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S.E.C. Registration Number

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(Company's Full Name)

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

Ms. Iluminada P. Rodriguez

Contact Person

(02) 635-6130

Company Telephone Number

**Dec. 31, 2012
Amended**

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Month

Day

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FORM TYPE

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Month

Day

Annual Meeting

N	/	A
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Secondary License
Type, If Applicable

S	E	C
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Dept. Requiring this Doc.

N / A

Amended Articles Number/Section

3	1	3	0
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Total No. of Stockholders

Total Amount of Borrowings

P100 million

Domestic

P1,512 million

Foreign

To be accomplished by SEC Personnel concerned

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ANGLO PHILIPPINE HOLDINGS CORPORATION

AN INFRASTRUCTURE AND PROPERTY DEVELOPMENT COMPANY

June 3, 2013

Corporation Finance Department
Securities and Exchange Commission
SEC Bldg., EDSA Greenhills, Mandaluyong City



Attention: Atty. Justina F. Callangan
Director

Gentlemen:

In reply to your letter dated May 7, 2013, which we received last May 22, 2013, regarding the disclosure requirements under SRC Rule 17.1(1)(A)(i) on our 2012 Annual Report (SEC Form 17-A), we are now submitting herewith the amended SEC Form 17-A, with our response on the comment you have noted, as follows:

Comment	Response
ITEM 10. EXECUTIVE COMPENSATION	
Compensation of Directors	Please refer to Part III Control and Compensation Information, Item 10. Executive Compensation. The Company only employs a CEO and the three (3) salaried officers, they are the highest paid executive officers of the Company, refer to page 21.

Very truly yours,

ADRIAN S. ARIAS
Executive Vice President/
Assistant Corporate Secretary

"Helping Build the Filipino Future"

6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines
Telephone Nos.: (632) 631-5139 • (632) 635-6120 • Fax No.: (632) 631-3113 • E-mail: anglo@vasia.com

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**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A (Amended)**

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

1. For the Fiscal Year ended : **31 December 2012**
2. SEC Identification Number : **14102**
3. BIR Tax Identification Number: **041-000-175-630**
4. Exact name of registrant as specified in its charter: **Anglo Philippine Holdings Corporation**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office : **6th Floor Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City 1550**
8. Registrant's telephone number, including area code: **(632) 631-5139; (632) 635-6130**
9. Former name, former address, and former fiscal year if changed since last report: **N/A**
10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of Each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common stock (P1.00 par value)</u>	<u>1,164,999,818 shares</u>
<u>Loans Payable and Long Term Debt</u>	<u>P1,612,208,491</u>

11. Are any or all of these securities listed in the Philippine Stock Exchange: **YES**
12. Check whether the registrant:
 - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and Rule 17(a)-1 thereunder and Sections 26 and 141 of the Corporation Code during the preceding 12 months (or for such shorter period that the registrant was required to file such reports).
Yes [X] No []
 - b) has been subject to such filing requirement for the past 90 days.
Yes [X] No []
13. Aggregate market value of the voting stock held by non-affiliates: **P967,534,826
(447,932,790 shares @ P2.16/share as of December 31, 2012)**
14. Document incorporated by reference: **2012 Audited Financial Statements**

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business and General Information

(a) Description of Business

(1) Business Development

Anglo Philippine Holdings Corporation (the “Company”) was incorporated in 1958, originally as an oil and mineral exploration company with the corporate name of “Anglo Philippine Oil Corp.” In 1996, the Company changed its primary purpose to that of an investments holding firm focused on natural resources, property development and infrastructure activities, and changed its corporate name to “Anglo Philippine Holdings Corporation”.

On December 18, 2012, the Company acquired 100% ownership of Vulcan Materials Corporation (VMC). VMC was registered with the Philippine SEC on September 12, 1991 and is involved in the exploration and development of mineral and aggregates resources.

Natural Resources

The Company owns 100% of **Vulcan Materials Corporation** (VMC) which posted a net loss of P24.16 million in 2012. VMC is involved in the exploration and development of the following mineral and aggregates resources:

MPSA No. 003-90-IX	Loreto, Dinagat Island
MPSA No. 091-97-VI	Batangas City, Batangas
MPSA No. 070-97-IV	Rodriguez, Rizal
APSA No. 000035-III	Subic, Zambales
APSA No. 00001164-I	Bolinao, Pangasinan
APSA No. 000275-II	Gapan, Penaranda & Gen. Tinio, Nueva Ecija
APSA No. 000388-IV	Roxas & San Vicente, Palawan
ISAG No. III-02-08	Morong, Bataan
EPA No. IVB-258B	San Vicente & Taytay, Palawan

The Company owns 21.81% of **United Paragon Mining Corporation** (UPMC) For 2012, UPMC posted a net loss of P93.5 million.

As of December 31, 2012, the Company owns 8.27% of **Atlas Consolidated Mining & Development Corporation** (ACMDC) which posted a net income of P3.4 billion in 2012. ACMDC has two (2) significant subsidiaries, namely: (a) *Berong Nickel Corporation*, which shipped a total of 777,366 wmt of nickel laterite ore and posted a net income of P196.3 million in 2012, and (b) *Carmen Copper Corporation*, which shipped 154,808.65 dmt of copper concentrate at an average of 26.91% Cu and posted a net income of P3.3 billion in 2012.

Pending the transfer of its petroleum assets, the Company continues to participate in the following **Oil Exploration** contracts:

Service Contract 6A	Octon, NW Palawan	3.33000 %
Service Contract 14D	Tara, NW Palawan	2.50000 %
Service Contract 41	Sulu Sea	1.67900 %
Service Contract 53	Onshore Mindoro	5.00000 %
SWAN Block	NW Palawan	33.57800 %

SC 6A (Octon) – the operator, Pitkin Petroleum completed the seismic re-interpretation of the northern block and, based on the results thereof, the consortium approved a budget of US\$4.46 million for 2013 which includes a new 3D seismic acquisition over the block by the first semester of 2013.

SC 14 (Tara) – The farming-out members of the consortium advised the farminees – Peak Oil, Blade Petroleum and Venturoil – of their decision to terminate the farm-in agreement due to failure by the farminees to obtain approval of their farm-in from the DOE even after the lapse of one (1) year. Peak indicated its desire to discuss the matter further with the farming-out parties.

Areas 15 (Sulu Sea) – This area covers the old SC 41 block. The DOE will reportedly re-bid the area as no winners in the 4th Philippine Energy Contracting Round (PECR 4) bidding were endorsed for approval. Anglo has an option to acquire a portion of Philodrill’s interest in Area 15 in the event that the area is awarded to bidders, Philodrill and Philex.

SC 53 (Mindoro) – preparations are now being made for the planned drilling of Progreso-2 well around August 2013. Pitkin is currently undertaking an IEC campaign and obtaining all necessary permits and clearances for the undertaking.

SWAN Block - The consortium awaits PNOC-EC’s evaluation of the merits of the offer to swap a portion of the consortium’s interest in some blocks in exchange for interests in SC-57 and SC-58, which cover the old SWAN block.

Aside from direct participation in various oil exploration contracts, the Company also owns 1.68% of **The Philodrill Corporation (TPC)**, a publicly listed company engaged in oil exploration and production. Philodrill posted a consolidated net income of P275.5 million in 2012 and gave the Company a total of P3.2 million in cash dividends in 2012.

Property Development

The Company owns 15.79% of **North Triangle Depot Commercial Corporation (NTDCC)** which posted an audited net income of P351.71 million for 2012 and paid the Company a total of P41.54 million in cash dividends and P31.58 million in redemption of preferred shares.

The Company continues to maintain a 15.79% interest in **MRT Development Corp. (MRTDC)**, which generates revenues from concessionaire rentals and advertising fees in the MRT stations. Plans to develop the perimeter lot pads in the MRT depot are being finalized by Ayala Land Inc. and Fil-Estate/Global Estate Resorts, Inc.

The Company owns 4.5% of *Shang Properties, Inc. (SHNG)*. For 2012, SHNG posted a consolidated net income of P1.9 billion for 2012. The Company received a total of P17.6 million in cash dividends from SHNG in 2012.

Infrastructure

The Company continues to maintain 18.6% equity in *MRT Holdings, Inc.*, the indirect majority owner of the Metro Rail Transit Corporation. As of end-2012, average ridership stood at about 530,000 passengers per day.

Other Investments

The Company has minority investment in *Brightnote Assets Corporation*, a holding company organized for the purpose of investing in the Calabarzon area.

Filipinas Energy Corporation (FEC) has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's oil and mineral assets.

NO bankruptcy, receivership or similar proceeding has been filed by or against the Company and/or its subsidiary during the last three (3) years.

NO material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company and/or its subsidiary during the last three (3) years.

(2) Business of Issuer

(A) Description of Business

The Company is an investments holding firm focused on and maintaining investments in natural resources, property development and infrastructure activities. The Company also maintains minor investments in diversified pioneer projects with attractive economic returns.

FEC is a petroleum and mineral exploration company which has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's petroleum and mineral assets.

VMC is involved in the exploration and development of mineral and aggregates resources.

- (i) Principal products or services and their markets - The Company, as an investments holding firm, does not generate sales or revenues from the sale of any product or service; rather, the Company generates revenues and income, principally: (a) from its investments by way of dividends received from, and/or equitizable share in the earnings of, investee companies; and, (b) sale of investments or of the securities to which the investment may have been converted, including interest income earned by such securities. On account of the Company's network and knowledge of local and regional investment opportunities, EPL, an offshore investments company engaged the services of the Company to advise on, solicit, negotiate for, buy and sell local and regional

investment opportunities, in consideration for which the offshore investor pays the Company a percentage-based success fee and a fixed monthly service fee.

VMC holds an operating agreement to explore and develop the area covered by MPSA 070-97-IV located in Rodriguez, Rizal and to sell the aggregates products derived and processed therefrom. The principal buyers of VMC's aggregates are various local construction companies.

(ii) Percentage of sales or revenues and net income contributed by foreign sales –

In 2012, the Company recognized around P100.95 million in retainer fees for services rendered to EPL for which the Company acted as its adviser.

VMC does not have foreign sales.

(iii) Distribution methods of the products or services

The Company does not openly distribute nor offer its investment advisory services to other entities except its sole existing client.

VMC does not have any distribution method for its products. Various construction companies pick up VMC's aggregates products from its project site in Rodriguez, Rizal.

(iv) Status of any new product or service – Not applicable.

(v) Competitive business conditions – With its avowed vision/mission of "Helping Build the Filipino Future", the Company focuses its investments in natural resources, property development and infrastructure projects.

In the natural resources sector, nickel and copper companies received the bulk of investments brought about by the rising demand in metals. The Company's investments in ACMDC and TPC are expected to generate attractive returns for the Company while, at the same time, ensuring substantial contribution to the country's economy.

The property development sector is enjoying a boom as new business process outsourcing (BPO) centers are established in the country and more development projects are undertaken to satisfy rising demands from overseas Filipino workers (OFWs) and the domestic market buoyed up by the country's strong economic performance. These factors augur well for VMC which supplies the basic aggregates materials for real estate development and public works.

The infrastructure sector is in its growth stage as the infrastructure needs of the country far exceed the available supply of funds for various projects. Private sector financing, such as that provided by the Company, will continue to supplement, if not totally supplant, Government funding for infrastructure projects. Likewise, the construction aggregates business continues to increase its demand annually due to government spending on infrastructure and recovery of the real estate sector, which are the main markets of VMC's products.

The infrastructure and property development industries are not confined within any specific geographic area. So far, the Company has participated in projects undertaken or to be undertaken in Metro Manila, Bulacan and the Visayas.

The Company generally participates in natural resources, infrastructure and property development projects as a pure equity holder without involving itself directly in the operations of the venture beyond the level of the board of directors or operating committees.

The Company invests only in projects that yield or would yield a return on investment consistent with the economic thresholds set by the Company which are, in turn, based on accepted investment grade standards set by the international business community.

- (vi) Sources and availability of raw materials – VMC's main source of aggregates is the Montalban Aggregates Project are situated in Rodriguez, Rizal.
- (vii) Major customers - The Company and VMC are not dependent on any major customer. The Company's revenues and income are dependent on the financial performance of its investee companies, while VMC sells its aggregates products to any buyer meeting its prices.
- (viii) Related party transactions – See Note 17 of the Company's 2012 Audited Financial Statements.
- (ix) Patents, etc. – NONE
- (x) Government approvals - Not applicable.
- (xi) Effect of Government regulations - Existing government regulations do not adversely affect the business of the Company. Probable government regulation, if economically restrictive, may adversely affect the business of the Company and its subsidiary.
- (xii) Research and development activities - The Company did not undertake any research and development activities and did not incur any expenses for such activities during the last three (3) years.

In the ordinary course of business, the projects in which the Company is or becomes involved in may incur expenses in commissioning feasibility and/or other similar studies. In cases where a separate entity specific to the project is formed, these expenses form part of project development costs of that entity and are, in turn, carried as part of project investment by the Company. In cases where no separate entity is formed or the proposed project is shelved for various reasons, such expenses are charged as ordinary operating expenses of the Company.

- (xiii) Costs and effects of compliance with environmental laws – Compliance with environmental laws have not, and are not anticipated to, adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project investment by the Company and its subsidiary. The Company did not incur any expenses for such activities during the last three (3) years.

VMC maintains an account with Land Bank of the Philippines for its Mine Rehabilitation Fund (MRF) pursuant to the requirements of the Philippine Mining Act of 1995. The MRF shall be used for the physical and social rehabilitation of areas and communities affected by mining activities and for research in the social, technical and preventive aspects of rehabilitation.

- (xiv) Employees - As of 31 December 2012, the Company has twelve (12) full-time employees (including officers).

On February 1, 2013, VMC entered into agreement with Global Projects, Inc. (GPI) to form and operate a joint venture company that will engage in the business of exploration, development and exploitation of mineral and aggregates resources in the Montalban Aggregates Project area. On February 14, 2013, the VMC Board of Directors approved the retirement of all employees under its former policies due to change of management. Subsequently, GPI hired employees under the new management. The Montalban Aggregates Project resumed operations in February 2013.

(B) Additional Requirements as to Certain Issues or Issuers

- (i) Debt Issues – Not applicable.
- (ii) Investment Company Securities – Not applicable.
- (iii) Mining and Oil Companies – The Company, in line with its previous primary business purpose now retained as one of its secondary purposes, and VMC are participants in certain petroleum and mineral exploration and development ventures. These concession areas are provided in Item 1(a)1 above.

ITEM 2. PROPERTIES

Properties of the Company consist of condominium units and improvements and office equipment located in the principal office of the Company. Properties of subsidiary VMC consist of office equipment and crushing plant facilities located in its principal office in Sitio Tabak, Barangay San Rafael, Rodriguez, Rizal. These properties are carried at cost less accumulated depreciation.

The Company does not own any plant, mine or other property. Subsidiary VMC owns a crushing plant facility located in Sitio Tabak, Barangay San Rafael, Rodriguez, Rizal and exploration and development rights in certain mineral exploration areas covered by Mineral Production Sharing Agreements (MPSA), Applications for Production Sharing Agreements (APSA), exploration permits and industrial sand and gravel (ISAG) permits.

As discussed under the heading “Other Investments” above, the Company maintains participating interests in certain petroleum and mineral concession areas. To the extent of its Participating Interests in the petroleum and mineral exploration areas, the Company shares co-ownership rights with the other concessionaires over the respective Joint Accounts and Joint Properties pertaining to each concession area which are generally expressed in monetary terms as “Deferred Exploration Costs” in the Company’s books of accounts.

Similarly, subsidiary VMC maintains interests in certain mineral concession areas. To the extent of its participating interests in the mineral concession areas, VMC shares co-ownership rights with the other concessionaires over the respective Joint Accounts and Joint Properties pertaining to each concession area which are generally expressed in monetary terms as “Deferred Exploration Costs” in VMC’s books of accounts which are, in turn, consolidated into the Company’s book of accounts.

Owing to the intermittent nature of petroleum exploration, no permanent physical property, plant or equipment are situated or being maintained in the concession areas as they are brought in only, under lease or charter, whenever there is any exploration activity to be undertaken in the areas.

On the other hand, subsidiary VMC maintains a permanent physical property, plant and equipment in the Montalban Aggregates Project area.

ITEM 3. LEGAL PROCEEDINGS

There is **NO MATERIAL** pending legal proceeding to which the Company or its subsidiary or affiliate is a party, or which any of their property is the subject, and no such proceeding (where the Company or its subsidiary or affiliate was a party or any of their property was the subject) was terminated during the fourth quarter of the fiscal year 2012.

On February 5, 2013, Mr. Patrick V. Caoile filed a claim for payment of separation and other benefits amounting to Two Million Pesos (P2,000,000) before the National Labor Relations Commission (NLRC) against VMC, Vulcan Industrial & Mining Corporation and Alfredo C. Ramos. The case is currently pending with the Labor Arbiter.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NO matter was submitted to a vote of security holders during the fourth quarter of the fiscal year 2012.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Price of and Dividends on Common Equity and Related Stockholder Matters

(1) Market Information

The Company’s shares are listed and traded in the Philippine Stock Exchange. The high and low sale price of the Company’s shares for each quarter during the last two (2) fiscal years 2012 and 2011 and the first quarter of the current fiscal year 2013, expressed in Philippine Pesos, are as follows:

	<u>Stock Prices (Php)</u>	
	<u>High</u>	<u>Low</u>
2013 – 1 st quarter	2.47	2.15
2012 – 1 st quarter	2.26	1.90
2 nd quarter	2.17	1.88
3 rd quarter	2.03	1.90
4 th quarter	2.70	1.96
2011 – 1 st quarter	2.11	1.01
2 nd quarter	2.90	1.67
3 rd quarter	2.97	1.85
4 th quarter	2.60	1.80

(2) Holders

As of 31 December 2012, total number of shareholders of record is 3,130 while common shares outstanding were 1,164,999,818 shares. The Company's top 20 Stockholders as of 31 December 2012 are as follows:

<u>Rank</u>	<u>Stockholders</u>	<u>Total Share</u>	<u>Percentage</u>
1	PCD NOMINEE CORPORATION	1,121,870,689	96.2979%
2	SAN JOSE OIL COMPANY, INC.	4,693,332	0.4028%
3	ALYROM PROPERTY HOLDINGS, INC.	2,924,900	0.2510%
4	SANTIAGO TANCHAN III	972,398	0.0834%
5	JALANDONI, JAYME, ADAMS & Co., INC.	964,700	0.0828%
6	S.J. ROXAS & CO., INC. A/C # 2.19.038	935,000	0.0802%
7	CONSTANTINE TANCHAN	881,466	0.0756%
8	ALAKOR CORPORATION	863,160	0.0740%
9	MARIANO GO BIAO	850,000	0.0729%
10	JACK F. CONLEY	825,000	0.0708%
11	ANSALDO, GODINEZ & CO, INC.	818,795	0.0702%
12	ALAKOR SECURITIES CORPORATION	735,000	0.0630%
13	JESSELYN CO	715,732	0.0614%
14	ANTONIO M. HENARES	660,000	0.0566%
15	TBG MBTC FAO CARLOS EJERCITO	500,000	0.0429%
16	JESUS GARCIA	440,000	0.0377%
	ANTONIO HENARES &/OR CARMEN HENARES	440,000	0.0377%
17	FRANCISCO A. NAVARRO	400,000	0.0343%
18	ROBERTO V. SAN JOSE	373,866	0.0320%
19	JUANITO L. YEE	330,000	0.0283%
	JOSE MA. PANLILIO	330,000	0.0283%
20	DOMINGO C. GO	319,000	0.0273%
	C.A. PILE AS NOMINEE FOR HSBC MANILA- (ACC MANUFACTURERS HANOVER TRUST COMPANY)	319,000	0.0273%

(3) Dividends

Cash Dividend	Amount	Declaration Date	Record Date	Payment Date
2013 – CD 10	P0.03/share	March 19, 2013	April 05, 2013	May 3, 2013
2012 – CD 9	P0.02/share	October 19, 2012	November 07, 2012	November 23, 2012
2012 – CD 8	P0.04/share	March 28, 2012	April 16, 2012	May 4, 2012
2011 – CD 7	P0.03/share	September 28, 2011	October 12, 2011	November 08, 2011
2011 – CD 6	P0.05/share	March 25, 2011	April 08, 2011	April 29, 2011
2010 – CD 5	P0.03/share	April 12, 2010	April 30, 2010	May 24, 2010
2009 – CD 4	P0.15/share	April 22, 2009	May 08, 2009	May 29, 2009
2008 - CD 3	P0.05/share	April 25, 2008	May 30, 2008	June 25, 2008
2007 – CD 2	P0.05/share	July 27, 2007	October 15, 2007	November 8, 2007
2007 - CD 1	P0.10/share	April 30, 2007	May 17, 2007	June 8, 2007
Stock Dividend	Rate	Declaration Date	Record Date	Payment Date
2008 - SD 1	10%	Sept. 19, 2008	October 31, 2008	Nov. 26, 2008

The Company's ability to declare and pay dividends on common equity is restricted by the availability of retained earnings and cash.

