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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)

Atty. Adrian S. Arias														
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Contact Person

+63(2)6315139														
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Company Telephone Number

0	6
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Month

3	0
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Day

June 30, 2013

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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

3	1	2	0
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Total No. of Stockholders

Total Amount of Borrowings

P100 Million

Domestic

P1,489 Million

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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

**QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE**

1. For the Quarterly Period ended: **June 30, 2013**
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 Corp.**
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, 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 Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock (P1.00 par value)	<u>1,164,999,818 (excluding 13,000,000 shares in Treasury Stock)</u>
Loans Payable and Long Term Debt	<u>P1,589 Million</u>

11. Are any or all of these securities listed on 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 Section 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [X] No []
 - b) has been subject to such filing requirement held for the past 90 days.
Yes [X] No []
13. Documents incorporated by reference:
 - a) The Company's 2012 Audited Financial Statements.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements Required Under SRC Rule 68

1. The unaudited Consolidated Financial Statements of the Company for the quarter ended 30 June 2013 are included in this report. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this SEC Form 17-Q.
2. Interim Statements of Comprehensive Income for the current interim period (01 January to 30 June 2013), with comparative Statement of Comprehensive Income for the comparable period (01 January to 30 June 2012) are attached to this report.
3. A statement showing changes in equity cumulatively for the current financial year to date period (01 January to 30 June 2013), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 31 June 30, 2012) are attached to this report.
4. The basic and diluted earnings per share are presented on the face of the attached Statement of Comprehensive Income (01 January to 30 June 2013), as well as the basis of computation thereof.
5. The Company's interim financial report for the 2nd quarter 2013 has been prepared in accordance with Philippine Financial Reporting Standards (PFRS).
6. The Company follows the same accounting policies and methods of computation in its interim financial statements (01 January to 30 June 2013) compared with the most recent annual financial statements (2012), and **NO** policies or methods have been changed.
7. Owing to the nature of the business of the Company as an investments holding firm, there were **NO** seasonal or cyclical aspects that had a material effect on the financial condition or results of interim operations of the Company.
8. There were **NO** unusual items during the interim period (01 January to 30 June 2013), the nature, amount, size or incidents of which have affected the assets, liabilities, equity, net income or cash flows of the Company, **EXCEPT** that due to the acquisition by the Company of 100% ownership of Vulcan Materials Corporation (VMC) on December 18, 2012, VMC's financial statements are now consolidated with the Company.
9. There were **NO** changes in the estimates of amounts reported in prior financial years (2012 and 2011) that had a material effect in the current interim period (01 January to 30 June 2013), **EXCEPT** the consolidation of VMC's financial statements with the Company's own financial statements.
10. There were **NO** issuances, repurchases and repayments of debt and equity securities during the current interim period (01 January to 30 June 2013).

11. The Company declared a P0.03 per share cash dividend on 19 March 2013 with a record date of 05 April 2013 and paid on 3 May 2013 (CD-10).
12. The Company does not generate revenues from any particular segment and its business (investment holding) is not delineated into any segment, whether by business or geography. The Company is not required to disclose segment information in its financial statements.
13. Up to the time of the filing of this Quarterly Report, there were **NO** material events subsequent to the end of the interim period (01 January to 30 June 2013) that have not been reflected in the financial statements for said interim period.
14. There were **NO** changes in the composition of the Company during the interim period (01 January to 30 June 2013), and there were no business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuance of operations during said interim period.
15. The Company has **NO** contingent liabilities or contingent assets as of its last annual balance sheet date (31 December 2012) and as of the end of the current interim period (30 June 2013).
16. There are **NO** material contingencies and any other events or transactions that are material to an understanding of the current interim period (01 January to 30 June 2013).

