsideration (MR) with Manifestation of the Order dated December 2, 2020. The NDC's Partial MR was denied due course, while DARBCI's Motion for Execution was given due course. On May 2021, OGCC filed its Opposition to Motion for Execution and Reply to DARBCI's Opposition to Partial MR of NDC. On March 31, 2021, DARBCI filed its Opposition for Partial MR of NDC and Motion for Execution of the Notice of Judgment on the Court order dated December 2, 2020. NDC filed a Partial Motion for Reconsideration (MR) praying that the properties be reconveyed instead to NDC. In the Order dated December 2, 2020,

Title of Case	Nature	Amount	Status
			the court granted plaintiff's and DARBCI's Motion for Reconsideration and declared null and void the deed of sale allegedly executed by Cruz in favor of Galumo and the properties to be reconveyed to DARBCI.
Primo Gelacio vs. And Luzviminda Gelacio-Bahala v. NDC-Guthrie Plantations, Inc. & NDC Civil Case Nos. 560 & 561 GR No. 138736 (CA-GR CV No. 43924).	For recovery of possession with damages and attorney's fees.	P100,000, more or less (principal only).	On November 10, 2018, the Court issued a Writ of Execution, a copy of which was received by NDC on December 11, 2018. To date, no other related documents have been received.
NDC represented by its Asst. General Manager, Esmeraldo E. Sioson vs. DAR, represented by its Provincial Agrarian Reform Officer (PARO) Pedro P. Gumbao, et al. (DARAB Case No. 10999. Reg. Case No. XI-608-SC-99).	Reconveyance	No amount involved as the issue to be resolved is ownership.	On September 17, 2020, OGCC received a copy of the Supreme Court's (SC) July 13, 2020 resolution noting the comments of Dolefil Agrarian Reform on NDC's MR dated July 11, 2018, and waiting for the comments of respondents DAR and Register of Deeds of south Cotabato on NDC's MR.
NDC vs. DAR & LBP. (Civil Case No. 7172 RTC-Branch I, Balanga, Bataan) LBP vs. NDC. (CA-GR-SP No. 99765 15th Division).	Determination of just compensation	P2.737 million	SC remanded the case to RTC to determine just compensation.

Title of Case	Nature	Amount	Status
Heirs of Pacabis vs. NDC. (Civil Case No. 3442-0 Br. 35, Ormoc City).	Determination of just compensation	Per the Commissioner's Report, P40 per square meter involving 80,000 sq. m. or approximately P3.200 million (principal only).	The plaintiffs filed a Motion to Withdraw as counsel of the Plaintiffs dated August 4, 2023, for Execution of Judgment. On March 23, 2023, OGCC received the March 9, 2023 Order. The Court found no basis to reconsider its Order dated March 12, 2021. The MR filed by NDC was denied. The Court ordered a Writ of Execution to be issued.
NDC vs. Commissioner of Internal Revenue (CIR). [Department of Justice (DOJ) Case No. 91-06]/	Refund of taxes	P0.660 million.	It was submitted for the DOJ's resolution. OGCC has yet to receive the CIR's resolution.
NDC vs. Hon. Jim O. Sampulna, in his capacity as Regional Executive Director of Department of Environment & Natural Resources (DENR), Region XII, Koronadal City, Sps. Valencia. CA-GR SP No. 02444 [Ildefonso Tabiling (Dec) (now Enriqueta Montaño) s. Pascual Boada, NDC represented by its GR or President and DOLE Phils.). RED	Petition for Certiorari with TRO or Preliminary Injunction	No amount involved as the issue to be resolved is ownership.	On January 7, 2014, OGCC received a Resolution dated November 19, 2013, directing the Division Clerk of Court to issue an Entry of Judgment in this case.

Title of Case	Nature	Amount	Status
CLAIM NO. 038-2003 CENRO CLAIM NO. 84 LOT NO. 13-Gss-390]			
Mateo Rubio et al. vs. DOLE Phils., et al. (DARAB Case No. XII-1067-SC-2009).	For Declaration of Nullity of Transfer, Recovery of Possession Cancellation of Title of Lot No. 65 (1161) PLS 247-D	No amount is involved, as ownership is to be resolved in this case.	Last pleading filed on August 20, 2009: NDC filed its answer with Compulsory Counterclaim. As of June 11, 2012, no further court order or related pleadings have been received.
Teodora Denila vs. NDC/DOLE, DARBCI (RTC Br. 36, Gen San City)		- P2.541 million as back rentals - Rental from 1996 up to the present - 20 per cent Attorney's fees	The CA ordered the Appellants to file their respective briefs. Awaiting further instructions from CA.
Philippine Associated Smelting and Refining Corp. (PASAR) v. NDC Case No. R-ORM-09-00009-CV RTC-Br. .35 Ormoc City CC R-ORM-15-00078-CV	For quieting of title with prayer for temporary restraining order and/or writ of preliminary injunction	No amount involved as the issue to be resolved is ownership.	Put on hold. PASAR paid arrears. Filed Manifestation and Compliance (with the Order dated March 17, 2023) on May 12, 2023. On March 16, 2023, OGCC received the copy of the Order (Constancia) dated February 17, 2023; the hearing set on February 17, 2023, was canceled and re-set to March 17, 2023 at 8:30 a.m. On January 31, 2023, OGCC, through handling

Title of Case	Nature	Amount	Status
			counsel, filed its Urgent Ex-Parte Motion to Reset the Hearing scheduled for February 17, 2023. Filed Urgent Ex-Parte Motion to Reset Hearing on January 31, 2023 On January 25, 2023, OGCC received the Notice of Hearing dated January 3, 2023, setting the hearing date of the Motion on February 17, 2023, at 8:30 a.m. On January 9, 2023, OGCC received a copy of PASAR's Motion for Partial Reconsideration dated December 15, 2022 of the Decision dated July 1, 2022. On December 5, 2022, the RTC's Decision dated July 1, 2022 was received. NDC filed a Partial Motion for Reconsideration on December 20, 2022. PASAR also moved for reconsideration of the court's decision.

Title of Case	Nature	Amount	Status
NDC vs. CIR CTA Case 9633 Third Division.			The OGCC received on December 12, 2023 the CA En Banc Resolution dated November 30, 2023 re: resolves to Note the Compliance filed by the petitioner. On November 30, 2023, OGCC filed MR of the Court's November 13, 2023 Decision denying the petition. On November 16, 2023, OGCC filed Compliance of the November 13, 2023 Notice of Decision denying the petition for lack of merit. The OGCC received on November 15, 2023 the CA Decision dated November 13, 2023 re: petition for review is denied.

38. GENDER AND DEVELOPMENT (GAD)

The NDC allotted P85.190 million for the GAD program for the calendar year 2023. The NDC undertook various activities, but only P102,620 was utilized during the year.

39. SUPPLEMENTARY INFORMATION ON TAXES

In compliance with the requirements set forth by Bureau of Internal Revenue (BIR) Revenue Regulations No. 15-2010, hereunder is the information on taxes, duties, and license fees paid during the year:

a. Taxes and licenses (National and Local):

Real estate tax	35,371,807
Mayor's Permit	1,595,657
Community tax certificate	10,500
Annual registration-BIR	500
	36,978,464

b. Withholding taxes paid:

Tax on compensation	5,213,694
Creditable withholding taxes	12,473,317
	17,687,011