(4) Recent Sales of Unregistered Securities

NO unregistered securities were sold during the past 3 years. All of the Company's issued and outstanding shares of stock are duly registered in accordance with the provisions of the Securities Regulation Code (SRC).

- (a) Securities Sold – Not Applicable; NO securities were sold
- (b) Underwriters and Other Purchases – Not Applicable; NO securities were sold
- (c) Consideration – Not Applicable; NO securities were sold
- (d) Exemption from Registration Claimed – Not Applicable; NO securities were sold.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**(A) Management's Discussion and Analysis or Plan of Operation****(1) Plan of Operation**

To sustain business growth, the Company plans to focus and build on its core investments in natural resources (through investments in ACMDC, UPMC, VMC and TPC) and property development (through investments in NTDC and SHNG). In addition, the Company will continue to take advantage of new business opportunities that may emerge in other investment areas which provide synergies with the Company's investment portfolio.

On the other hand, the Company's subsidiary, VMC, is expanding operations through joint undertakings with other industry stakeholders and pursuing more robust exploration and development efforts in its mineral and aggregates areas.

- (B) Owing to the nature of the business of the Company (investment holding) and VMC (mineral and aggregates exploration and development), no product research and development is expected to be undertaken in the next twelve (12) months.
- (C) The Company does not expect to make any purchase or sale of any plant and/or significant equipment within the next twelve (12) months.

On the other hand, any plant and/or equipment that may be purchased or otherwise acquired by VMC in the next twelve (12) months as part of an upgrading or modernization plan are charged as ordinary expenses of VMC and/or the joint venture, as applicable.

- (D) The Company does not expect any significant change in the number of its employees in the next twelve (12) months.

On February 1, 2013, VMC entered into agreement with Global Projects, Inc. (GPI) to form and operate a joint venture company that will engage in the business of exploration, development and exploitation of mineral and aggregates resources in the Montalban Aggregates Project area. On February 14, 2013, the VMC Board of Directors approved the retirement of all employees under its former policies due to change of management. Subsequently, GPI hired employees under the new management. The Montalban Aggregates Project resumed operations in February 2013.

The Company and VMC will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

The Company's financial statements for the year ended 31 December 2012 reflect foreign exchange gain/losses on the Company's dollar denominated payables.

(2) Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial highlights for the years 2012, 2011, and 2010 are presented below:

	2012	2011	2010
Revenues	545,478,100	467,374,212	689,489,995
Net income/(loss)	382,920,830	290,695,947	560,774,028
Total assets	5,446,149,894	4,844,580,763	5,172,806,310
Net worth	3,494,410,160	2,862,340,692	2,774,573,056
Issued & subscribed capital	1,164,999,818	1,165,000,000	1,165,000,000

The top five (5) key performance indicators of the Company and its majority-owned subsidiary are as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Current Ratio	1.29: 1	0.92: 1	1.10: 1
<u>Current Assets</u>	<u>1,027,094,314</u>	<u>810,056,425</u>	<u>912,626,763</u>
<u>Current Liabilities</u>	<u>797,391,878</u>	<u>882,357,516</u>	<u>829,091,620</u>

Assets to Equity Ratio	1.56 : 1	1.69 : 1	2.06 : 1
<u>Total Assets</u>	<u>5,446,149,894</u>	<u>4,844,580,763</u>	<u>5,712,806,310</u>
Stockholders Equity	3,494,410,160	2,862,340,692	2,774,573,056
Debt to Equity Ratio	0.56 : 1	0.69 : 1	0.86 : 1
<u>Total Liabilities</u>	<u>1,951,739,734</u>	<u>1,982,240,071</u>	<u>2,398,233,254</u>
Stockholders Equity	3,494,410,160	2,862,340,692	2,774,573,056
Equity to Debt Ratio	1.79 : 1	1.44 : 1	1.16 : 1
<u>Stockholders Equity</u>	<u>3,494,410,160</u>	<u>2,862,340,692</u>	<u>2,774,573,056</u>
Total Liabilities	1,951,739,734	1,982,240,071	2,398,233,254
Book Value per share	3.00	2.46	2.38
<u>Stockholders Equity</u>	<u>3,494,410,160</u>	<u>2,862,240,692</u>	<u>2,774,573,056</u>
Total # of Shares Outstanding	1,164,999,818	1,165,000,000	1,165,000,000
Earnings per share	0.33	0.25	0.48
<u>Net Income</u>	<u>382,920,830</u>	<u>290,695,947</u>	<u>560,774,028</u>
Average Number of shares outstanding	1,164,999,818	1,165,000,000	1,165,000,000

Current Ratio increased in 2012 compared to 2011 due to increase in Current Assets as a result of the increase in the market value of SHNG and TPC. On the other hand, Current Ratio decreased in 2011 compared to 2010 due to a decrease in Current Assets, as the Company was able to collect its interest receivable from ACMDC, and also because of an increase in Current Liabilities due to a corresponding increase in the Current Portion of Long Term-Debt.

Asset-to-equity ratio is slightly lower in 2012 compared to 2011, but showed a significant decline from 2010 to 2011 due to the decrease in Total Assets year-on-year resulting from a corresponding decrease in the value of Available-for-Sale investment (due to decline in the market value of ACMDC shares) and decrease in Investment in Associates (due to the sale of 9.9 billion UPMC shares).

Debt-to-Equity Ratio continuously decreased from 2010 to 2012 due to increases in Stockholders' Equity arising from the net income generated by the Company and unrealized valuation gain on AFS investments recognized from 2010 to 2012. Conversely, Equity-to-Debt ratio increased from 2010 to 2012.

Book Value per Share (BVPS) increased from 2010 to 2012 due to the increase in Stockholders Equity arising from the rebound in the market price of ACMDC resulting in a higher net unrealized gains in AFS investments and the consistent positive net income from 2010 to 2012.

Earnings Per Share (EPS) increased from 2011 to 2012 due to increase in net income as a result of increase in gains on fair value changes of financial assets at FPVL, but decreased from 2010 to 2011 due to a lower net income posted in 2011.

- (i) There are no known trends, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity, EXCEPT that the possible sale of the Company's assets may generate additional one-time revenues for the Company.

- (ii) The Company's internal source of liquidity comes, primarily, from revenues generated from operations and dividends received from investee companies. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the collection of its accounts receivables and issuance of additional capital stock.
- (iii) The Company has no material commitments for capital expenditures, but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
- (iv) There are no known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations, save as stated in Item 6, paragraph (a)2(i) above.
- (v) There are no significant elements of income or loss that did not arise from the Company's continuing operations.
- (vi) There have been no material changes from period to period in one or more line items of the Company's financial statements, EXCEPT that:
 - a. Net Revenues increased due to increase in gains on fair value changes of financial assets at FVPL as a result of continuing increase in the market value of SHNG and TPC. On the other hand, Net Revenues decreased from 2010 to 2011 due to: (i) decrease in interest income as a result of payment of US\$11.5 Million loan of ACMDC in 2010, and (ii) the absence of gains on mark-to-market changes in derivative assets. The Increase in Gains on sale of investment from 2010 to 2011 was due to the sale of the Company's 9.9 billion UPMC shares. Also, Discount on Long Term Debt increased due to renewal of the Euronote Profits Limited (EPL) loan.
 - b. Cost and Expenses are higher in 2011 compared to 2012 and 2010 due to higher general and administrative expenses in 2011.
 - c. Income Before Income Tax increased in 2012 due to higher revenue and lower cost in 2012 as compared to 2011. On the other hand, Income Before Income Tax is higher at P564.8 million in 2010 against P322.9 million in 2011 due to higher Net Revenues generated by the Company in 2011.
 - d. Basic and Diluted Earnings Per Share increased from P0.25 in 2011 to P0.33 in 2012 due to the higher Net Income generated by the Company in 2012. The Basic and Diluted Earnings per share in 2010 was higher than 2011 due to the higher Net Income generated in 2010.
 - e. Retained Earnings increased from P658.2 million in 2010 to P855.7 million in 2011 to P1.17 billion in 2012 due to the net income generated by the Company in 2010, 2011 and 2012.
 - f. Current Assets increased from P810.06 million in 2011 to P1.03 billion in 2012 due to increased financial assets at fair value through profit and loss because of the higher market value of SHNG and TPC. On the other hand, the decrease in Current

Assets from P912.6 million in 2010 to P810 million in 2011 was mainly due to decrease in Cash and Cash Equivalents due to payment of the Company's loans to Land Bank of the Philippines (LBP) and EPL.

- g. Non-Current Assets increased from P4.03 billion in 2011 to P4.4 billion in 2012 due to (i) increase in AFS investment as a result of higher market value of ACMDC shares; (ii) increase in property and equipment, deferred exploration costs, and other noncurrent assets as a result of the consolidation of its subsidiary, VMC. On the other hand, Non-Current Assets decreased from P4.3 billion in 2010 to P4.03 billion in 2011 due to decrease in the value of Available for Sale Investment as a result of the decline in the market value of ACMDC shares. Non-Current Assets is P4.3 billion in 2010 due to the additional shares of ACMDC acquired by the Company from the conversion of ACMDC's US\$11.5 million loan into ACMDC shares coupled with an increase in market value of ACMDC shares. Investment in Associates account decreased due to redemption of preferred shares from the Company.
 - h. Current Liabilities decreased from P882 million in 2011 to P797 million in 2012 due to payment of the Company's loans from LBP and EPL. On the other hand, Current Liabilities increased from P829 million in 2010 to P882.4 million in 2011 due to recognition of the Current Portion of Long Term Debt which matured in June 2011. Accounts Payable increased in 2012 as compared to 2011 as a result of the consolidation of its subsidiary, VMC.
 - i. Non-Current Liabilities increased from P1.1 billion in 2011 to P1.2 billion in 2012 due to (i) assumption of unearned revenues, decommissioning liability and retirement benefit liability of its subsidiary, VMC; and (ii) increase in deferred income tax liability. On the other hand, Non-Current Liabilities decreased from P1.6 billion in 2010 to P1.1 billion in 2011 due to reclassification of Current Portion of Long Term Debt with maturities in June 2010 and June 2011.
 - k. Stockholders' Equity continuously increased from P2.9 billion in 2010 to P2.9 billion in 2011 and to P3.5 billion in 2012 mainly due to increase in Net Income and the unrealized valuation gain on AFS investments generated by the Company in 2010, 2011 and 2012.
- (vii) There have been no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.
 - (viii) There are **NO** events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
 - (ix) There are **NO** material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

(2) Interim Periods

No interim financial statements are included in this report.

ITEM 7. FINANCIAL STATEMENTS

Refer to the Audited Financial Statements as of December 31, 2012, 2011, and 2010.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been **NO** changes in, nor disagreements with, accountants on accounting and financial disclosure for fiscal years 2012, 2011 and 2010.

PART III - CONTROL AND COMPENSATION INFORMATION**ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS****(a) Directors, Executive Officers, Promoters and Control Persons****(1) Directors and Executive Officers****(A) Names and Ages of Directors and Executive Officers**

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>	<u>Period of service</u>
Alfredo C. Ramos	69	Filipino	Chairman of the Board	1989 to present
Christopher M. Gotanco	63	Filipino	Director	1987 to present
			President	1988 to present
Francisco A. Navarro	70	Filipino	Director	1984 to present
Augusto B. Sunico	84	Filipino	Director	1984 to present
			Treasurer	1986 to present
Roberto V. San Jose	71	Filipino	Director	1998 to present
			Corporate Secretary	1979 to present
Presentacion S. Ramos	71	Filipino	Director	1984 to present
Cecilia R. Licauco	62	Filipino	Director	2011 to present
Anton S. Ramos	38	Filipino	Director	2011 to present
Adrian S. Ramos	34	Filipino	Director	2006 to present
Renato C. Valencia	71	Filipino	Independent Director	2006 to present
Ramoncito Z. Abad	66	Filipino	Independent Director	2007 to present
Adrian S. Arias	50	Filipino	Executive Vice President	2005 to present
			Asst. Corporate Secretary	1998 to present
Illuminada P. Rodriguez	65	Filipino	VP-Finance & Admin	2005 to present

(B) Positions and offices that each person named above held with the Company

Mr. Alfredo C. Ramos has been a Director since 1975 and the Chairman of the Board since 1989.

Mr. Christopher M. Gotanco has been a Director since 1987 and the President since 1988. He was previously the VP-Finance and Administration.

Mr. Francisco A. Navarro has been a Director since 1984. He was previously the former Executive Vice President.

Atty. Augusto B. Sunico has been a Director since 1984 and a Treasurer since 1986.

Atty. Roberto V. San Jose has been the Corporate Secretary since 1979 and a Director since 1998.

Ms. Presentacion S. Ramos and Mr. Adrian S. Ramos have been directors since 1984 and 2006, respectively. Ms. Cecilia R. Licauco, and Mr. Anton S. Ramos have been Directors since 2011.

Atty. Adrian S. Arias was appointed Executive Vice President in 2005 and has been Assistant Corporate Secretary since 1998. He was previously VP-Legal and Corporate Affairs.

Ms. Iluminada P. Rodriguez was appointed VP-Finance & Administration in 2005. She was previously Accounting Manager (1984-2003), director (1998-2004) and General Manager (2003-2005).

(C) Term of Office as Director and Period of Service

The Directors of the Company are elected at the Company's annual stockholders' meeting to hold office until the next succeeding annual meeting and until their successors shall have been elected and qualified. Officers are appointed annually by the Board of Directors at the organizational meeting following the annual stockholders' meeting, to hold office until the next organizational meeting of the Board of Directors in the following year or until a successor shall have been appointed and qualified, in accordance with Company By-Laws.

(D) Business experience of directors/officers during the past five (5) years

Mr. Alfredo C. Ramos is the Chairman of the Board and Chief Executive Officer of the Company. For the past five (5) years, he has served as a director and/or executive officer, and maintained business interests, in companies involved in the printing, publication, sale and distribution of books, magazines and other printed media, transportation, oil and gas exploration, mining, property development, commercial center, department store, gaming and retail, among others.

Mr. Christopher M. Gotanco is a Director and the President/COO of the Company. For the past five (5) years, he has served as a director and/or executive officer in companies involved in transportation, financial services, oil and gas exploration, mining, property development and commercial center, among others.

Atty. Adrian S. Arias is the Company's Executive Vice President and Assistant Corporate Secretary. He serves as a director of an investment house, a financing company and a mining company. Atty. Arias has been in active corporate law practice and management for more than five (5) years.

Atty. Augusto B. Sunico is a Director and the Treasurer of the Company. For the past five (5) years, he has served as a director and/or executive officer, and maintained business interests, in a university and in companies engaged in oil and gas exploration,

stock brokerage, property development, financial services and commercial center, among others.

Ms. Iluminada P. Rodriguez is the Vice President for Finance and Administration of the Company. For the past five (5) years, she has served as an executive officer of companies involved in garments and manufacturing.

Atty. Roberto V. San Jose is a Director and the Corporate Secretary of the Company. He has been in the active practice of law and is a Senior Partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices for more than five (5) years.

Mr. Francisco A. Navarro is a Director of the Company. For the past five (5) years, he has headed the petroleum exploration and development group of The Philodrill Corporation and served the boards of condominium companies.

Ms. Presentacion S. Ramos is a Director of the Company. For the past five (5) years, she has served as a director and/or executive officer, and maintained business interests, in companies involved in the printing, publication, sale and distribution of books, magazines and other printed media, department store, stock brokerage, oil and gas exploration and mining, among others.

Mr. Adrian S. Ramos is a Director of the Company. For the past five (5) years, Mr. Ramos has served in various management capacities and as a director to companies engaged in mining, investment holdings, securities and water infrastructure.

Ms. Cecilia R. Licauco is a Director of the Company. For the past five (5) years, she has served as a director and/or executive officer in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media, and stationery distribution, among others.

Mr. Anton S. Ramos is a Director of the Company. For the past five (5) years, he has served as a director and/or executive officer in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media, securities, property development and infrastructure, investment holdings, and mining, among others.

Mr. Renato C. Valencia was elected independent director of the Company in 2006. He is the former administrator of the Social Security System (SSS).

Mr. Ramoncito Z. Abad was elected independent director of the Company in 2007. He is the former Chairman of Development Bank of the Philippines.

(E) Directors with directorship(s) held in reporting companies

Alfredo C. Ramos

Atlas Cons.Mining & Dev't. Corp.	Shang Properties Inc.
MRT Holdings, Inc	The Philodrill Corporation
MRT Dev't. Corp.	United Paragon Mining Corp.
National Book Store, Inc.	Vulcan Industrial & Mining Corp.
North Triangle Depot Comm'l Corp.	

Christopher M. Gotanco

Boulevard Holdings Inc.	Penta Capital Investment Corporation
MRT Holdings, Inc.	The Philodrill Corporation
MRT Development Corp.	United Paragon Mining Corp.
North Triangle Depot Comm'l Corp.	Vulcan Industrial & Mining Corp.
Penta Capital Finance Corp.	

Augusto B. Sunico

Alakor Securities Corp.	Penta Capital Investment Corp.
The Philodrill Corporation	Manuel L. Quezon University
United Paragon Mining Corp.	Penta Capital Finance Corp.

Presentacion S. Ramos

Alakor Securities Corp.	The Philodrill Corporation
National Book Store, Inc.	Vulcan Industrial & Mining Corp.

Roberto V. San Jose

Atlas Resources Management Group	CP Group of Companies
CP Equities Corporation	Mabuhay Holdings Corp.

Francisco A. Navarro

The Philodrill Corporation	Vulcan Industrial & Mining Corp.
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Adrian S. Ramos

Alakor Securities Corp.	United Paragon Mining Corp.
Aquatlas, Inc.	Vulcan Industrial & Mining Corp.
Atlas Cons.Mining & Dev't. Corp	The Philodrill Corporation

Cecilia R. Licauco

Anvil Publishing	National Book Store Inc.
Filstar Distributors Corp.	Solar Publishing

Anton S. Ramos

Atlas Cons.Mining & Dev't. Corp.	United Paragon Mining Corp.
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Renato C. Valencia

Asia Pacific Network Holdings	Metropolitan Bank & Trust Company
GT Capital Holdings Inc.	Philippine Veterans Bank
House of Investments, Inc.	Roxas & Company, Inc.
Hypercash Payment Systems, Inc.	Roxas Holdings Inc.
I-People	Triple Top AIM Inc.
Malayan Insurance Co.	

Mr. Ramoncito Z. Abad is a director of Monheim Distributors.

(2) Significant Employees

Other than the current officers and employees, the Company has not engaged the services of any person who is expected to make significant contributions to the business of the Company.

(3) Family Relationships

Mr. Alfredo C. Ramos (Chairman of the Board) is the husband of Ms. Presentacion S. Ramos (Director), brother of Ms. Cecilia R. Licauco (Director), and brother-in-law of Atty. Augusto B. Sunico (Director). Messrs. Adrian S. Ramos (Director) and Anton S. Ramos (Director) are the sons of Mr. Alfredo C. Ramos and Ms. Presentacion S. Ramos.