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation

Financial Performance – 2nd Quarter, 2013

Comparative financial highlights for the 2nd quarters of fiscal years 2013 and 2012 are presented below:

	<u>30 June 2013</u>	<u>30 June 2012</u>
Revenues	193,957,753	281,495,777
Net Income	143,962,667	243,671,093
Total Assets	4,867,591,846	5,215,680,061
Total Liabilities	1,933,293,963	1,960,814,877
Net Worth	2,934,297,883	3,254,865,183
Issued and Outstanding Capital	1,164,999,818	1,164,999,818

Changes in Financial Condition – 2nd Quarter 2013 vs. 2nd Quarter 2012

The Company posted revenues of about P194 million for the second quarter of 2013 compared to P281.5 million for the same period in 2012. The decrease was due to i) lower market prices of The Philodrill Corporation (“OV”) and Shang Properties, Inc. (“SHNG”) shares during the second quarter

of 2013 compared to the same period in 2012, and, ii) foreign exchange loss arising from higher dollar to peso exchange rate which affected the dollar denominated loan of the Company with Euronote Profits Limited (EPL). The Company posted a net income of about P144 million during the second quarter of 2013 compared to P243.7 million in for the same period in 2012.

Total Assets decreased from P5.2 billion as of end-June 2012 to P4.9 billion as of end-June 2013 due to: (i) decrease in the value of Financial Assets at FVPL resulting from the decline in the market price of OV and SHNG shares, (ii) decrease in the value of Available for Sale (AFS) Investment arising from the decrease in market value of Atlas Consolidated Mining & Development Corporation (“AT”) shares.

Total Liabilities are lower at P1.93 billion as of end-June 2013, compared to P1.96 billion as of end-June 2012 due to partial payment of the Company’s loan with EPL.

Net Worth is lower at P2.9 Billion as of the end-June 2013, compared to P3.3 Billion as of the end-June 2012, due to the lower net income generated by the Company and the decrease in the market prices of SHNG, OV and AT shares.

Changes in Financial Condition – 2nd Quarter 2013 vs. Full Year 2012

Comparative financial highlights for the 2nd quarter, 2013 and yearend 2012 are presented below:

	<u>30 June 2013</u>	<u>31 December 2012</u>
Revenues	193,957,753	545,478,100
Net Income/Loss	143,962,667	382,920,830
Total Assets	4,867,591,846	5,446,149,894
Total Liabilities	1,933,293,963	1,951,739,734
Net Worth	2,934,297,883	3,494,410,160
Issued and Outstanding Capital	1,164,999,818	1,164,999,818

As of end June 2013, the Company posted revenues of P194 Million and a net income of P144 million, compared to revenues of P545.5 million and a net income of P382.9 million during the year 2012.

The decrease in Total Assets as of end-June 2013 compared to end-December 2012 was due to the decrease in the market prices of AT, SHNG and OV shares.

Total Liabilities decreased from P1.95 Billion as of end-2012 to P1.93 Billion as of end-June 2013 due to partial payment of the Company’s loan with EPL.

The Company’s Net Worth decreased from P3.5 Billion as of end-2012 to P2.9 Billion as of end-June 2013 due to the lower market price of AT shares.

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

	<u>30 June 2013</u>	<u>31 December 2012</u>
Current Ratio	1.42 : 1	1.29 : 1
<u>Current Assets</u>	<u>1,113,790,370</u>	<u>1,027,094,314</u>
<u>Current Liabilities</u>	<u>778,946,106</u>	<u>797,391,878</u>
Asset to Equity Ratio	1.65 : 1	1.56 : 1
<u>Total Assets</u>	<u>4,867,591,846</u>	<u>5,446,149,734</u>
<u>Stockholders Equity</u>	<u>2,934,297,883</u>	<u>3,494,410,160</u>
Debt to Equity Ratio	0.65 : 1	0.56 : 1
<u>Total Liabilities</u>	<u>1,933,293,963</u>	<u>1,951,739,734</u>
<u>Stockholders Equity</u>	<u>2,934,297,883</u>	<u>3,494,410,160</u>
Equity to Debt Ratio	1.51 : 1	1.79 : 1
<u>Stockholders Equity</u>	<u>2,934,297,883</u>	<u>3,494,410,160</u>
<u>Total Liabilities</u>	<u>1,933,293,963</u>	<u>1,951,739,734</u>
Book Value per share	2.51	3.00
<u>Stockholders Equity</u>	<u>2,934,297,883</u>	<u>3,494,410,160</u>
<u>Total Outstanding Shares</u>	<u>1,164,999,818</u>	<u>1,164,999,818</u>
Earnings per share	0.12	0.33
<u>Net Income/(Loss)</u>	<u>142,337,212</u>	<u>382,920,830</u>
<u>Weighted Average # of shares</u>	<u>1,164,999,818</u>	<u>1,164,999,818</u>

Current Ratio increased from 1.29:1 as of end-2012 to 1.42:1 as of end-June 2013 due to increase in Current Assets as a result of the increase in the market value of SHNG and OV shares as of June 30, 2013 compared to December 2012 market prices. Accounts receivable also increased due to accrual of consultancy fees for the period April to June 2013.