(4) Involvement in Certain Legal Proceedings

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person of the Company was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior that time; (2) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses of any director, person nominated to become a director, executive officer, promoter, or control person; (3) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities of a director, person nominated to become a director, executive officer, promoter, or control person of the Company; and, (4) judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Company found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

ITEM 10. EXECUTIVE COMPENSATION**(1) Summary Compensation Table**

The aggregate compensation paid to the Company's Chief Executive Officer and most highly compensated officers named below as a group for the two most recently completed fiscal years (2011 and 2012) and the ensuing fiscal year (2013) are:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Alfredo C. Ramos	Chairman/CEO				
Christopher M. Gotanco	President				
Adrian S. Arias	EVP				
Illuminada P. Rodriguez	VP-Finance & Admin				
		2011	P5,371,616	P3,465,446	-
		2012	5,654,686	1,840,786	
		2013 (est)	6,220,155	2,024,864	
All officers and directors as a group unnamed		2011	5,956,615	4,851,810	-
		2012	6,239,686	2,633,470	
		2013 (est)	6,863,655	2,896,817	

**The Company only employs a CEO and three (3) salaried officers*

(2) Compensation of Directors**(A) Standard Arrangement**

For the most recently completed fiscal year, directors received and will receive a per diem of P5,000.00 per month to defray their expenses in attending board meetings.

(B) Other Arrangements

There are no other arrangements for compensation of directors during the last fiscal year and for the ensuing fiscal year.

(3) Employment Contracts and Termination of Employment and Change-in-Control

(A) The Company maintains standard employment contracts with Messrs. Alfredo C. Ramos and Christopher M. Gotanco, both of which provide for their respective compensation and benefits, including entitlement to health benefits, representation expenses and company car plan.

(B) Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive more than P2,500,000.00 as a result of their resignation or any other termination of employment, or from a change in control of the Company, or a change in the executive officers' responsibilities following a change in control of the Company.

The Company maintains a retirement plan pursuant to which an eligible employee will receive one month's pay for every year of service for the first 10 years and two month's pay for every year of service beyond the first 10 years. Based on this policy, the retirement pay of some officers of the Company may exceed P2,500,000.00.

(C) There are no warrants or options outstanding in favor of directors and officers of the Company.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**(1) Security Ownership of Certain Record and Beneficial Owners**

As of 31 December 2012, the Company is not aware of anyone who beneficially owns more than 5% of its outstanding stock, except as set forth below:

Company's voting securities as of December 31, 2012:

<u>Title of Class</u>	<u>Name and address of record owner and relationship with Issuer</u>	<u>Name of Beneficial Owner and Relationship with Record Owner</u>	<u>Citizenship</u>	<u>No. of shares held</u>	<u>Percentage Ownership</u>
Common	PCD Nominee Corporation Makati Stock Exchange Bldg. 6767 Ayala Avenue, Makati City Stockholder	PCD Participants (see note A)	Filipino	393,320,009*	33.76%
Common	Alakor Securities Corporation ** 4 th Floor, Quad Alpha Centrum 125 Pioneer St., Mandaluyong City Stockholder	National Book Store Inc. Client (see Note B)	Filipino	537,482,457**	46.14%
Common	Alakor Securities Corporation ** 5 th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City Stockholder	Alakor Corporation Client (see Note B)	Filipino	108,738,365**	9.33%

*Of the total 1,121,870,689 shares under the name of PCD Nominee Corp., 728,550,680 shares (62.54%) are under the name of Alakor Securities Corporation (ASC).

Of the total shares of 728,550,680 shares under the name of ASC, National Book Store Inc. owns 537,482,457 shares (46.14%) while Alakor Corporation owns 108,738,365 shares (9.33%).

** National Book Store Inc. also owns 115,949 direct shares (0.010%), and Alakor Corporation also owns 863,160 direct shares(0.074%)

Note A: The shares registered under the name of PCD Nominee Corporation (PCD) are beneficially owned by its participants. Based on PCD's books, there are 203 beneficial owners of the Company's voting stock of which **Alakor Securities Corporation** (ASC) is the record owner of more than 5% of the Company's voting securities

Note B: Among the clients of ASC, National Book Store, Inc. (NBSI) and Alakor Corporation (AC) are the beneficial owners of more than 5% of the Company's voting securities.

Note C: As a matter of practice, PCD itself does not vote the number of shares registered in its name; instead, PCD issues a general proxy constituting and appointing each of its participants as PCD's proxy to vote for the number of shares owned by such participant in PCD's books as of Record Date.

The proxies of NBSI and AC are appointed by their Boards of Directors and the Company becomes aware of such proxies only when the appointments are received by the Company. Based on previous practice, Mr. Alfredo C. Ramos has been appointed proxy for NBSI and AC for the previous years. Mr. Ramos has direct/indirect interest/shareholdings in NBSI and AC.

(2) Security Ownership of Management

As of 31 December 2012, the Company's directors and officers own the following number of shares registered in their respective names:

<u>Type</u>	<u>Name of beneficial owner</u>	<u>Amount and nature of Beneficial ownership</u>		<u>Citizenship</u>	<u>Percent Of Class</u>
		<u>Direct</u>	<u>Indirect</u>		
Common	Alfredo Ramos (D/CEO)	11,000	24,659,638	Filipino	2.12%
Common	Christopher M. Gotanco (D/O)	110	15,325,540	Filipino	1.10%
Common	Adrian S. Arias (O)	0	0	Filipino	<0.00%
Common	Augusto Sunico (D/O)	22,110	110,000	Filipino	0.03%
Common	Illuminada P. Rodriguez (O)	22,000	0	Filipino	<0.01%
Common	Roberto V. San Jose (D/O)	373,866	59,386	Filipino	0.04%
Common	Francisco A. Navarro (D)	400,000	13,582	Filipino	0.04%
Common	Presentacion S. Ramos (D)	55,000	28,636,665	Filipino	2.46%
Common	Cecilia R. Licauco (D)	1,000	103,000	Filipino	0.02%
Common	Anton S. Ramos (D)	1,000	0	Filipino	<0.01%
Common	Adrian S. Ramos (D)	18,000	33,000	Filipino	<0.01%
Common	Renato C. Valencia (ID)	1,100	0	Filipino	<0.01%
Common	Ramoncito Z. Abad (ID)	1,100	0	Filipino	<0.01%

There are no additional shares of the Company which the above listed directors and officers have the right to acquire beneficial ownership of from options, warrants, conversion privileges, or similar obligations.

(3) Voting Trust Holders of 5% or More

To the extent known to the Company, there is no person holding more than 5% of the Company's securities under a voting trust or similar arrangement.

(4) Changes in Control

To the extent known to the Company, there are no arrangements which may result in a change in control of the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(1) Related Transactions

Except as disclosed in Note 17 of the 2012 Audited Financial Statements hereto attached, there had been NO transactions during the last two (2) years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any director or executive officer of the Company, or nominee for election as a director, or owner of more than 5% of the Company's voting securities, or voting trust holder of 5% or more of any class of the Company's securities, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons had or is to have a direct or indirect material interest.

In the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest.

(2) Not Applicable

(3) Parent of the Company

NO person holds more than 50% of the Company's voting securities, and the Company has no parent company.

(4) Transaction with Promoters

The Company has had no transaction with promoters during the last (5) years.

PART 1V – CORPORATE GOVERNANCE**ITEM 13. CORPORATE GOVERNANCE**

The Company's compliance with SEC Memorandum Circular No. 2 dated April 5, 2002 and SEC Memorandum Circular No. 6, series of 2009, as well as all relevant Circulars on Corporate Governance has been monitored.

The Company, its directors, officers and employees complied with the leading practices and principles on good corporate governance as embodied in the Company's Corporate Governance Manual. The Company, its directors and officers have followed the provisions of the Corporate Governance Manual and have not adopted deviations from the same.

The Company also complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Corporate Governance Manual.

The Assistant Corporate Secretary acts as the Company's Compliance Officer.

Corporate Governance Manual

In January 27, 2011, the Board of Directors adopted its Revised Corporate Governance Manual and submitted it to the Securities and Exchange Commission. The Manual provides for:

- Objective
- Compliance System
 1. Duties and responsibilities of Compliance Officer
 2. Plan of Compliance including the general responsibilities and qualifications of:
 - Board of Directors
 - Board Committees
 - Corporate Secretary
 - External Auditor
 - Internal Auditor
- Communication Process
- Training Process
- Adequate and Timely Information
- Accountability and Audit
- Reportorial or Disclosure System of Company's Corporate Governance Policies
- Shareholders Benefits
- Governance Self-Rating System
- Monitoring and Assessment
- Penalties for Non-Compliance with the Manual

Internal Control

In performing their duties, the Board of Directors acknowledges their responsibility for the Company's system of internal financial control. The system is designed with a view to provide reasonable assurance against any material misstatement or loss. This aims to ensure that assets

of the Company are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. The internal control system also includes clearly drawn lines of accountability and delegation of authority and comprehensive reporting and analysis against approved annual budgets.

Regular reports are also be prepared for the Board to ensure that Directors are supplied with all the information they require in timely and appropriate manner.

Audit Committee

Pursuant to its Corporate Governance Manual, the Board created an Audit Committee in August 2002. The membership in said committee is compliant with the composition set forth in the Company's Corporate Governance Manual. The Committee acts in an advisory capacity and makes recommendation to the Board. It also reviews the findings and plans of the Internal and External Auditors of the Company and liaises, on behalf of the Board, with the auditors. The Committee meets to review audit reports, status of the Issuer's audits, internal controls, interim and final financial statements prior to recommending them to the Board for approval.

Nomination Committee

Pursuant to its Corporate Governance Manual, the Board created a Nomination Committee. The Nomination Committee shall have at least three (3) members, one of whom is an independent director, and one (1) non-voting member in the person of the Human Resources Director/Manager or similar officer. The procedure for the nomination of regular and independent directors is detailed in the Company's Corporate Governance Manual and By-Laws, as amended. The Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.

Independent Director/s

The nomination of Independent directors shall be conducted by the Committee prior to a stockholder's meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominee.

The Nomination Committee shall pre-screen the qualification and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

Compensation and Remuneration Committee

Pursuant to its Corporate Governance Manual, the Board created a Compensation and Remuneration Committee. The Committee shall be composed of at least (3) voting directors, one of whom shall be an independent director. The Committee shall review and evaluate the continuing compliance of the Company's compensation and remuneration structure and assess the sufficiency and effectiveness of the Company's compensation and remuneration system.

PART V - EXHIBITS AND SCHEDULES**ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C**

- | | | |
|----|-------------------------|--|
| A. | Exhibits | see Index to Financial Statement and
Supplementary Schedule |
| B. | Report on SEC Form 17-C | - Already filed with the SEC |

SIGNATURES

Pursuant to the requirement of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mandaluyong on 04 June 2013.

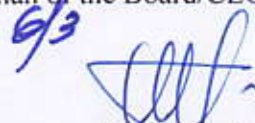
Anglo Philippine Holdings Corporation
Issuer



Alfredo C. Ramos
Director/Chairman of the Board/CEO



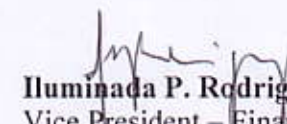
Christopher M. Gotanco
Director/President/COO



Adrian S. Arias
Executive Vice President &
Assistant Corporate Secretary



Augusto B. Sunico
Director/Treasurer



Iluminada P. Rodriguez
Vice President – Finance and Admin.
Chief Accounting Officer

JUN 04 2013

SUBSCRIBED AND SWORN to before me this 04 day of June 2013, affiant exhibited to me his Community Tax Certificates, as follows:

Names	CTC No.	Date of Issue	Place of Issue
Alfredo C. Ramos	05099825	01-02-2013	Manila
Christopher M. Gotanco	01209324	01-17-2013	Mandaluyong
Augusto B. Sunico	09828907	01-17-2012	Mandaluyong
Adrian S. Arias	01184650	01-04-2013	Mandaluyong
Iluminada P. Rodriguez	01209328	01-17-2013	Mandaluyong

Doc No. 259
Page No. 14
Book No. 161
Series of 2013.

ATTY. JOEL C. GORDOLA
NOTARY PUBLIC
NOTARIAL COMMISSION NO. 066
COMMISSION EXPIRES DEC. 31, 2013
PTR NO. 7561683, 1/02/2013, Q.C.
IBP NO. 834480, 1/02/2013, Q.C.
ROLL OF ATTORNEY NO. 25103

ANGLO PHILIPPINE HOLDINGS CORPORATION
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE
SEC FORM 17-A

Financial Statements	Page
Statement of Management's Responsibility for Financial Statements	
Report of Independent Public Accountant	
Balance Sheets as of December 31, 2012 and 2011	
Statement of Comprehensive Income for the years ended December 31, 2012, 2011 and 2010	
Statement of Changes in Equity for the years ended December 31, 2012, 2011 and 2010	
Statement of Cash Flows for the years ended December 31, 2012, 2011 and 2010	
Notes to Financial Statements	
Supplementary Schedules	
Report of Independent Public Accountant on Supplementary Schedules	
A. Financial Assets (See attached)	
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Stockholders (Other Than Related Parties) (N/A)	
C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements (see attached)	
D. Intangible Assets – Other Assets (N/A)	
E. Long Term Debt (see attached)	
F. Indebtedness to Related Parties (see attached)	
G. Guarantees of Securities of Other Issuers (N/A)	
H. Capital Stock (See attached)	
I. Other Supplementary Schedule	
a. Reconciliation of Retained Earnings Available for Dividend Declaration	
b. Tabular Schedule of Standards and Interpretations as of Reporting Date	
c. Map of the Relationships of the Companies within Group	
d. Financial Ratios	



ANGLO PHILIPPINE HOLDINGS CORPORATION

AN INFRASTRUCTURE AND PROPERTY DEVELOPMENT COMPANY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Anglo Philippine Holdings Corporation and Subsidiary is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2012 and 2011, including the additional components attached therein:

- a. Schedule of receipts and disbursements (n/a)
- b. Reconciliation of Retained Earnings Available for Dividend Declaration
- c. Schedule of all the effective standards and interpretations as of reporting date
- d. Supplementary schedules required by Annex 68-E
- e. Map of the relationships of the companies within the group

in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors or Trustees reviews and approves the consolidated financial statements and submits the same to the stockholders or members.

SyCip, Gorres, Velayo and Company, the independent auditors, appointed by the stockholders has examined the consolidated financial statements of the company in accordance the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

ALFREDO C. RAMOS
Chairman of the Board/CEO

CHRISTOPHER M. GOTANCO
President/Director/COO

AUGUSTO B. SUNICO
Treasurer/Director

SUBSCRIBED AND SWORN to before me this 16 APR 2013 day of April 2013, affiant exhibited to me his Community Tax Certificates, as follows:

Names	CTC No./Passport No.	Date of Issue	Place of Issue
Alfredo C. Ramos	05099825	01-02-2013	Manila
Christopher M. Gotanco	01209324	01-17-2013	Mandaluyong
Augusto B. Sunico	09828907	01-17-2012	Mandaluyong

Doc No. 77
Page No. 16
Book No. 104
Series of 2013.

ATTY. TOMAS F. DULAY, JR.
NOTARY PUBLIC
Until Dec. 31, 2013
ADM. MATTER# MP-061 2013-2014
PTR# 7612451 - 01/07/13 Q.C.
IBP# 842680-01/02/13 Q.C.
Roll # 16583 - 03/13/1961
TIN# 410-225-916
MCLE# 000838

"Helping Build the Filipino Future"

FS FOR FILING WITH SEC

AFTER THE BIR HAS DULY STAMPED "RECEIVED."

COVER SHEET

1 4 1 0 2

SEC Registration Number

A N G L O P H I L I P P I N E H O L D I N G S C O R P O R A
T I O N A N D S U B S I D I A R Y

(Company's Full Name)

6 t h F l o o r , Q u a d A l p h a C e n t r u m B u i
l d i n g , 1 2 5 P i o n e e r S t r e e t , M a n d a l
u y o n g C i t y

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

Ms. Iluminada P. Rodriguez

(Contact Person)

(02) 635-6130

(Company Telephone Number)

1 2 3 1
Month Day
(Calendar Year)

A A C F S
(Form Type)

Month Day
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

3,130

Total No. of Stockholders

Total Amount of Borrowings

P100 million

Domestic

P1,512 million

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS



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Anglo Philippine Holdings Corporation and Subsidiary

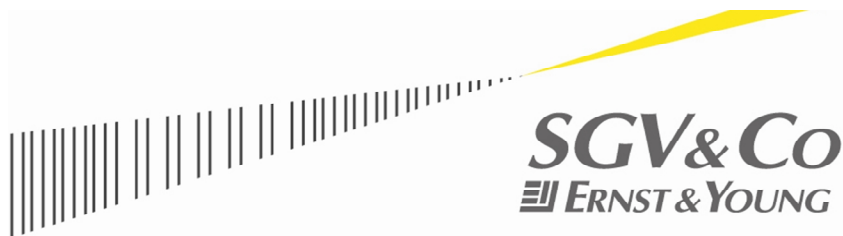
Financial Statements
As of December 31, 2012 and 2011
and for Each of the Three Years in the Period Ended
December 31, 2012

and

Independent Auditors' Report

SyCip Gorres Velayo & Co.

SGV&Co
ERNST & YOUNG



SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines
Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Anglo Philippine Holdings Corporation and Subsidiary

We have audited the accompanying consolidated financial statements of Anglo Philippine Holdings Corporation (the Company) and Subsidiary, which comprise the consolidated balance sheet as at December 31, 2012, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the financial statements of the Company, which comprise the balance sheet as at December 31, 2011 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the two years in the period ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Anglo Philippine Holdings Corporation and Subsidiary as at December 31, 2012, and their financial performance and their cash flows for the year then ended, and the financial position of Anglo Philippine Holdings Corporation as at December 31, 2011, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2011 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

John F. Villa

John T. Villa
Partner

CPA Certificate No. 94065

SEC Accreditation No. 0783-AR-1 (Group A),
February 9, 2012, valid until February 8, 2015

Tax Identification No. 901-617-005

BIR Accreditation No. 08-001998-76-2012,

April 11, 2012, valid until April 10, 2015

PTR No. 3670037, January 2, 2013, Makati City

April 11, 2013



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
BALANCE SHEETS

	December 31	
	2012 (Consolidated; Note 2)	2011 (Parent Company)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 25)	₱38,854,568	₱50,638,965
Financial assets at fair value through profit or loss (FVPL; Notes 5 and 25)	757,001,944	536,646,882
Receivables (Notes 6, 17 and 25)	224,261,211	221,184,639
Inventories (Note 7)	3,852,317	-
Prepaid expenses and other current assets	3,124,274	1,585,939
Total Current Assets	1,027,094,314	810,056,425
Noncurrent Assets		
Available-for-sale (AFS) investments (Notes 8, 25 and 27)	3,246,796,186	2,925,654,256
Investments in associates (Notes 10, 26 and 27)	887,750,848	925,724,437
Property and equipment (Note 11)	71,033,404	16,608,730
Deferred exploration costs (Note 12)	190,833,973	156,979,742
Retirement benefit plan asset (Note 22)	9,171,424	9,557,173
Other noncurrent assets (Note 13)	13,469,745	-
Total Noncurrent Assets	4,419,055,580	4,034,524,338
TOTAL ASSETS	₱5,446,149,894	₱4,844,580,763
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans payable (Notes 14, 25 and 26)	₱3,117,531	₱50,000,000
Current portion of long-term debt (Notes 15, 25 and 27)	535,062,543	607,188,784
Accounts payable and accrued expenses (Notes 16 and 25)	257,706,018	216,355,214
Income tax payable (Note 23)	1,505,786	8,813,518
Total Current Liabilities	797,391,878	882,357,516
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 15, 25 and 27)	1,074,028,417	1,067,427,667
Unearned revenues (Note 13)	5,432,916	-
Decommissioning liability (Notes 3 and 13)	13,926,467	-
Deferred income tax liabilities - net (Note 23)	55,577,996	32,454,888
Retirement benefit liability (Note 22)	5,382,060	-
Total Noncurrent Liabilities	1,154,347,856	1,099,882,555
Total Liabilities	1,951,739,734	1,982,240,071
Equity (Note 18)		
Capital stock - ₱1 par value		
Authorized - 2,000,000,000 shares		
Issued - 1,170,616,788 shares and 1,170,616,970 shares in 2012 and 2011, respectively	1,170,616,788	1,170,616,970
Subscribed - 7,383,030 shares (net of subscriptions receivable amounting to ₱1,367,688)	6,015,342	6,015,342
Additional paid-in capital	4,658,460	4,658,460
Net unrealized valuation gain on AFS investments (Notes 8 and 25)	1,172,003,568	852,954,759
Retained earnings (Note 25)	1,168,682,077	855,661,236
	3,521,976,235	2,889,906,767
Treasury stock - 13,000,000 shares at ₱2.12 per share	(27,566,075)	(27,566,075)
Total Equity	3,494,410,160	2,862,340,692
TOTAL LIABILITIES AND EQUITY	₱5,446,149,894	₱4,844,580,763

See accompanying Notes to Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2012 (Consolidated; Note 2)	2011 (Parent Company)	2010 (Parent Company)
REVENUES			
Gains on:			
Fair value changes of financial assets at FVPL (Notes 5 and 25)	₱237,382,562	₱34,915,718	₱93,783,042
Discount on long-term debt (Note 15)	92,950,216	120,292,209	28,036,227
Sale of investment (Notes 5 and 10)	–	144,836,162	11,566,735
Mark-to-market changes of derivative asset (Notes 6 and 25)	–	–	307,718,166
Management fees (Note 19)	100,950,000	92,660,196	67,687,500
Equity in net earnings of associates (Notes 10 and 26)	35,149,901	30,354,785	38,199,720
Foreign exchange gains - net	33,288,212	–	–
Interest income (Note 21)	24,966,930	24,904,497	122,816,753
Dividend income (Note 19)	20,790,279	17,572,702	19,681,852
Other income (Note 22)	–	1,837,943	–
	545,478,100	467,374,212	689,489,995
COSTS AND EXPENSES			
Interest and other finance charges (Notes 11, 15, 17, 21 and 25)	91,714,366	98,896,966	98,600,218
General and administrative (Note 20)	25,583,169	43,285,305	25,686,713
Losses on:			
Sale of investment (Note 5)	4,881,770	–	–
Impairment of receivables (Notes 6 and 25)	–	2,130,186	–
Foreign exchange losses - net	–	116,727	387,991
	122,179,305	144,429,184	124,674,922
INCOME BEFORE INCOME TAX	423,298,795	322,945,028	564,815,073
PROVISION FOR (BENEFIT FROM)			
INCOME TAX (Note 23)			
Current	17,254,857	14,904,524	24,932,458
Deferred	23,123,108	17,344,557	(20,891,413)
	40,377,965	32,249,081	4,041,045
NET INCOME	382,920,830	290,695,947	560,774,028
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized valuation gain (loss) on AFS investments (Note 8)	319,048,809	(109,728,320)	1,015,989,900
TOTAL COMPREHENSIVE INCOME	₱701,969,639	₱180,967,627	₱1,576,763,928
Basic and Diluted Earnings Per Share (Note 24)	₱0.33	₱0.25	₱0.48

See accompanying Notes to Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	Capital Stock (Note 18)			Additional Paid- in Capital	Net Unrealized Valuation Gain on AFS Investments (Note 8)	Retained Earnings	Treasury Stock (Note 18)	Total
	Issued	Subscribed	Subscriptions Receivable					
Balances at January 1, 2010	₱1,170,611,970	₱7,388,030	(₱1,367,688)	₱4,658,460	(₱53,306,821)	₱132,341,246	(₱27,566,075)	₱1,232,759,122
Issuance	5,000	(5,000)	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	1,015,989,900	560,774,028	–	1,576,763,928
Cash dividends (Note 18)	–	–	–	–	–	(34,949,994)	–	(34,949,994)
Balances at December 31, 2010	1,170,616,970	7,383,030	(1,367,688)	4,658,460	962,683,079	658,165,280	(27,566,075)	2,774,573,056
Total comprehensive income (loss)	–	–	–	–	(109,728,320)	290,695,947	–	180,967,627
Cash dividends (Note 18)	–	–	–	–	–	(93,199,991)	–	(93,199,991)
Balances at December 31, 2011	1,170,616,970	7,383,030	(1,367,688)	4,658,460	852,954,759	855,661,236	(27,566,075)	2,862,340,692
Total comprehensive income	–	–	–	–	319,048,809	382,920,830	–	701,969,639
Fractional shares	(182)	–	–	–	–	–	–	(182)
Cash dividends (Note 18)	–	–	–	–	–	(69,899,989)	–	(69,899,989)
Balances at December 31, 2012	₱1,170,616,788	₱7,383,030	(₱1,367,688)	₱4,658,460	₱1,172,003,568	₱1,168,682,077	(₱27,566,075)	₱3,494,410,160

See accompanying Notes to Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2012 (Consolidated; Note 2)	2011 (Parent Company)	2010 (Parent Company)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱423,298,795	₱322,945,028	₱564,815,073
Adjustments for:			
Interest and other finance charges (Note 21)	91,714,366	98,878,974	98,588,071
Depreciation (Note 11)	1,292,638	1,480,548	1,552,698
Discount on long-term debt (Note 15)	(92,950,216)	(120,292,209)	(28,036,227)
Unrealized foreign exchange gains	(36,437,412)	(376,142)	(28,799,012)
Equity in net earnings of associates (Note 10)	(35,149,901)	(30,354,785)	(38,199,720)
Interest income (Note 21)	(24,966,930)	(24,904,497)	(122,816,753)
Dividend income (Note 19)	(20,790,279)	(17,572,702)	(19,681,852)
Losses (gains) on:			
Sale of investment (Notes 5 and 10)	4,881,770	(144,836,162)	(11,566,735)
Fair value changes of financial assets at FVPL (Note 5)	(237,382,562)	(34,915,718)	(93,783,042)
Impairment on receivables (Note 6)	-	2,130,286	-
Mark-to-market changes in derivative asset	-	-	(307,718,166)
Operating income before working capital changes	73,510,269	52,182,621	14,354,335
Decrease (increase) in:			
Financial assets at FVPL (Note 5)	-	(35,122,850)	(6,145,996)
Receivables (Notes 6 and 27)	23,127,961	(56,203,709)	13,682,014
Prepaid expenses and other current assets	(304,966)	1,356,740	1,489,084
Retirement benefit plan asset (Note 22)	385,749	(9,458,077)	(4,567,005)
Increase (decrease) in accounts payable and accrued expenses	53,116,489	(67,532,494)	51,313,061
Cash generated from (used in) operations	149,835,502	(114,777,769)	70,125,493
Interest received	636,357	135,596,038	23,222,385
Dividends received (Note 10)	62,333,769	48,252,672	32,077,002
Interest paid	(69,676,139)	(48,207,100)	(27,961,349)
Income taxes paid	(24,647,526)	(10,481,224)	(22,280,259)
Net cash from operating activities	118,481,963	10,382,617	75,183,272
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of investments in associates (Note 10)	31,580,000	31,580,000	31,580,000
Proceeds from sale of investment	12,145,730	-	62,935,685
Decrease (increase) in:			
AFS investments (Notes 7 and 27)	(2,093,121)	(1,579,100)	(17,290,000)
Acquisition of subsidiary, net of cash acquired (Notes 9 and 27)	(221,584)	-	-
Deferred exploration costs	(5,536,732)	(460,333)	(530,535)
Additions to property and equipment (Note 11)	(44,203)	(42,134)	(133,911)
Net cash from investing activities	35,830,090	29,498,433	76,561,239
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	50,000,000	50,000,000	104,179,403
Payments of borrowings	(146,674,198)	(111,712,691)	(137,257,500)
Cash dividends paid (Note 18)	(69,422,252)	(92,658,407)	(33,125,443)
Net cash used in financing activities	(166,096,450)	(154,371,098)	(66,203,540)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,784,397)	(114,490,048)	85,540,971
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	50,638,965	165,129,013	79,588,042
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱38,854,568	₱50,638,965	₱165,129,013

See accompanying Notes to Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Anglo Philippine Holdings Corporation (APHC or “the Parent Company”) was registered with the Philippine Securities and Exchange Commission (SEC) on June 25, 1958 originally as an oil and mineral exploration company with the corporate name of “Anglo Philippine Oil Corp.” In 1996, the Parent Company changed its primary purpose to that of an investments holding firm focused on natural resources-based companies, infrastructure and property development. The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange (PSE).

On December 18, 2012, the Parent Company acquired 100% interest in Vulcan Materials Corporation (VMC). VMC was registered with the Philippine SEC on September 12, 1991 and is involved in mining exploration and sale of aggregates. The Parent Company and its wholly owned subsidiary VMC (“the Subsidiary”), collectively referred to as “the Group”, were incorporated in the Philippines.

The registered office address of the Parent Company is 6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City.

The accompanying financial statements as of December 31, 2012 and 2011 and for each of the three years in the period ended December 31, 2012, were authorized for issue by the Board of Directors (BOD) on April 11, 2013.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss (FVPL) and certain available-for-sale (AFS) investments which are all carried at fair value. The financial statements are presented in Philippine peso (₱), which is the Parent Company’s functional currency. All values are rounded off to the nearest ₱ except when otherwise indicated. The financial statements for 2011 represents the Parent Company’s financial statements only since the subsidiary was only acquired in December 2012.

Statement of Compliance

The accompanying financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for 2012 Consolidation

The financial statements for 2012 comprise the financial statements of Anglo Philippine Holdings Corporation and its Subsidiary as of and for the year ended December 31, 2012. Subsidiary is fully consolidated from the date of acquisition, being the date which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiary is prepared for the same reporting year as those of the Parent Company, using consistent accounting policies.



All intra-company balances and transactions, including income, expenses, unrealized gains and losses and dividends, are eliminated in full. Profits and losses resulting from intra-company transactions that are recognized in assets and liabilities are eliminated in full.

Changes in Accounting Policies and Disclosures

New and Amended Standards and Interpretations and Improved PFRS Adopted in Calendar Year 2012

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended standards and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and improved PFRS. Unless otherwise indicated, the adoption did not have any significant impact on the financial statements of the Group.

Amendment to PFRS 7, Financial Instruments: Disclosures

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment is effective for annual periods on or after July 1, 2011.

Amendment to PAS 12, Income Taxes - Deferred taxes: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset. The amendment is effective for annual periods beginning on or after January 1, 2012.

New, Revised and Amended Standards and Interpretation Effective Subsequent to December 31, 2012

The Group will adopt the standards and interpretation enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new, revised and amended PFRS, PAS and Philippine Interpretation from IFRIC to have significant impact on its financial statements.

Effective in 2013:

Amendment to PFRS 1, First-time Adoption of IFRS - Government Loans

Amendment to PFRS 1 requires a first-time adopter to measure government loans existing at the date of transition to PFRS with below market interest rates at fair value, with the benefit accounted for as government grant.



PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
- c) The net amounts presented in the statement of financial position;
- d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - ii. Amounts related to financial collateral (including cash collateral); and
- e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments to PFRS 7 are to be retrospectively applied for annual periods beginning on or after January 1, 2013.

PFRS 10, *Consolidated Financial Statements*

PFRS 10 replaces the portion of PAS 27 that addresses the accounting for consolidated financial statements. It also includes the issues raised in Standards Interpretation Committee (SIC) -12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent. This standard is effective for annual periods beginning on or after January 1, 2013.

PFRS 11, *Joint Arrangements*

PFRS 11 replaces PAS 31, *Interest in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The standard becomes effective for annual periods beginning on or after January 1, 2013.

PFRS 12, *Disclosure of Interests in Other Entities*

PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard is effective for annual periods beginning on or after January 1, 2013.



PFRS 13, Fair Value Measurement

PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The standard becomes effective for annual periods beginning on or after January 1, 2013.

Amendment to PAS 1, Financial Statement Presentation - Presentation of Items of Other Comprehensive Income

The amendments to PAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or “recycled”) to profit or loss at a future point in time (i.e., upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group’s financial position or performance. The amendment is effective for annual periods beginning on or after July 1, 2012.

Revised PAS 19, Employee Benefits

Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The amendments become effective for annual periods beginning on or after January 1, 2013. Once effective, the Group has to apply the amendments retroactively to the earliest period presented.

The Group reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the financial statements upon adoption of the standard. The effects in Group’s financial statements are detailed below:

	As at 31 December 2012	As at 1 January 2012
Increase (decrease) in:		
<u>Balance Sheets</u>		
Deferred income tax asset	(₱71,841)	₱1,278,534
Retirement benefit plan asset	3,559,818	2,524,147
Other comprehensive income	796,201	1,174,176
Retained earnings	167,629	(2,983,245)
	<u>2012</u>	
<u>Statement of Comprehensive Income</u>		
Retirement benefit expense	(₱239,470)	
Provision for deferred income tax	71,841	
Income for the year	167,629	



VMC reviewed its existing retirement benefits and determined that the amended standard has no significant impact on its accounting for retirement benefits as a result of the retirement of all its employees effective February 14, 2013.

Revised PAS 27, *Separate Financial Statements*

As a consequence of the new PFRS 10 and PFRS 12, what remains of PAS 17 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. The amendment is effective for annual periods beginning on or after January 1, 2013.

Revised PAS 28, *Investments in Associates and Joint Ventures*

As a consequence of the new PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the applications of the equity method to investments in joint ventures in addition to associates. The amendment is effective for annual periods beginning on or after January 1, 2013.

Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (“production stripping costs”) and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset. This interpretation becomes effective for annual periods beginning on or after January 1, 2013.

Improvements to PFRS

The *Annual Improvements to PFRS* (2009-2011 cycle) contain non-urgent but necessary amendments to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively. Earlier application is permitted.

- **PFRS 1, *First-time Adoption of PFRS - Borrowing Costs***
- **PFRS 1, *First-time Adoption of PFRS - Repeated Application of PFRS 1***
- **PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information***
- **PAS 16, *Property, Plant and Equipment - Classification of servicing equipment***
- **PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments***
- **PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities***

Effective in 2014:

PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

These amendments to PAS 32 clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Group, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.



Effective in 2015:

PFRS 9, *Financial Instruments: Classification and Measurement*

PFRS 9 as issued reflects the first phase on the replacement of PAS 39, *Financial Instruments: Recognition and Measurement*, and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012.

This is effective for annual periods beginning on or after January 1, 2015.

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

This interpretation, effective for annual periods beginning on or after January 1, 2015, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires the revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on the stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Philippine SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized:

Interest Income

Interest income from bank deposits and short-term investments are recognized as they accrue using the effective interest rate (EIR) method.

Management Fees

Management fees are recognized when services are rendered based on the contractual agreement between the parties.

Dividend Income

Dividend income is recognized when the shareholder's right to receive payment is established.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. General and administrative expenses are generally recognized when the services are used or the expenses arise while interest expense is accrued in the appropriate period. Employee-related expenses are provided in the period when services are rendered.



Cash and Cash Equivalents

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

Financial Instruments

Date of Recognition

Financial instruments are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial instruments, recognition and derecognition, as applicable, is done using trade date accounting.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value. The initial measurement of financial instruments, except for those classified as at FVPL, includes transaction cost.

The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) financial assets, loans and receivables and available-for-sale (AFS) financial assets. The Group classifies its financial liabilities as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the financial assets were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every balance sheet date. As of December 31, 2012 and 2011, the Group has no HTM financial assets and financial liabilities at FVPL.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Determination of Fair Value

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

'Day 1' Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (Day 1 difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.



Financial Assets at FVPL

Financial assets at FVPL include financial assets held for trading purposes and financial assets designated upon initial recognition as at FVPL.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses are recognized in statement of comprehensive income. Interest and dividend income or expense is recognized in the statement of comprehensive income, according to the terms of the contract, or when the right to the payment has been established. Interest earned on holding financial assets at FVPL are reported as interest income using the effective interest method. Dividends earned on holding financial assets at FVPL are recognized in the statement of comprehensive income when the right of payment has been established.

Financial assets may be designated as at FVPL by management on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

As of December 31, 2012 and 2011, the Group's financial assets at FVPL consist of investments in quoted equity securities.

Derivative Financial Instruments

Derivative financial instruments (including bifurcated embedded derivatives) are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated and are subsequently re-measured at fair value. Changes in fair value of derivative instruments not accounted for as effective hedges are recognized in the statement of comprehensive income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Embedded Derivatives

An embedded derivative is separated from hybrid or combined contract if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as at FVPL.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes a party to the contract. Reassessment is only done when there are changes in the terms of the contract that significantly modifies the contractual cash flows.



Changes in fair values of bifurcated derivatives are recognized under “Mark-to-market changes of derivative asset” account in the statement of comprehensive income.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets at FVPL or designated as AFS financial asset. This accounting policy relates to the Group’s “Cash and cash equivalents” and “Receivables” accounts, which arise primarily from advances to related parties and other types of receivables.

After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less allowance for doubtful accounts. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in the “Interest income” account in the statement of comprehensive income. Losses arising from impairment of loans and receivables, if any, are reported as loss on impairment of receivables.

Loans and receivables are classified as current assets when they are expected to be realized within 12 months after the balance sheet date or within the normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

AFS Investments

AFS investments are those nonderivative financial assets designated as such or are not classified as at FVPL, HTM financial assets or loans and receivables. These are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

After initial recognition, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the changes in fair values of AFS investments are excluded net of tax from reported earnings and are reported as “Net unrealized valuation gain (loss) on AFS investments” in the equity section of the balance sheet and as part of other comprehensive income in the statement of comprehensive income. When the investment is disposed of or determined to be impaired, the cumulative gains or losses previously recognized in equity is recognized as income in the statement of comprehensive income. Dividends earned on holding AFS investments are recognized when the right of payment has been established. The losses arising from impairment of such investments are recognized as provision for impairment losses in the statement of comprehensive income.

The fair value of AFS investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. AFS investments whose fair value cannot be reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, are carried at cost.

The Group’s AFS investments are presented as noncurrent assets in the balance sheets (see Note 8).



Other Financial Liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings. Issued financial instruments or their components, which are not classified as at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Any effects of restatement of foreign currency-denominated liabilities are recognized in the “Foreign exchange gains - net” and “Foreign exchange losses - net” accounts in the statement of comprehensive income.

Other financial liabilities are classified as current liabilities when they are expected to be settled within twelve (12) months from the balance sheet date or the Group does not have an unconditional right to defer settlement for at least 12 months from balance sheet date. Otherwise, they are classified as noncurrent liabilities.

This accounting policy applies primarily to the Group’s “Accounts payable and accrued expenses”, “Short-term loans payable”, “Long-term debt” and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as retirement benefit plan obligation and income tax payable).

Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial asset is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has or have occurred after initial recognition of the asset (an incurred “loss event”) and that loss has an impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated.

Objective evidence includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that borrower will enter bankruptcy or other financial reorganization.

Loans and Receivables

For loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.



If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the reduced amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income by adjusting the allowance account.

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

AFS Investments

For AFS investments, the Group assesses at each reporting date whether there is objective evidence that an AFS investment is impaired.

In the case of an AFS equity investment, this would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. If an AFS investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in net income, is transferred from other comprehensive income to income in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income. Increases in fair value after impairment are recognized directly in equity through the statement of comprehensive income.

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.



Derecognition of Financial Instruments

Financial Assets

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

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

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

Financial Liabilities

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- | | | |
|------------------------------------|---|---|
| Finished goods and work in process | - | determined using the moving average method; cost includes direct labor and a proportion of manufacturing overhead based on actual production but excluding borrowing cost |
| Spare parts and other supplies | - | purchase cost on a moving average basis |

NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. In the case of spare parts and other supplies, NRV is the value of inventories when sold at their condition at the end of the reporting period. In determining NRV, the Company considers any adjustment for obsolescence.



Investments in Associates

The Group's investments in associates are accounted for using the equity method. An associate is an entity in which the Group has significant influence. Under the equity method, the investments in associates are carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate.

The statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on the Group's investment in associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the statement of comprehensive income.

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

Property and Equipment

Property and equipment are carried at cost less accumulated depletion, depreciation, amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when 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.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Quarry development costs are amortized on a unit of production (UOP) basis over the economically recoverable reserves of the quarry concerned. The unit of account for aggregates is cubic meter in loose volume (LCM).



The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortized on a UOP basis whereby the denominator is the proven and probable reserves and the portion of resources expected to be extracted economically. The estimated fair value of the mineral resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortization, until the resource becomes probable of economic extraction in the future and is recognized in “Deferred exploration costs” account in the balance sheet.

Depreciation of other items of property and equipment is computed using the straight-line method over the estimated useful lives of the asset as follows:

<u>Category</u>	<u>Number of Years</u>
Condominium units and improvements	20
Machinery and equipment	10 - 15
Transportation equipment	3 - 5
Furniture, fixtures and office equipment	2 - 5

The estimated recoverable reserves, assets residual values, useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Property and equipment also include the estimated costs of rehabilitating the Group’s Montalban Aggregates Project, for which the Group is liable. These costs are amortized using the units-of-production method based on the estimated recoverable mine reserves until the Group actually incurs these costs in the future.

When assets are retired or otherwise disposed of, both the cost and related accumulated depletion, depreciation, amortization and any impairment in value are removed from the accounts, and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts until these are no longer in use.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that a nonfinancial asset may be impaired when events or changes in circumstances indicate that the carrying value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. As asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.



As assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Deferred Exploration Costs

Deferred exploration costs include costs incurred after the Group has obtained legal rights to explore in a specific area, including the determination of the technical feasibility and commercial viability of extracting mineral resources. Deferred exploration costs include, among others, acquisition of rights to explore, topographical and geophysical studies, exploratory drilling, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources. All exploration costs and related expenses are carried as deferred exploration costs, net of impairment losses, if any.

The costs and expenses for exploration activities which do not result in the discovery of petroleum or mineral deposits that are commercially productive are recognized in the statement of comprehensive income after the project is abandoned and when management expects no further recovery. When the results of exploration costs are determined to be negative, the accumulated costs are written off. If the results are positive, the deferred exploration costs shall be capitalized and amortized based on the unit of production method from the start of commercial operations.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are made by discounting the expected future cash flows at a pre-tax amount that reflects current market assessments of the time value of money and, when 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.

Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when receipt of reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement.

The Group records the present value of estimated costs of legal and constructive obligations required to restore quarry site in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.



The obligation generally arises when the asset is installed or the ground/environment is disturbed at the quarry site. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets to the extent that it was incurred as a result of the development/construction of the quarry. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in the statement of comprehensive income. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and decommissioning liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in the statement of comprehensive income as extraction progresses.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of comprehensive income.

For closed sites, changes to estimated costs are recognized immediately in the statement of comprehensive income.

Where the Group expects some or all of a provision to be reimbursed, 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.

Capital Stock and Additional Paid-in Capital

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock or options are shown in equity as a deduction, net of tax, from the proceeds. Amount of contribution in excess of par value is accounted for as an additional paid-in capital.

Where the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any directly attributable incremental costs (net of applicable taxes) is deducted from equity attributable to the Group's stockholders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Group's stockholders.

Retained Earnings

The amount included in retained earnings includes profit attributable to the Group's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are declared. Interim dividends are deducted from equity when they are paid.

Retained earnings are appropriated for the cost of treasury shares acquired. When the appropriation is no longer needed, it is reversed. Dividends for the year that are approved after the balance sheet date are dealt with as an event after the balance sheet date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.



Earnings Per Share

Basic earnings per share is computed based on the weighted average number of shares outstanding and subscribed for each respective period with retroactive adjustments for stock dividends declared, if any. When shares are dilutive, the unexercised portion of stock options is included as stock equivalents in computing diluted earnings per share.

Diluted earnings per share amounts are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

Segment Reporting

An operating segment is a component of an entity that: (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

The Group's segments pertain to its investment in a subsidiary and investments in associates. This segment is carried by VMC, a subsidiary and North Triangle Depot Commercial Corporation (NTDCC) and United Paragon Mining Corporation (UPMC), the Group's associates. The summarized financial and other relevant information of the Group's associates are disclosed in Notes 10 and 26 to the financial statements.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the balance sheet date.

Deferred Income Tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

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



Retirement Benefit Plan

The Group has a defined retirement benefit plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit liability (asset) is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized reduced by past service cost not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan, net actuarial losses of the current period and past service cost of the current period are recognized immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognized immediately. Similarly, net actuarial gains of the current period after the deduction of past service cost of the current period exceeding any increase in the present value of the economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service cost of the current period are recognized immediately.

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at the balance sheet date. Exchange gains and losses arising from foreign currency transactions and translations of foreign currency denominated monetary assets and liabilities are credited to or charged against current operations. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

Contingencies

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



Events After the Balance Sheet Date

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

3. Significant Accounting Judgments and Estimates

The Group's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Determining Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the ₱. The ₱ is the currency of the primary economic environment in which the Group operates.

Determining Whether Significant Influence Exists for Purposes of Applying PAS 28, Investment in Associates

The Group evaluates various factors in determining whether significant influence exists. Under PAS 28, there is a presumption that if ownership is below 20%, significant influence does not exist unless otherwise supported. Among the factors being considered by management in the assessment are, degree of representation in the BOD of the investee, representations in management committees of the investee, corporate governance arrangements, and power to veto significant operating and financial decisions.

Under the exercise of this judgment, the Group classified its 15.79% investment in NTDCC as an investment in associate. The carrying value of this investment is ₱369,444,795 and ₱387,032,948 as of December 31, 2012 and 2011, respectively (see Note 10).

Also, the Group has investment in UPMC where ownership is 21.81% in 2012 and 2011. This is classified as an investment in associate. The carrying value of this investment is ₱518,306,053 and ₱538,691,489 as of December 31, 2012 and 2011, respectively (see Note 10).

Determining Whether Investments in Associates Qualify as Operating Segments for Purposes of Applying PFRS 8

The Group exercises judgment in determining whether investments in associates qualify as operating segments as prescribed by PFRS 8 although the Group does not control the investees. Management considers the following factors in its assessment: review of operating results and performance of an equity method investee for purposes of making resource allocations, evaluating financial performance or evaluating whether to retain the investor-investee relationship. Based on management judgment, the Group considers its investments in UPMC and NTDCC as operating segments. The carrying value of the Group's investments in associates amounted to ₱887,750,848 and ₱925,724,437 as of December 31, 2012 and 2011, respectively (see Note 10).



Estimates

Estimating Impairment of Receivables

The Group assesses at each reporting date whether there is any objective evidence that receivables are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the affiliated companies and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on age and status of the financial asset, as well as historical loss experience. Allowance for impairment loss is provided when management believes that the receivable balance cannot be collected or realized after exhausting all efforts and courses of action.

In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the Group's assessment of the accounts since their inception. The Group's assessments take into consideration factors such as any deterioration in country risk and industry, as well as identified structural weaknesses or deterioration in cash flows.

No allowance for impairment losses on receivables was recognized in 2012. In 2011, the Group wrote-off its receivable from Vulcan Industrial and Mining Corporation (VIMC) amounting to ₱2,130,186. The receivables are carried at ₱224,261,211 and ₱221,184,639 as of December 31, 2012 and 2011, respectively (see Note 6).

Estimating Impairment of AFS Equity Investments

The Group treats AFS equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost. This determination of what is significant or prolonged requires judgment. The Group treats "significant" generally as 20% or more of the original cost of the investment, and "prolonged" as greater than 12 months. In making this judgment, the Group evaluates among other factors, the normal volatility of quoted prices, evidence of deterioration in the financial health of the investee, industry or sector performance, changes in technology and economic environment. For AFS investments carried at cost, the Group estimates the expected future cash flows from the investment and calculates the amount of impairment as the difference between the present value of expected future cash flows from the investment and its acquisition cost and recognizes the amount in the statement of comprehensive income.

AFS investments amounted to ₱3,246,796,186 and ₱2,925,654,256 as of December 31, 2012 and 2011, respectively. There are no impairment losses on AFS investments recognized in 2012 and 2011 (see Note 8).

Estimating Fair Values of Financial Assets and Financial Liabilities

Where the fair values of financial assets and liabilities recorded in the balance sheets cannot be derived from active markets, they are determined using generally accepted market valuation models. The inputs to these models are taken from observable markets, where possible but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation. The fair values of financial instruments are presented in Note 25.



Estimating NRV of Inventories

The Group estimates the allowance for inventory based on the age of blue rocks and physical deterioration of spare parts. Provisions are made for inventories that are no longer used in the production process. The amounts and timing of recorded expenses for any period would differ if different judgments or different estimates are made. An increase in allowance for inventory obsolescence would increase recorded general and administrative expenses and decrease current assets.

Allowance for inventory losses amounted to ₱5,220,738 as at December 31, 2012 (see Note 7).

Estimating Impairment of Property and Equipment

The Group assesses impairment on property and equipment and other noncurrent assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific assets, the recoverable amount represents the net selling price.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the financial statements.

No impairment losses were recognized in 2012 and 2011 for property and equipment. As of December 31, 2012 and 2011, the net book values of property and equipment amounted to ₱71,033,404 and ₱16,608,730, respectively (see Note 11).

Estimating Impairment of Deferred Exploration Costs

The Group assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Until the Group has sufficient data to determine technical feasibility and commercial viability, deferred exploration costs need not be assessed for impairment. Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;



- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The carrying value of deferred exploration costs amounted to ₱190,833,973 and ₱156,979,742 as of December 31, 2012 and 2011, respectively. As of December 31, 2012 and 2011, no allowance for impairment losses on deferred exploration costs was recognized by the Group (see Note 12).

Estimating Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment, except for quarry development costs, based on the period over which the assets are expected to be available for use. Quarry development costs are amortized based on estimated aggregate reserves. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives is based on the collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As of December 31, 2012 and 2011, the net book values of property and equipment, excluding quarry development costs, amounted to ₱18,078,774 and ₱16,608,730, respectively (see Note 11). The estimated useful lives are disclosed in Note 2 to the financial statements.

Estimating Aggregate Reserves

The Group assesses its estimate of aggregate reserves on an annual basis. The Group's estimated reserves are based on the estimates of the Group's geologists. Annually, an inventory of the remaining reserves is derived by subtracting the annual production, which is reported to the Mines and Geo-Sciences Bureau. The estimated mineral reserves were 7,533,595 LCM as of December 31, 2012.

Estimating Realizability of Deferred Income Tax Assets

The Group reviews the carrying amounts of deferred income tax assets at each balance sheet date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group can generate sufficient taxable profit to allow all or part of its deferred income tax assets to be utilized.

The Group has deferred income tax assets amounting to ₱11,376,440 and ₱8,785,895 as of December 31, 2012 and 2011, respectively (see Note 23).

The Group did not recognize deferred income tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO since management believes that it is not probable that sufficient taxable profit will be available against which the benefits can be utilized (see Note 23).



Estimating Retirement Benefits Expense (Income)

The determination of the Group's obligation and cost for retirement is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. These assumptions are described in Note 22 to the financial statements. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's retirement obligations.

As of December 31, 2012 and 2011, the retirement benefit plan asset amounted to ₱9,171,424 and ₱9,557,173, respectively, while retirement benefit liability amounted to ₱5,382,060 as of December 31, 2012. Net retirement benefit expense (income) for the years ended December 31, 2012, 2011 and 2010 amounted to ₱385,749, (₱1,837,943) and ₱3,053,129, respectively (see Note 22).

Estimating the Decommissioning Liability

The Group has a legal obligation to decommission the quarry site located at Montalban, Rizal relating to its Montalban Project Aggregates at the end of its useful life in accordance with the Environmental Compliance Certificate issued by the Department of Environment and Natural Resources. The Group recognizes the present value of the obligation to decommission the quarry site and capitalizes the present value of this cost as part of the balance of the related property and equipment, which are being depreciated and amortized on a UOP basis.

Cost estimates expressed at current price levels at the date of the estimate are discounted using a rate of interest of 2.98% per annum to take into account the timing of payments. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense.

Changes in the decommissioning liability that result from a change in the current best estimate of cash flows required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in the statement of comprehensive income as it occurs. While the Group has made its best estimate in establishing the decommissioning provision because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates.

Decommissioning liability amounted to ₱13,926,467 as of December 31, 2012 (see Note 13).

4. Cash and Cash Equivalents

	2012	2011
Cash on hand and with banks	₱30,834,232	₱7,955,254
Short-term deposits	8,020,336	42,683,711
	₱38,854,568	₱50,638,965

Cash with banks earn interest at their respective bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates (see Note 21).



For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at January 1:

	2011	2010
Cash on hand and with banks	₱3,708,565	₱64,383,119
Short-term deposits	161,420,448	15,204,923
	₱165,129,013	₱79,588,042

5. Financial Assets at FVPL

This account consists of investments in shares of stock of the following companies:

	2012	2011
Shang Properties, Inc. (SPI)	₱642,437,226	₱462,554,801
The Philodrill Corporation (TPC)	114,564,718	63,312,081
VIMC	–	10,780,000
	₱757,001,944	₱536,646,882

In 2012, the Group sold to National Book Store, Inc., an entity under common control of an individual stockholder, all its 12,250,000 shares of stock in VIMC at ₱1.00 per share or an aggregate price of ₱12,145,730, net of selling costs amounting to ₱104,270. The Group recognized loss on sale of investment amounting to ₱4,881,770.

In 2011, the Group purchased 2,692,307,692 shares of TPC from VIMC for ₱0.013 per share or an aggregate price of ₱35,122,850, including incidental cost of ₱122,850.

Gains on fair value changes of financial assets at FVPL recognized in 2012, 2011 and 2010 amounted to ₱237,382,562, ₱34,915,718 and ₱93,783,042, respectively. Cumulative unrealized gain on fair value changes of financial assets at FVPL amounted to ₱542,926,631 and ₱316,425,071 as of December 31, 2012 and 2011, respectively.

6. Receivables

	2012	2011
Trade	₱19,716,764	₱–
Related parties (see Note 17)	218,352,780	194,006,463
Others	3,072,161	27,178,176
	241,141,705	221,184,639
Less allowance for impairment losses	16,880,494	–
	₱224,261,211	₱221,184,639

The following are the significant transactions entered into by the Group in relation to its receivables:

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



- b. On July 9, 2009, the Group extended a loan of ₱531,300,000 (\$11,500,000) to ACMDC, a publicly-listed entity under common control. The loan is collectible 365 days after July 9, 2009 and bears interest of 15% per annum, collectible semi-annually in arrears. Based on the terms of the loan agreement, the Group has the option to demand early repayment of the loan and accrued interest 180 days after July 9, 2009.

In addition, the Group has the option to effect payment of principal and interest through any one or combination of the following:

- Cash payment equal to amount of loan and interest, either in \$ or ₱ or a combination of both currencies;
- Delivery of common shares of Aquatlas, Inc. (AI), a subsidiary of ACMDC, at a conversion price which shall be mutually agreed upon by the parties; and/or
- Delivery of common shares of ACMDC at a conversion price of ₱10 per share.

The embedded equity call option was accounted for separately since it is not closely related to the host debt contract. Derivative asset relating to the option amounted to ₱79,799,174 in 2010. The mark-to-market gain on derivative asset recognized in the statements of comprehensive income amounted to ₱307,718,166 in 2010.

As of December 31, 2010, the net movement in the discount recognized on the receivable arising from the bifurcation of the embedded equity call option is as follows:

Balance at beginning of year	₱25,374,995
Accretion of discount on receivable (see Note 20)	(25,374,995)
<u>Balance at end of year</u>	<u>₱-</u>

- c. Interest receivable, which is presented as “Others” under the “Receivables” account in the balance sheets, amounted to ₱16,480 and ₱32,224 as of December 31, 2012 and 2011, respectively.

Provisions for impairment losses on trade receivables and other receivables were made on accounts specifically identified to be doubtful of collection.

Other than the receivables which were provided with allowance, all other receivables are assessed to be collectible and in good standing as of December 31, 2012 and 2011 (see Note 25).

7. Inventories

As of December 31, 2012, inventories consist of:

At NRV	
Finished goods (see Note 16)	₱3,712,483
Spare parts and other supplies	39,280
At cost:	
<u>Work in process (see Note 16)</u>	<u>100,554</u>
	<u>₱3,852,317</u>

Allowance for impairment losses relating to finished goods, spare parts and other supplies amounted to ₱5,220,738 as at December 31, 2012.



8. AFS Investments

	2012	2011
Quoted equity shares - at fair value	₱3,208,368,350	₱2,887,226,420
Unquoted equity shares - at cost	38,427,836	38,427,836
	₱3,246,796,186	₱2,925,654,256

Quoted AFS investments represent investment in ACMDC.

In 2012, ACMDC increased its authorized capital stock and the Group purchased additional 120,000 shares at an aggregate price of ₱2,093,121. However, the Group's ownership decreased, despite the purchase of additional shares, from to 9.72% in 2011 to 8.27% 2012.

In 2011, the Group advanced ₱1,579,100 for future subscription to Rail Transit and Development, Inc. These are included under AFS investments in unquoted equity shares. The aggregate cost of AFS investments amounted to ₱2,074,792,618 and ₱2,072,699,497 as of December 31, 2012 and 2011, respectively.

No impairment loss was recognized in 2012, 2011 and 2010 on the Group's investment in ACMDC quoted shares.

Movements in the unrealized valuation gain (loss) on AFS investments recognized as a separate component of equity are as follows:

	2012	2011
Balances at beginning of year	₱852,954,759	₱962,683,079
Changes in fair value of AFS investments	319,048,809	(109,728,320)
Balances at end of year	₱1,172,003,568	₱852,954,759

No AFS investments were sold in 2012 and 2011.

9. Acquisition of a Subsidiary

As discussed in Note 1, the Parent Company acquired VMC on December 18, 2012.

The cost of acquiring VMC amounted to ₱1,185,919, payable on or before December 14, 2013.

The fair values of identifiable acquired assets and liabilities of VMC at the time of acquisition are as follows:

Current assets	₱10,878,283
Noncurrent assets	97,460,355
Current liabilities	(82,411,276)
Noncurrent liabilities	(24,741,443)
Fair value of net assets	₱1,185,919



Cash consideration:

Cash acquired from a subsidiary	₱278,416
Cash paid (see Note 27)	(500,000)
Net cash outflow	(₱221,584)

Total consideration consists of:

Cash	₱500,000
Payable to VIMC	685,919
Total	₱1,185,919

10. Investments in Associates

	2012	2011
Acquisition cost:		
Balances at beginning of year	₱911,265,280	₱1,036,926,080
Redemption*	(31,580,000)	(31,580,000)
Disposal (see Note 15)	-	(94,080,800)
Balances at end of year	879,685,280	911,265,280
Accumulated equity in net earnings:		
Balances at beginning of year	14,459,157	14,784,342
Equity in net earnings during the year	35,149,901	30,354,785
Dividends received	(41,543,490)	(30,679,970)
Balances at end of year	8,065,568	14,459,157
	₱887,750,848	₱925,724,437

*The redemption has no impact on the % of ownership.

The carrying values of investments in associates are as follows:

	Percentage of Ownership	2012	2011
UPMC	21.81%	₱518,306,053	₱538,691,489
NTDCC (see Note 3)	15.79%	369,444,795	387,032,948
		₱887,750,848	₱925,724,437

The investment in NTDCC includes investment in voting and redeemable preferred shares amounting to ₱298,178,276 and ₱329,758,276 as of December 31, 2012 and 2011, respectively.

The summarized financial information of the associates as of and for the years ended December 31, 2012 and 2011 are as follows (in thousands):

UPMC

	2012	2011
Total assets	₱1,155,162	₱1,220,505
Total liabilities	797,263	769,138
Revenue	-	-
Net loss	93,469	61,710



NTDCC

	2012	2011
Total assets	₱7,057,288	₱7,206,460
Total liabilities	4,697,251	4,735,036
Revenues	1,875,669	1,776,526
Net income	351,712	292,368

Investment in UPMC

UPMC's main business is the exploration, development, exploitation, recovery and sale of gold. UPMC became an associate on August 1, 2008, with the conversion of the Group's receivable from UPMC to the latter's common shares.

On December 28, 2011, the Group sold its 9,954,873,395 shares of UPMC to EPL at ₱0.024 per share. The proceeds were settled through offsetting of accounts between the Group and EPL. Accordingly, the Group's ownership in UPMC decreased from 25.62% in 2010 to 21.81% in 2011 (see Note 15).

Investment in NTDCC

NTDCC owns and operates the Triangle North of Manila (TriNoma) Commercial Center which is built adjacent to the Metro Rail Transit (MRT) Depot. The development rights over the 8.3-hectare portion of the MRT Depot were acquired from MRTDC in 2002.



11. Property and Equipment

	2012					
	Quarry Development Costs	Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Total
Cost:						
Balances at beginning of year	₱-	₱22,091,616	₱-	₱-	₱2,619,460	₱24,711,076
Additions*	52,954,630	-	1,928,693	509,893	324,096	55,717,312
Balances at end of year	52,954,630	22,091,616	1,928,693	509,893	2,943,556	80,428,388
Accumulated depreciation:						
Balances at beginning of year	-	5,740,106	-	-	2,362,240	8,102,346
Depreciation (see Note 20)	-	1,105,210	-	-	187,428	1,292,638
Balances at end of year	-	6,845,316	-	-	2,549,668	9,394,984
Net book values	₱52,954,630	₱15,246,300	₱1,928,693	₱509,893	₱393,888	₱71,033,404

*Include additions arising from acquisition of a subsidiary in 2012 amounting to ₱55,673,109 (see Note 9).

	2011					
	Quarry Development Costs	Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Total
Cost:						
Balances at beginning of year	₱-	₱22,091,616	₱-	₱-	₱2,577,326	₱24,668,942
Additions	-	-	-	-	42,134	42,134
Balances at end of year	-	22,091,616	-	-	2,619,460	24,711,076
Accumulated depreciation:						
Balances at beginning of year	-	4,634,894	-	-	1,986,904	6,621,798
Depreciation (see Note 20)	-	1,105,212	-	-	375,336	1,480,548
Balances at end of year	-	5,740,106	-	-	2,362,240	8,102,346
Net book values	₱-	₱16,351,510	₱-	₱-	₱257,220	₱16,608,730



12. Deferred Exploration Costs

The Group is a participant in certain Service Contracts (SC) and Geophysical Survey and Exploration Contracts (GSEC) with the Philippine Government, through the Department of Energy (DOE), for the exploration, development and exploitation of the contract areas situated in Northwest Palawan, Sulu Sea and Mindoro Island.

The aforementioned SC and GSEC, which provide for minimum work expenditure obligations and the drilling of a specified number of wells, are covered by operating agreements which set forth the participating interests, rights, and obligations of the participants to the contracts. The deferred exploration costs represent the Group's share in the jointly controlled assets of the aforementioned SCs and GSECs. The full recovery of the deferred exploration costs incurred in connection with the Group's participation in the exploration of the contract areas is dependent upon the discovery of mineral resources from the respective contract areas and the success of the future development thereof.

The percentage of participation and the balances of the deferred exploration costs as of December 31 are as follows:

	Percentage of Participation	2012	2011
Parent Company			
SC 6 (Offshore Northwest Palawan)	3.33		
Block A (Octon)		₱55,683,065	₱55,398,578
Saddle Rock Prospect		7,325,361	7,325,361
Esperanza Prospect		823,118	823,118
SC 41 (Sulu Sea)	1.68	48,266,249	47,376,414
SWAN Block (Northwest Palawan)	33.58		
SC 39 (Busuanga/Calauit)		15,891,445	15,891,445
GSEC 86 (Northwest Malampaya)		10,345,190	10,345,190
GSEC 83 (North Calamian Project)		533,923	533,923
SC 53 (Onshore Mindoro)	5.00	19,453,340	15,090,930
SC 14 (Northwest Palawan, Tara Block)	2.50	4,194,784	4,194,783
VMC			
Comet Nickel-Chromite, Bataan and Batangas Aggregates Project		28,317,498	–
		₱190,833,973	₱156,979,742

Parent Company

SC No. 6A (Octon)

In early 2012, block operator Pitkin Petroleum Limited contracted RPS Energy for the parameters design and tendering of the 500 sq km 3D seismic program over the northern part of the block to further evaluate a number of prospects and leads that they have previously identified. Tenders for the seismic acquisition and hi-resolution swath bathymetry have already been issued. As part of the preparations for the seismic campaign, Pitkin has embarked on an information and education campaign (IEC). The seismic survey is targeted to commence in the second quarter of 2013. Anglo enjoys a free carry on the cost of this seismic survey.



SC No. 14 (Northern Palawan, Tara Block)

No exploration or production activities are being carried out in this block. However, Philodrill acting on behalf of the consortium, notified the Department of Energy (DOE) of the consortium's intention to turn-over control and ownership of the idle Pandan and Libro platforms to the government in accordance with provisions of Service Contract No.14. Philodrill also submitted a Release and Waiver document to the DOE since the consortium has no further use of said offshore facilities. Once approved and accepted by the government, the consortium's initiative will clear the way for the possible takeover of the facilities by the Philippine Navy to serve as forward outposts in the West Philippine Sea area.

In accordance with generally accepted offshore oilfield practices, the consortium will plug and abandon the existing wells serviced by these platforms. In this regard, the consortium has contracted EDSL Consultants to conduct an integrity test program for the Libro and Pandan wells, as well as for the Tara South well which is under Trans-Asia's operatorship. EDSL is now preparing the design and costing for the actual Plug & Abandonment operations scheduled in the first semester of 2013.

SC No. 41 (Sulu Sea)

Area 15, which covers the old SC 41 block, was one of fifteen areas offered by the DOE under the 4th Philippine Energy Contracting Round 4 (PECR4) which opened in June 2011. Philodrill executed a Joint Application and Participation Agreement with Philex Petroleum Corporation to jointly participate in the bidding for Area 15. Philodrill as the lead party prepared the bid application documents which it submitted to the DOE in May 2012. To date, the DOE has yet to release the bidding results for Area 15.

Should Philodrill and Philex Petroleum win the bidding for Area 15, Anglo has an option to acquire a portion of Philodrill's interest in Area 15.

SC NO. 53 (Onshore Mindoro)

In May 2012, Pitkin completed the reprocessing of the 200 line-kilometers of onshore seismic data acquired in 2010. While initial results indicated a better resolution of the subsurface structure, it was recognized that acquisition of additional geophysical data will further improve subsurface imaging of the features in the area.

Gradiometry and LIDAR (Light Detection and Ranging) surveys were then conducted in the second quarter of 2012 and the combined results verified existing structures and helped modify structural styles and dimensions of the identified structures. Data interpretation likewise identified several anomalies or new potential leads.

Parallel to the geophysical activities, Pitkin started preparations for the drilling of the Progreso 2 well and has sent out tenders for the various services and equipment required for the drilling campaign. Drilling of the Progreso 2 well is planned for the first semester of 2013.

Pitkin has also completed a study of the Mindoro Island power situation and how any hydrocarbon discovery will impact on the overall power requirement/development in the island.

SWAN BLOCK (Deepwater Northwest Palawan)

The consortium continues to work on a possible swap of participating interest in some of their blocks in exchange for interests in Service Contract No. 57 and 58 of PNOC-EC, which now cover the old SWAN Block.



VMC

Comet Nickel-Chromite Project

The Group and Comet signed a Memorandum of Agreement (MOA) on December 4, 2007, to process, occupy, use and control explore, develop, conduct mining, mine, process and market any product from the MPSA 003-90-X area which was registered with the DENR-Region VI at Surigao City on January 22, 2008.

On March 25, 2010, the Mines and Geoscience Bureau (MGB) responded to Comet's concern, regarding the application for renewal of the MPSA in subject, stating that the same was already approved through a letter dated November 20, 2009. However, Comet responded through a letter to MGB on April 7, 2010 objecting to the further evaluation and eventual approval of the MPSA. Management believes that the future outcome is favorable to the Group.

Bataan Aggregates Project

The Bataan Aggregates Project is located in Barangay Nagbalayong, Municipality of Morong, Bataan. The Aggregates Project Sharing Agreement No. 000328-III was filed on January 8, 2001 with an area of 138.0397 hectares while the ISAG Permit No. III-02-08 with an area of 12.8 hectares was granted on December 17, 2008.

Batangas Aggregates Project

The Batangas Aggregates Project is located in Barangay San Miguel, Batangas City, Batangas. It is covered by MPSA No. 091-97-IV granted on November 20, 1997 with an area of 332.3980 hectares.

The recovery of these deferred exploration costs incurred in connection with the Group's participation in the acquisition and mineral exploration activities depends upon the discovery of commercial quantities or the success of exploration activities and future development of the corresponding mining properties.

The Group maintains an account with Land Bank of the Philippines for its MRF pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as "The Philippine Mining Act of 1995". The MRF shall be used for the physical and social rehabilitation of areas and communities affected by mining activities and for research in the social, technical and preventive aspects of rehabilitation.

13. Other Noncurrent Assets and Liabilities

Other Noncurrent Assets

Other noncurrent assets include deposits made to Comet Mining Exploration Corporation and Asencio Pinzon Aggregates Corporation (APAC), owner of the mining rights on Loreto, Dinagat and Rodriguez, Rizal, respectively. The Group conducts exploration activities on those locations.



It also includes advances made to Vinc Vita Mining Corporation (VVMC) pertaining to the acknowledgment of the Group to develop and exploit the area on Bolinao, Pangasinan upon securing the necessary application and exploration permit by VVMC.

Other Noncurrent Liabilities

Unearned Revenues

On August 8, 2008, the Group and Angat Rockbase Concrete Aggregates, Inc. (ARCAI) entered into a MOA wherein the Group warrants the delivery of approximately 2,000 - 2,200 LCM per day of blasted materials to ARCAI at the agreed price equivalent to Group's prevailing material cost plus ₱20.

ARCAI also agreed to pay ₱20.0 million as contribution to the costs incurred by the Group and to develop the quarry and cost to prepare the area to be designated for use by ARCAI. The amount is payable as follows:

- ₱5.0 million front end signing of contract; and
- ₱15.0 million to be build-in the cost of raw materials and amortized over three years at the committed volume of 600,000 LCM per annum or ₱8.33 per LCM.

On July 24, 2012, the Group and ARCAI signed a MOA extending the term of the original agreement by another 5 years from the original expiration date. For and in consideration of the renewal, ARCAI agreed to pay the Group ₱1.5 million upon signing to pay for the historical development cost on the last year of the extended agreement.

As of December 31, 2012, the Group has already delivered a total of 384,150 LCM of blasted materials to ARCAI. Unearned revenues amounted to ₱5.4 million as of December 31, 2012.

Decommissioning liability

Decommissioning liability amounted to ₱13.9 million as of December 31, 2012. This was based on technical estimates of probable costs, which may be incurred by the Group in rehabilitating the quarry site in Montalban, Rizal relating to its Montalban Aggregates Project from 2012 up to 2023, discounted at the rate of 2.98% per annum.

Furthermore, the Group maintains an account with Land Bank of the Philippines for its Mine Rehabilitation Fund pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as "The Philippine Mining Act of 1995". The MRF shall be used for the physical and social rehabilitation of areas and communities affected by mining activities and for research in the social, technical and preventive aspects of rehabilitation. This is presented as part of "Other Noncurrent Assets" account in the balance sheet.

14. Short-term Loans Payable

	2012	2011
MBTC	₱3,117,531	₱-
LBP	-	50,000,000
	<u>₱3,117,531</u>	<u>₱50,000,000</u>



- a. VMC obtained from Metropolitan Bank and Trust Company (MBTC) a loan which bears interest of 12% per annum maturing on June 2013. This loan is secured by a pledge agreement and a continuing surety agreement executed by VMC and a stockholder and assignment of substantially all of the assets of VMC. As of December 31, 2012, the outstanding balance of the loan amounted to ₱3.1 million.
- b. Short-term loan payable to LBP represents short-term revolving bank loan. The loan bears an interest of 8.25% and matures every six months. The loan is guaranteed by a stockholder. On January 6, 2012, the Parent Company paid in full its outstanding short-term loan payable to LBP.

Interest expense relating to the above loans amounted to ₱68,750, ₱6,712,292 and ₱11,901,771 for the years ended December 31, 2012, 2011 and 2010, respectively (see Note 21).

15. Long-term Debt

The long-term debt of the Group pertains to loans availed from EPL and TPC which are summarized as follows:

	2012	2011
EPL loans, net of discount of ₱164,446,948 in 2012 and ₱127,592,435 in 2011	₱1,509,090,960	₱1,624,616,451
TPC	100,000,000	50,000,000
	1,609,090,960	1,674,616,451
Less current portion - EPL and TPC	535,062,543	607,188,784
Noncurrent portion - EPL	₱1,074,028,417	₱1,067,427,667

Related interest expense on EPL loan amounted to ₱27,532,368, ₱32,698,253 and ₱33,283,076, for the years ended December 31, 2012, 2011 and 2010, respectively (see Note 21).

- a. In 2007, EPL granted the Group a loan amounting to ₱846,105,746 which bears interest of 1% payable quarterly and is scheduled to mature on October 23, 2012. The unamortized discount on the said loan amounted to nil and ₱11,049,496 as of December 31, 2012 and 2011, respectively (see Note 25).
- b. In 2009, EPL extended loans to the Group with an aggregate amount of ₱900,900,000 (\$19,500,000). As mentioned in Note 6 to the financial statements, the Group assigned its receivables from ETCI on December 16, 2009 amounting to ₱277,529,288 to EPL, wherein ₱268,589,082 was applied against the advances from EPL and the remaining ₱8,940,205 represented interest and finance charges incurred by the Group. As a result of the assignment, PN 09-01 was issued by the Group to EPL on the same date for the remaining amount of ₱632,310,918 (\$13,686,383), which is scheduled to mature on December 31, 2013 and is subject to interest of 1.5% per annum.
- c. In 2010, the original EPL loan amounting to ₱169,452,079 matured. Upon maturity, the loan was extended for another 5 years. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).



The old loan was derecognized as it already matured, and a new loan was recognized at its present value having 10.23% as effective interest rate. This resulted in a Day 1 difference of ₱28,036,227. Accretion of Day 1 difference for 2012 and 2011 amounted to ₱6,224,072 and ₱9,632,328, respectively. The effective interest rate applied on the original loan was 7.70%. The unamortized discount on the said loan amounted to ₱6,057,716 and ₱12,281,788 as of December 31, 2012 and 2011, respectively.

- d. In 2011, the original EPL loan amounting to ₱488,786,542 (including accumulated interest) matured. Upon maturity, the loan was extended for another 5 years. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).

The old loan was derecognized as it already matured, and a new loan was recognized at its present value using 10.58 % as effective interest rate. This resulted in a Day 1 difference of ₱120,292,209. Accretion of Day 1 difference amounted to ₱33,909,889 and ₱16,087,541 in 2012 and 2011, respectively. The effective interest rate applied on the original loan was 8.55%. The unamortized discount on the said loan amounted to ₱70,294,779 and ₱104,204,668 as of December 31, 2012 and 2011, respectively.

- e. On December 28, 2011, the Group made partial payment to EPL amounting to ₱238,916,962 through disposal of UPMC shares (see Note 10).
- f. In 2012, the original EPL loan amounting to ₱599,685,898 (including accumulated interest) matured. Upon maturity, the loan was extended for another 5 years. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).

The old loan was derecognized as it already matured, and a new loan was recognized at its present value using 6.85 % as effective interest rate. This resulted in a Day 1 difference of ₱92,950,216. Accretion of Day 1 difference for 2012 amounted to ₱4,855,764. The effective interest rate applied on the original loan was 2.65%. The unamortized discount on the said loan amounted to ₱88,094,452 as of December 31, 2012.

- g. On June 30, 2011, TPC granted the Group with a loan amounting to ₱50,000,000 which bears interest of 8% per annum and is scheduled to mature on June 30, 2013. The loan was used to partially pay the LBP loan.

On January 6, 2012, TPC granted the Group with additional loan amounting to ₱50,000,000 to settle the remaining balance of loan payable to LBP. The loan bears an interest of 8% per annum and scheduled to mature on January 6, 2014.

Related interest expense amounted to ₱8,066,666 and ₱2,044,444 for the years ended December 31, 2012 and 2011, respectively (see Note 21). Unpaid interest related to this loan, which is presented under “Accounts payable and accrued expenses” account in the balance sheet, amounted to ₱2,044,444 and ₱1,022,222 as of December 31, 2012 and 2011, respectively (see Note 16).



16. Accounts Payable and Accrued Expenses

	2012	2011
Deposit	₱89,419,081	₱89,419,081
Accrued interest (see Notes 14 and 15)	57,060,501	91,061,495
Trade	33,263,902	-
Due to a related party (see Note 17)	21,193,686	-
Accrued guarantee fee (see Note 17)	19,318,035	19,318,035
Accrued taxes	9,084,093	3,794,516
Deposits from customers	8,821,525	-
Dividends payable (see Note 18)	7,532,176	7,054,439
Others	12,013,019	5,707,648
	₱257,706,018	₱216,355,214

- a. "Deposit" pertains to advances received from Metro Pacific Investments Corporation (MPIC) in relation to the potential acquisition by MPIC of the shares owned by the Group in Metro Rail Transit Holdings, Inc. (MRTHI), subject to the completion of certain closing requirements.
- b. The Group has a contract with APAC, the holder of the MPSA No. 070-97-IV issued by the Philippine Government on July 29, 1997. Under the contract, APAC granted the Group the right to conduct mining operations in the mine site in exchange for royalty payments, based on the percentage of net sales generated by the Group. Accrued royalties included under "Others" account amounted to ₱835,049 as of December 31, 2012.
- c. Accrued taxes include excise tax payables, withholding tax payables, output VAT and SSS payables.
- d. Deposits from customers include a deposit made by Laura Trading (HK) Limited Group (LTLC) amounting to \$0.2 million as agreed in the exclusive marketing agreement entered by LTLC and the Group. Per marketing agreement, the former agreed to pay the latter \$200,000 for the future extracted mines related to the Group's Comet Project.
- e. Except for those disclosed in Note 17, there are no other guarantees for payables.

17. Related Party Transactions

In addition to those mentioned in Notes 5, 6 and 10 to the financial statements, the Group has the following related party transactions in the normal course of business:



- a. The Group grants interest-bearing and noninterest-bearing advances to its related parties with less than one year credit term. The following are the amounts of due from/to related parties, which are included as part of the “Receivables” and “Accounts Payable and Accrued Expenses” account in the balance sheets (see Notes 6 and 16):

Category	Year	Receipts (Payments)	Outstanding balance		Terms	Conditions
			Due from related parties	Due to a related party		
Entities under common control:						
Alakor	2012	₱-	₱127,013,984	₱-	12% interest	Unsecured
	2011	5,000,000	112,631,424	-		
NBS	2012	-	87,991,052	-	12% interest	Unsecured
	2011	-	78,027,295	-		
VIMC	2012	20,757,767	-	21,193,686	Noninterest-bearing	Unsecured
	2011	-	-	-		
Associate:						
UPMC	2012	-	3,347,744	-	Noninterest-bearing	Unsecured
	2011	3,347,744	3,347,744	-		
Stockholder:						
Individual*	2012	-	-	19,318,035	Noninterest-bearing	Unsecured
	2011	-	-	19,318,035		
	2012		₱218,352,780	₱40,511,721		
	2011		₱194,006,463	₱19,318,035		

*Included as part of “Accrued guarantee fee” account under Accounts payable and accrued expenses.

- i. Alakor, NBS and VIMC are entities under common control of an individual stockholder.
 - ii. The outstanding balances of due from related parties are not impaired as of December 31, 2012 and 2011.
 - iii. Advances to Alakor have various terms of not more than one year. If the related party is not able to settle at maturity date, the outstanding balance is subjected to 12% interest per annum.
 - iv. The Group also provided advances to Alakor and UPMC amounting to ₱8,347,744 in 2011.
 - v. In prior years, the Group made advances to NBS which is still outstanding as of December 31, 2012, subject to 12% interest per annum.
 - vi. In the ordinary course of business, VIMC charges overhead expenses to the Group for the supervisory and management functions being rendered by VIMC’s personnel. Outstanding payable to VIMC amounted to ₱21,955,437 as of December 31, 2012.
- Advances to VIMC amounting to ₱2,130,186 was written-off in 2011 (see Note 6).
- b. On January 1, 2002, the Group entered into a Guarantee Agreement with Alakor to have the latter’s Chairman of the BOD as a guarantor of the Group’s loan with LBP. The guarantee fee is equivalent to 4% and 5% per annum of the amount guaranteed without collateral and amount guaranteed with real estate or other types of collateral, respectively.

Accrued guarantee fee amounted to ₱19,318,035 as of December 31, 2012 and 2011 (see Note 16). Guarantee fees, which are recognized as part of “Interest and other finance charges” account in the statements of comprehensive income, amounted to ₱3,163,889 and ₱5,861,110 in 2011 and 2010, respectively (see Note 21).



- c. Compensation of key management personnel is as follows:

	2012	2011	2010
Short-term employee benefits	₱7,495,473	₱8,837,061	₱6,949,654
Post employment benefits	305,029	6,025,579	3,789,573
	₱7,800,502	₱14,862,640	₱10,739,227

18. Equity

Dividends

- a. On October 19, 2012, the Group's BOD approved the declaration of cash dividends amounting to ₱23,299,996 at ₱0.02 per share to stockholders of record as of November 7, 2012. The cash dividends were paid on November 23, 2012.
- b. On March 28, 2012, the Group's BOD approved the declaration of cash dividends amounting to ₱46,599,993 at ₱0.04 per share to stockholders of record as of April 16, 2012. The cash dividends were paid on May 4, 2012.

As of December 31, 2012 and 2011, unpaid dividends amounted to ₱7,532,176 and ₱7,054,439, respectively.

- c. On September 28, 2011, the Group's BOD approved the declaration of cash dividends amounting to ₱34,950,000 at ₱0.03 per share to stockholders of record as of October 12, 2011. The cash dividends were paid on November 8, 2011.
- d. On March 25, 2011, the Group's BOD approved the declaration of cash dividends amounting to ₱58,249,991 at ₱0.05 per share to stockholders of record as of April 8, 2011. The cash dividends were paid on April 29, 2011.

Capital Stock

- a. The movements in capital stock of the Group are as follows:

	2012		2011	
	Shares	Par value	Shares	Par value
Issued and outstanding:				
At beginning of year	1,170,616,970	₱1,170,616,970	1,170,616,970	₱1,170,616,970
Fractional shares	(182)	(182)	-	-
At end of year	1,170,616,788	₱1,170,616,788	1,170,616,970	₱1,170,616,970
Subscribed:				
At beginning and end of year	7,383,030	₱7,383,030	7,383,030	₱7,383,030
Subscriptions receivable:				
At beginning and end of year	(1,367,688)	(1,367,688)	(1,367,688)	(1,367,688)
	6,015,342	₱6,015,342	6,015,342	₱6,015,342

The par value of the shares of stock is ₱1.



Below is the Group's track record of registration of securities under the Securities Regulation Code of the SEC:

Date of Registration (SEC Approval)	Description	Number of shares registered	Par value per share	Total amount
June 25, 1958	Initial Capital	50,000,000	₱0.01	₱500,000
November 5, 1958	Increase in authorized capital stock	1,000,000,000	0.01	10,000,000
		1,050,000,000		10,500,000
February 26, 1970	Increase in authorized capital stock	1,000,000,000	0.01	10,000,000
		2,050,000,000		20,500,000
March 22, 1979	Increase in authorized capital stock	8,000,000,000	0.01	80,000,000
		10,050,000,000		100,500,000
September 14, 1990	Increase in authorized capital stock	19,950,000,000	0.01	199,500,000
		30,000,000,000		300,000,000
March 13, 1996	Change of par value from ₱0.01 to ₱1.00	300,000,000	1.00	300,000,000
March 13, 1996	Increase in authorized capital stock	1,700,000,000	1.00	1,700,000,000
	Total Authorized Capital	2,000,000,000		₱2,000,000,000

As of December 31, 2012 and 2011, there were no movements in the Group's registered securities. There are 3,130 shareholders who hold 1,164,999,818 shares as of December 31, 2012 and 3,141 shareholders who hold 1,165,000,000 shares as of December 31, 2011.

19. Management Fees and Dividend Income

Management Fees

The Group signed an agreement with EPL whereby the Group provides general administration and risk management services to the latter for the efficient management and supervision of EPL's Philippine investment operations. In consideration for such services, the Group is paid a monthly management fee for a period of 3.5 years from July 2007 to December 2010, subject to renewal thereafter as may be mutually agreed upon by the parties.

In 2011, the Group renewed its contract with EPL for another 5 years from January 1, 2011 to December 31, 2015. The service fee increased from \$150,000 per month to \$200,000 per month effective July 1, 2011.

For the years ended December 31, 2012, 2011 and 2010 management fees amounted to ₱100,950,000, ₱92,660,196 and ₱67,687,500, respectively.

Dividend Income

Dividend income pertains to dividends received from SPI and TPC (see Note 5).



20. General and Administrative Expenses

	2012	2011	2010
Salaries, wages and employee benefits	₱10,783,805	₱13,653,072	₱10,792,947
Taxes and licenses	4,156,201	12,697,479	823,221
Outside services	2,744,869	4,006,129	1,949,978
Transportation and travel	1,846,596	2,909,814	2,472,953
Depreciation (see Note 11)	1,292,638	1,480,548	1,552,698
Communication, light and water	1,190,154	1,231,429	1,218,549
Insurance	685,019	1,225,640	1,071,754
Representation and entertainment	501,407	438,969	281,572
Pension (see Note 22)	385,749	–	3,053,129
Membership fees	304,500	301,000	301,000
Office supplies	314,637	743,287	382,690
Repairs and maintenance	190,724	521,960	515,623
Others	1,186,870	4,075,978	1,270,599
	₱25,583,169	₱43,285,305	₱25,686,713

“Others” consist mainly of membership fees and gas and oil expenses, among others.

21. Interest Income, Expense and Other Finance Charges

Interest income consists of:

	2012	2011	2010
Interest income on bank deposits and receivables	₱24,966,930	₱24,904,497	₱97,441,758
Accretion of discount on receivables (see Note 6)	–	–	25,374,995
	₱24,966,930	₱24,904,497	₱122,816,753

The breakdown of interest income on bank deposits and receivables follows:

	2012	2011	2010
Cash in banks	₱620,613	₱3,445,277	₱976,883
Due from related parties	24,346,317	21,459,220	96,464,875
	₱24,966,930	₱24,904,497	₱97,441,758

Interest and other finance charges consist of:

	2012	2011	2010
Amortization of discount on long-term debt (see Notes 15 and 25)	₱56,039,221	₱53,831,777	₱48,267,526
Interest expense (see Notes 14 and 15)	35,667,784	41,883,308	44,459,435
Guarantee fee (see Notes 15, 16 and 17)	–	3,163,889	5,861,110
Bank charges and others	7,361	17,992	12,147
	₱91,714,366	₱98,896,966	₱98,600,218

Interest expense consists mainly of interest on due to related parties and long-term debt.



22. Pension Benefits Costs

APHC has a funded, noncontributory defined pension plan covering all its regular employees. The retirement benefit plan obligation is determined using the projected unit credit method. There was no plan of termination or curtailment for the years ended December 31, 2012, 2011 and 2010.

The following tables summarize the funded status and the amounts recognized in the balance sheets, the components of net retirement benefit expense (income) recognized in the statements of comprehensive income and the changes in the present value of the defined benefit obligation and the fair value of plan assets.

Retirement Benefit Plan Asset (Liability)

	2012		2011
	APHC	VMC	APHC
Present value of defined benefit obligation	₱24,933,000	(₱5,382,060)	₱22,506,462
Fair value of plan assets	45,282,977	–	43,296,712
Funded status	(20,349,977)	5,382,060	(20,790,250)
Unrecognized actuarial gains	11,178,553	–	11,233,077
Retirement benefit plan asset (liability)	₱9,171,424	(₱5,382,060)	₱9,557,173

Components of Net Retirement Benefit Expense (Income)

	2012	2011	2010
Current service cost	₱961,768	₱929,227	₱1,568,489
Interest cost	1,519,186	4,445,102	3,893,446
Expected return on plan assets	(1,731,868)	(2,354,915)	(2,151,100)
Net actuarial gain recognized	(363,337)	(2,532,957)	(257,706)
Effect of settlement/curtailment gain	–	(2,324,400)	–
Net retirement benefit expense (income)	₱385,749	(₱1,837,943)	₱3,053,129
Actual return on plan assets	₱1,986,265	₱1,893,354	₱2,109,600

Movements in the Retirement Benefit Plan Asset (Liability) Recognized in the Balance Sheets

	2012		2011
	APHC	VMC	APHC
Balances at beginning of year	(₱9,557,173)	₱5,382,060	(₱99,096)
Net retirement benefit expense (income)	385,749	–	(1,837,943)
Contributions paid	–	–	(7,620,134)
Balances at end of year	(₱9,171,424)	₱5,382,060	(₱9,557,173)



Changes in the Present Value of the Defined Benefit Obligation

	2012	2011
Balances at beginning of year	₱22,506,462	₱44,010,909
Acquisition of a subsidiary	11,161,851	-
Current service cost	961,768	929,227
Interest cost	1,519,186	4,445,102
Actuarial gain	(54,416)	(9,364,992)
Settlement/curtailment loss	-	1,496,216
Benefits paid	-	(19,010,000)
Balances at end of year	₱36,094,851	₱22,506,462

Changes in the Fair Value of Plan Assets

	2012	2011
Balances at beginning of year	₱43,296,712	₱52,793,224
Expected return on plan assets	1,731,868	2,354,915
Actuarial gains (loss)	254,397	(461,561)
Contributions paid	-	7,620,134
Benefits paid	-	(19,010,000)
Balances at end of year	₱45,282,977	₱43,296,712

The assets of the Plan are being held by one trustee financial institution. The investing decisions of the Plan are made by certain officers of the Group duly authorized by the BOD.

The net retirement benefit income in 2011 is presented as other income in the statement of comprehensive income.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2012	2011	2010
Government securities	99.0%	97.0%	97.0%
Others	1.0%	3.0%	3.0%

The principal assumptions used to determine retirement benefit plan obligation are as follows:

	2012	2011	2010
Discount rates	6.20%	6.75%	10.10%
Expected return on plan assets	5.00%	4.00%	5.00%
Wage and salary increases	5.00%	5.00%	5.00%
Average expected future service years of active plan members	17.0	16.0	16.5



The Parent Company and VMC do not expect to contribute in their retirement plan in 2013.

Amounts for the current and previous four years are as follows:

	2012		2011	2010	2009	2008
	APHC	VMC				
Present value of defined benefit obligation	₱24,933,000	₱11,161,851	₱22,506,462	₱44,010,909	₱38,548,974	₱31,471,674
Fair value of plan assets	45,282,977	–	43,296,712	52,793,224	43,021,990	33,292,255
Funded status	(20,349,977)	–	(20,790,250)	(8,782,315)	(4,473,016)	(1,820,581)
Experience adjustments on plan liabilities	(54,416)	–	(9,364,992)	–	2,401,672	(11,225,113)
Experience adjustments on plan assets	254,397	–	(461,561)	–	254,484	294,048

23. Income Taxes

The provision for current income tax in 2012, 2011 and 2010 represents the regular corporate income tax.

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

	2012	2011
Deferred income tax assets:		
Unamortized past service cost	₱7,438,738	₱8,785,895
Decommissioning liability	3,910,860	–
NOLCO	26,842	–
	11,376,440	8,785,895
Deferred income tax liabilities:		
Unamortized discount of long-term debt	49,334,084	38,260,788
Unrealized foreign exchange gains	10,931,223	112,843
Decommissioning asset	3,910,860	–
Retirement benefit plan asset	2,751,427	2,867,152
Unrealized foreign exchange gain	26,842	–
	66,954,436	41,240,783
	₱55,577,996	₱32,454,888

As of December 31, 2012, the Group did not recognize deferred income tax assets on the following deductible temporary differences and carryforward benefits of MCIT and NOLCO since management believes that it is not probable that sufficient taxable profit will be available against which the benefits can be utilized:

Deductible temporary differences on:	
Allowance for impairment losses on:	
Receivables	₱11,447,577
Other noncurrent assets	2,850,000
Other current assets	56,137
NOLCO	11,892,502
Retirement benefit liability	5,382,060
Allowance for inventory obsolescence	5,220,738
MCIT	1,413,514
Decommissioning liability	890,266



As of December 31, 2012, NOLCO and MCIT that can be claimed as deduction from future taxable income and income tax liabilities, respectively, are as follows:

Year Incurred	Year of Expiration	NOLCO	MCIT
2012	2015	₱8,014,384	₱373,607
2011	2014	990,442	538,558
2010	2013	2,977,150	501,349
		₱11,981,976	₱1,413,514

The reconciliation of income tax computed at statutory tax rate to provision for income tax follows:

	2012	2011	2010
Income tax at statutory rate	₱126,989,639	₱96,883,508	₱169,444,522
Additions to (reductions in) income tax resulting from:			
Nondeductible expenses	1,571,333	4,702,966	114,195
Fair value changes of financial assets at FVPL	(71,214,769)	(10,474,716)	(28,134,913)
Equity in net earnings of associates	(10,544,970)	(9,106,435)	(11,459,916)
Dividend income subject to zero-rated income tax	(6,237,084)	(5,271,811)	(5,904,556)
Interest income subjected to final tax and others	(186,184)	(1,033,583)	(293,065)
Income subjected to transfer tax	–	(43,450,848)	(3,470,020)
Mark-to-market changes in derivative asset relating to receivable converted to equity	–	–	(116,255,202)
	₱40,377,965	₱32,249,081	₱4,041,045

In accordance with RA No. 9337, the statutory income tax rate and unallowable interest expense rate are reduced from 35% to 30% and 42% to 33%, respectively, beginning January 1, 2009.

24. Basic and Diluted EPS

Basic and diluted earnings per share are computed as follows:

	2012	2011	2010
Net income for the year	₱382,920,830	₱290,695,947	₱560,774,028
Divided by weighted average number of common shares	1,164,999,818	1,165,000,000	1,165,000,000
Basic and diluted earnings per share	₱0.33	₱0.25	₱0.48

The resulting per share amounts are the same for both basic and diluted earnings per share in 2012, 2011 and 2010 since the Group does not have any debt or equity securities that will potentially cause an earnings per share dilution.



25. Financial Risk Management and Capital Management

The main purpose of the Group's financial liabilities is to finance the Group's operations and capital expenditures. The Group has various financial assets such as cash and cash equivalents, receivables, financial assets at FVPL and AFS investments which arise directly from its operations.

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to credit risk, liquidity risk, foreign currency risk and equity price risk from the use of its financial instruments. The Board reviews and approves the policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's cash with banks, short term deposits and receivables.

The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees and debtors who are highly reputable and with good credit standing.

The Group has assessed the credit quality of the following financial assets:

- Cash and cash equivalents and short-term deposits are classified as high grade since these are deposited with reputable counterparties.
- Trade and other receivables that are past due by over 120 days are still collectible from various debtors. Receivables from related parties are classified standard grade since these are receivables from related parties which were transacted on an arm's length basis taking into account the related parties' financial standing and ability to pay. Other than receivable which was written off in 2011, there was no history of default on the outstanding receivables as of December 31, 2012 and 2011.

Cash with banks are deposits made with reputable banks duly approved by the BOD.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to credit risk is not significant. There were no impaired receivables as of December 31, 2012. In 2011, the Group wrote-off its receivable from VIMC amounting to ₱2,130,186 (see Note 6). The remaining receivables are not past due and are assessed to be collectible and in good standing as of December 31, 2012 and 2011.

The Group's maximum exposure to credit risk is equal to the aggregate carrying amount of its financial assets.



Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

The Group's financial assets used for liquidity management are its cash and cash equivalents, financial assets at FVPL, receivables and AFS investments.

As of December 31, 2012 and 2011, the Group's cash and cash equivalents may be withdrawn anytime, while its financial assets at FVPL and AFS investments are traded in the stock exchange and may be converted to cash by selling them during the normal trading hours on any business day.

The maturity profile of the Group's financial assets used for liquidity management based on their maturities are as follows:

	2012						Total
	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired		
Cash and cash equivalents	₱38,854,568	₱-	₱-	₱-	₱-	₱-	₱38,854,568
Financial assets at FVPL*	-	757,001,944	-	-	-	-	757,001,944
Receivables	5,908,432	3,347,744	215,005,035	-	16,880,494	-	241,141,705
AFS investments*	-	-	-	3,246,796,186	-	-	3,246,796,186
	₱44,763,000	₱760,349,688	₱215,005,035	₱3,246,796,186	₱16,880,494	₱-	₱4,283,794,403

*Based on expected date of disposal.

	2011					Total
	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years		
Cash and cash equivalents	₱50,638,965	₱-	₱-	₱-	₱-	₱50,638,965
Financial assets at FVPL*	-	536,646,882	-	-	-	536,646,882
Receivables	27,178,176	3,347,744	190,658,719	-	-	221,184,639
AFS investments*	-	-	-	2,925,654,256	-	2,925,654,256
	₱77,817,141	₱539,994,626	₱190,658,719	₱2,925,654,256	₱-	₱3,734,124,742

*Based on expected date of disposal.

The Group's financial liabilities based on contractual undiscounted payments are as follows:

	2012					Total
	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years		
Accounts payable and accrued expenses	₱78,498,434	₱109,423,035	₱60,700,456	₱-	₱-	₱248,621,925
Short-term loan payable:						
Principal	3,117,531	-	-	-	-	3,117,531
Future interest	187,052	-	-	-	-	187,052
Long-term debt:						
Principal	50,000,000	485,062,543	50,000,000	1,188,477,464	-	1,773,540,007
Future interest	16,551,550	14,551,550	17,827,162	35,654,324	-	84,584,586
	₱148,354,567	₱609,037,128	₱128,527,618	₱1,224,131,788	₱-	₱2,110,051,101

*Excluding accrued taxes.



	2011				Total
	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	
Accounts payable and accrued expenses	₱7,077,686	₱108,737,116	₱96,745,896	₱-	₱212,560,698
Short-term loan payable:					
Principal	50,000,000	-	-	-	50,000,000
Future interest	500,000	-	-	-	500,000
Long-term debt:					
Principal	-	607,188,784	50,000,000	1,145,020,102	1,802,208,886
Future interest	8,597,693	15,428,567	17,195,386	24,995,575	66,217,221
	₱66,175,379	₱731,354,467	₱163,941,282	₱1,170,015,677	₱2,131,486,805

*Excluding accrued taxes.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and other market variables which will adversely affect the Group's total comprehensive income or value of its financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters. The exposures to specific market risks are as follows:

Foreign Exchange Risk

The Group uses the Philippine peso as its functional currency and is therefore exposed to foreign exchange movements, primarily in U.S. dollar currency. The Group follows a policy to manage its foreign exchange risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-peso currencies.

Information on the Group's \$-denominated monetary assets and liabilities and their ₱ equivalent are as follows:

	2012		2011	
	\$	₱	\$	₱
Financial Assets:				
Cash and cash equivalents	674,752	27,698,572	645,451	28,296,572
Receivables	-	-	600,000	26,304,000
	674,752	27,698,572	1,245,451	54,600,572
Financial Liabilities:				
Long-term debt	12,446,468	510,927,526	13,115,926	575,002,196
Net foreign currency-denominated liabilities	(11,771,716)	(483,228,954)	(11,870,475)	(520,401,624)

As of December 31, 2012 and 2011, the exchange rate of the Philippine peso to the USD is ₱41.05 and ₱43.84, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in Philippine ₱/\$, with all other variables held constant, of the Group's income before income tax.



There is no other impact on the Group's equity other than those affecting the statements of comprehensive income.

	Change in ₱/\$ exchange rate	
	\$ strengthens by 5%	\$ weakens by 5%
Increase (decrease) in income before income tax and inequity		
2012	(₱24,161,448)	₱24,161,448
2011	(26,020,081)	26,020,081
2010	(22,329,231)	22,329,231

Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of the listed shares. The equity price risk exposure arises from the Group's investment in financial assets at FVPL and quoted AFS investments.

The effects on equity and income before income tax, (as a result of a change in the fair value of AFS equity investments and financial assets at FVPL, respectively, at December 31, 2012, 2011 and 2010 due to a reasonably possible change in bid market prices, with all other variables held constant), are as follows:

Financial Assets at FVPL

	Change in fair market value	
	Increase in market indices by 5%	Decrease in market indices by 5%
Increase (decrease) in income before income tax and in equity		
2012	₱26,926,198	(₱26,926,198)
2011	8,290,506	(8,290,506)
2010	10,271,590	(10,271,590)

AFS Investments

	Change in fair market value	
	Increase in market indices by 5%	Decrease in market indices by 5%
Increase (decrease) in other comprehensive income and in equity		
2012	₱151,418,418	(₱151,418,418)
2011	144,361,321	(144,361,321)
2010	149,847,987	(149,847,987)

The impact on the Group's equity already excludes the impact on transactions affecting the statement of comprehensive income.

Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.



The table below presents a comparison by category and by class of carrying amounts and estimated fair values of the Group's financial assets and liabilities as of December 31, 2012 and 2011:

	2012		2011	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets at FVPL:				
Quoted equity securities	₱757,001,944	₱757,001,944	₱536,646,882	₱536,646,882
AFS investments				
Quoted securities	₱3,208,368,350	₱3,208,368,350	₱2,887,226,420	₱2,887,226,420
Unquoted securities	38,427,836	38,427,836	38,427,836	38,427,836
	₱3,246,796,186	₱3,246,796,186	₱2,925,654,256	₱2,925,654,256
Loans and receivables:				
Cash and cash equivalents	₱38,854,568	₱38,854,568	₱50,638,965	₱50,638,965
Receivables	224,561,211	224,561,211	221,184,639	221,184,639
	₱263,415,779	₱263,415,779	₱271,823,604	₱271,823,604

	2012		2011	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Other financial liabilities:				
Accounts payable and accrued expenses*	₱248,621,925	₱248,621,925	₱212,560,697	₱212,560,697
Short-term loans payable	3,117,531	3,117,531	50,000,000	50,000,000
Long-term debt	1,127,965,690	1,772,081,531	1,674,616,451	1,747,057,623
	₱1,379,705,146	₱2,023,820,987	₱1,937,177,148	₱2,009,618,320

*Excluding accrued taxes.

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

Cash and Cash Equivalents, Receivables, Accounts Payable and Accrued Expenses and Short-term Loans Payable

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses and short-term loans payable approximate their fair values due to their short-term maturities.

Financial Assets at FVPL and AFS Investments

The fair values of publicly traded instruments and similar investments are determined based on quoted bid market prices at the balance sheet date. For unquoted AFS equity securities for which no reliable basis of fair value measurement is available, these are carried at cost, less impairment loss.

Long-term Debt

The fair value of the long-term debt is based on the discounted value of future cash flows using the applicable rates for similar types of loans ranging from 3.06% to 4.11% in 2012 and 5.90% to 9.08% in 2011.



Fair Value Hierarchy

The Group uses the following hierarchy in determining the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets or identical assets or liabilities

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data

	2012		
	Level 1	Level 2	Level 3
Financial Assets			
Financial assets at FVPL	₱757,001,944	₱-	₱-
AFS investments - quoted equity securities	3,208,368,350	-	-
	₱3,965,370,294	₱-	₱-
	2011		
	Level 1	Level 2	Level 3
Financial Assets			
Financial assets at FVPL	₱536,646,882	₱-	₱-
AFS investments - quoted equity securities	2,887,226,420	-	-
	₱3,423,873,302	₱-	₱-

For the years ended December 31, 2012 and 2011, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of the level 3 measurements.

Derivative Asset

The Group has bifurcated the embedded equity call option on the loan extended to ACMDC in 2009 (see Note 6). Fair value changes of the derivative asset in 2010, which is presented in the statement of comprehensive income as “Mark-to-market changes of derivative asset” amounted to ₱307,718,166.

Capital Management

The Group’s objectives when managing capital is to maintain a capital structure that provides a balance between the risk associated with higher level of borrowings and the advantages and security of a sound capital position.

The BOD has overall responsibility in monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group’s external environment and the risks underlying the Group’s business operations and industry.

The Group monitors capital on the basis of the debt-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, income tax payable, short-term loan payable, long-term debt, pension liability and deferred income tax liability. Total equity comprises all components of equity including capital stock, additional paid-in capital, net unrealized valuation gain on AFS investments and retained earnings, reduced by treasury shares.



There were no changes in the Group's approach to capital management in 2012 and 2011. The Group is also not subject to any externally-imposed capital requirements.

The debt-to-equity ratio of the Parent Company as of December 31, 2012 and 2011 is as follows:

	2012	2011
Total liabilities	₱1,848,227,239	₱1,982,240,071
Total equity	3,486,344,592	2,862,340,692
Debt-to-equity ratio	0.53	0.69

The following table pertains to the accounts and balances the Group considers as its core capital:

	2012	2011
Capital stock	₱1,176,632,130	₱1,176,632,312
Additional paid-in capital	4,658,460	4,658,460
Retained earnings	1,168,682,077	855,661,236
Treasury stock	(27,566,075)	(27,566,075)
	₱2,322,406,592	₱2,009,385,933

26. Segment Reporting

As discussed in Note 2 the financial statements, the Group adopted PFRS 8 with effect from January 1, 2009. PFRS 8 requires operating segments to be identified on the basis of internal reports, which is similar to management basis, about components of the Group that are regularly reviewed by the chief operating decision maker.

For management purposes, the Group's operating segments pertain to its investment in VMC, a subsidiary and investments in NTDC and UPMC, associates. VMC's main business is mining exploration and sale of aggregates. Investments in associates amounted to ₱887,750,848 and ₱925,724,437 as of December 31, 2012 and 2011, respectively. NTDC owns and operates the Trinoma Commercial Center, while UPMC's main business is the exploration, development, exploitation, recovery and sales of gold.



Management monitors the operating results of its investments in associates separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on total revenues.

(in thousands)

	VMC		NTDCC		UPMC		
	2012	2012	2011	2010	2012	2011	2010
Revenue							
External customers	₱66,210	₱1,764,180	₱1,686,897	₱1,607,807	₱-	₱-	₱-
Foreign exchange gain	558	-	-	-	5,963	-	7,020
Interest income	79	89,161	82,179	78,555	1,779	755	-
Other income	4,916	22,328	7,450	96,529	5,407	1,217	1,457
Total revenue	71,763	1,875,669	1,776,526	1,782,891	13,149	1,972	8,477
Costs and Expenses							
Direct operating	71,227	824,848	793,471	841,971	-	-	-
Depreciation	665	352,686	348,044	345,437	-	-	-
Interest expense	1,286	152,539	180,091	244,415	44,811	41,518	29,675
General and administrative	22,375	43,170	37,248	42,618	61,697	20,579	14,263
Foreign exchange	-	-	-	-	-	1,554	-
Total costs and expenses	95,553	1,373,243	1,358,854	1,474,441	106,508	63,651	43,938
Income (loss) before income tax	(23,790)	502,426	417,672	308,450	(93,359)	(61,679)	(35,461)
Provision for income tax	(374)	(150,714)	(125,304)	(92,534)	(109)	(31)	(40)
Net income (loss)	(₱24,164)	₱351,712	₱292,368	₱215,916	(₱93,468)	(₱61,710)	(₱35,501)
Operating assets	₱108,339	₱7,057,288	₱7,206,460	₱7,350,575	₱1,155,162	₱1,220,505	₱1,112,092
Operating liabilities	₱107,152	₱4,697,251	₱4,735,036	₱4,777,219	₱797,263	₱769,138	₱599,015
Other disclosure:							
Capital expenditures	₱3,944	₱9,094	₱1,376	₱1,079	₱9,564	₱156	₱16

Capital expenditures consist of additions to property and equipment.

Other required information for the segments are disclosed in Notes 9 and 10 to the financial statements.



27. Note to Statements of Cash Flows

Noncash Operating and Investing Activities:

2012

Acquisition on account of 100% interest in VMC amounting to ₱685,919 (see Note 9).

2011

Sale of UPMC shares to EPL amounting to ₱238,916,961 (see Notes 10 and 15).

2010

Conversion of advances to ACMDC to AFS investment amounting to ₱504,447,500 (see Notes 6 and 8).



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULE**

The Stockholders and the Board of Directors
Anglo Philippine Holdings Corporation and Subsidiary
6th Floor, Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Anglo Philippine Holdings Corporation and Subsidiary as at and for the year ended December 31, 2012 and the financial statements of Anglo Philippines Holdings Corporation as at December 31, 2011 and each of the two years in the period ended December 31, 2011. Included in this Form 17-A, and have issued our report thereon dated April 11, 2013. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



John T. Villa
Partner
CPA Certificate No. 94065
SEC Accreditation No. 0783-AR-1 (Group A),
February 9, 2012, valid until February 8, 2015
Tax Identification No. 901-617-005
BIR Accreditation No. 08-001998-76-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 3670037, January 2, 2013, Makati City

April 11, 2013



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
SCHEDULE A - FINANCIAL ASSETS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2012

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (in Peso)	Valued based on market quotation end of reporting period (in Peso)	Income received and accrued (in Peso)
Shang Properties, Inc.	214,145,742	642,437,226	642,437,226	17,559,951
The Philodrill Corporation	3,228,478,022	114,564,718	114,564,718	3,228,478

SCHEDULE B
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, RELATED PARTIES AND PRINCIPAL
STOCKHOLDERS (OTHER THAN RELATED PARTIES)
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2012

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts Written Off	Current	Non-Current	Balance at end of period
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(None)

SCHEDULE C
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING CONSOLIDATION OF FINANCIAL STATEMENTS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2012

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected/ Settlements	Amounts Written Off	Current	Non-Current	Balance at end of period
Vulcan Materials Corporation (wholly owned subsidiary)	-	3,640,221					3,640,221

SCHEDULE D
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INTANGIBLE ASSETS - OTHER ASSETS
(OTHER THAN RELATED PARTIES)
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2012

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
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(None)

SCHEDULE E
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
LONG-TERM DEBT
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2012

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Long Term Debt-EPL*	n/a	P485,062,543	P1,024,028,417**
Long Term Debt-Philodrill***	n/a	P50,000,000	P50,000,000

* Interest rate is at 1.5% p.a., maturity are as follows:

1. P485,062,543 - Dec. 31, 2013
2. P100,006,025 - June 30, 2015
3. P488,785,542 - June 30, 2016
4. P599,685,898 - October 30, 2017

**Net of discount

** Interest rate is at P8% p.a., maturity are as follows:

1. P50,000,000 - June 30, 2013
2. P50,000,000 - January 6, 2014

SCHEDULE F
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2012

Name of Related Party	Balance at beginning of period	Balance at the end of period
The Philodrill Corporation	50,000,000	100,000,000*

**P50,000,000 - Current*

P50,000,000 - Non-Current

SCHEDULE G
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
GUARANTEES OF SECURITIES OF OTHER ISSUERS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2012

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee	Other changes additions (deductions)	Ending balance
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(None)

SCHEDULE H
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
CAPITAL STOCK
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2012

Title of issue	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors officers and employees	Others
Common shares	2,000,000,000	1,177,999,818*	-	647,199,931.00	69,897,097	-

** Including 13,000,000 shares in Treasury Stock*

I. OTHER SUPPLEMENTARY SCHEDULE

- a. Reconciliation of Retained Earnings Available for Dividend Declaration
- b. Tabular Schedule of Standards and Interpretations as of Reporting Date
- c. Map of the Relationship of the Companies within Group
- d. Financial Ratios

ANGLO PHILIPPINE HOLDINGS CORPORATION
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2012

Retained earnings available for dividend declaration as of			
January 1, 2011, as adjusted			P140,339,455
Net income for the year ended December 31, 2011			290,695,947
Cash dividends declared			(93,199,991)
Add (deduct):			
Amortization of discount on long-term debt	P53,831,777		
Dividends received from associate	30,679,970		
Discount on long-term debt	(120,292,209)		
Gain on fair value changes of financial assets at FVPL	(34,915,718)		
Equity in net earnings of associates	(30,354,785)	(101,050,965)	
Retained earnings available for dividend declaration as of			
December 31, 2011, as adjusted			236,784,446
Net income for the year ended December 31, 2012			389,314,419
Cash dividends declared			(69,899,989)
Add (deduct):			
Amortization of discount on long-term debt	56,039,221		
Realized gain on fair value changes of financial assets at FVPL	10,902,500		
Gain on fair value changes of financial assets at FVPL	(237,382,562)		
Discount on long-term debt	(92,950,216)		
Unrealized foreign exchange gains	(36,781,791)	(300,172,848)	
Retained earnings available for dividend declaration as of			
December 31, 2012			P256,026,028



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
SCHEDULE OF ALL THE EFFECTIVE STANDARDS
AND INTERPRETATIONS
AS OF DECEMBER 31, 2012

Standard Title		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements				
Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments			✓
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities		See footnote. +	
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		See footnote. +	

*Effective subsequent to December 31, 2012
+applicable upon effectivity but not early adopted in 2012



DIFFERENTIAL EFFECTS OF THE ADOPTION OF THE REVISIONS OF THE PFRS AND PAS		2012	2013	2014
EFFECTIVE DATE		2012	2013	2014
EFFECTIVE DATE		2012	2013	2014
PFRS 8	Operating Segments	✓		
PFRS 9*	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		See footnote. +	
PFRS 10*	Consolidated Financial Statements	✓		
PFRS 11*	Joint Arrangements			✓
PFRS 12*	Disclosure of Interests in Other Entities			✓
PFRS 13*	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures		See footnote. +	
PAS 19 (Amended)*	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Consolidated and Separate Financial Statements	✓		

*Effective subsequent to December 31, 2012
+applicable upon effectivity but not early adopted in 2012



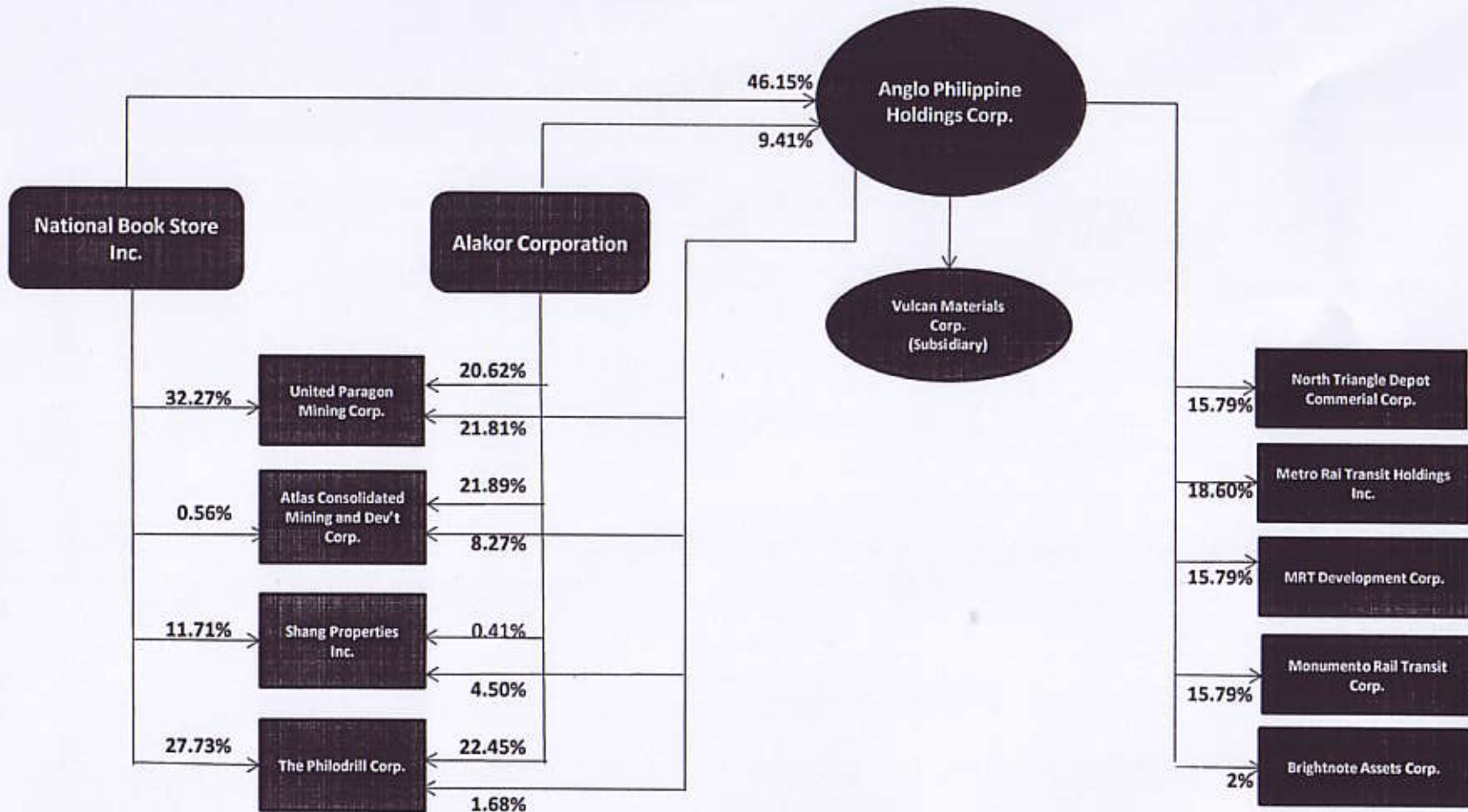
PAS 27 (Amended) to PAS 41 and Philippine Interpretations		Adopted	Not Adopted	Not Applicable
PAS 27 (Amended)*	Separate Financial Statements	✓		
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)*	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓



PAGKA-IPAPALAN NG PANGUNAHING INTERPRETASYON SA PFRS		2011	2012	2013
PANGUNAHING INTERPRETASYON SA PFRS		Adopted	Not Adopted	Not Applicable
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2012**



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2012

Title of issue	12/31/2012	12/31/2011	12/31/2010
Current Ratio	1.29:1	0.92:1	1.10:1
Assets to Equity Ratio	1.56:1	1.69:1	2.06:1
Debt to Equity Ratio	0.56:1	0.69:1	0.86:1
Equity to Debt Ratio	1.79:1	1.44:1	1.16:1
Book Value per share	3.00	2.46	2.38
Earnings per share	0.33	0.25	0.48
Interest Coverage Ratio	13.45	12.42	7.21
Return on Assets	7.03%	6.00%	10.84%
Return on Equity	10.96%	10.16%	20.21%
Net Profit Margin	70.20%	62.20%	81.33%