Assets to Equity Ratio increased from 1.56:1 as of end-2012 to 1.65:1 as of end-June 2013.

Debt-to-Equity Ratio increased from 0.56:1 as of end-2012 to 0.65:1 as of end-June 2013 due to partial payment of the Company's loan with EPL, while Equity-to-Debt ratio decreased from 1.79:1 as of end-2012 to 1.51:1 as of end-June 2013 due to the decrease in Stockholders Equity arising from lower net income generated by the Company during the period and the lower market price of AT shares.

Book Value per Share decreased due to the decrease in Stockholders' Equity arising from the lower net income generated by the Company during the period and lower market price of AT shares. The Company posted a P0.12 Earnings Per Share (EPS) as of end-June 2013 compared to P0.33 EPS as of end-2012

Results of Operations – 2nd Quarter 2013

Natural Resources

The Company owns 100% of **Vulcan Materials Corporation** (VMC) which posted a net loss of P0.82 million as of end-June 2013. VMC is involved in the exploration and development of the various mineral and aggregates resources.

The Company owns 21.81% of **United Paragon Mining Corporation** (UPM). As of end-June 2013, UPMC posted a net loss of P46 million.

The Company owns 8.27% of **Atlas Consolidated Mining & Development Corporation** (AT) which posted a net income of P744 million as of end-June 2013. AT has two (2) significant subsidiaries, namely: (a) *Carmen Copper Corporation*, which shipped 74,155 dmt of copper concentrate at an average of 26.74% Cu and posted a net income of P1.097 billion as of end-June 2013; and, (b) *Berong Nickel Corporation*, which shipped a total of 440,947 wmt of nickel laterite ore and posted a net income of P47 million as of end-June 2013.

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 %

In *SC 6A (Octon)*, the operator, Pitkin Petroleum has obtained the favorable endorsement of the proposed 3D seismic survey in the block from the Palawan provincial government in June 2013. The matter is now with the Palawan Council for Sustainable Development (PCSD) for approval.

In *SC 14 (Tara)*, the farming-out members of the consortium are awaiting clarification from the DOE whether or not the farm-in application of Peak Oil, Blade Petroleum and Venturoil should be deemed terminated for the failure of the farminees to obtain approval of their farm-in from the DOE even after the lapse of one (1) year.

In *SC 53 (Mindoro)*, the planned drilling of Progreso-2 well has been moved to early 2014. Pitkin is currently re-tendering bids for key contracts needed in the drilling campaign.

In *Area 15 (Sulu Sea)*, the DOE will reportedly re-bid the area. Anglo has an option to acquire a portion of Philodrill's interest in Area 15 in the event that bidders, Philodrill and Philex, are awarded the contract for Area 15

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 1.71% of **The Philodrill Corporation** (OV), a publicly listed company engaged in oil exploration and production. Philodrill posted a consolidated net income of P156.6 million in as of end-June 2013.

Property Development

The Company owns 15.79% of **North Triangle Depot Commercial Corporation** (NTDCC) which posted a net income of P194.9 million as of end-June 2013 and paid the Company P15.79 million in redemption of preferred shares on April 8, 2013.

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). As of end-June 2013, SHNG posted a consolidated net income of P467.5 million. The Company received a total of P12.85 million in cash dividends from SHNG on March 25, 2013.

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-June 2013, average ridership stood at about 565,000 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.

Discussion and Analysis of Material Events and Uncertainties

Except as discussed below, Management is not aware of any material event or uncertainty that has affected the current interim period and/or would have a material impact on future operations of the Company.

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

1. There are **NO** known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity.
2. The Company's internal source of liquidity comes, primarily, from revenues generated from operations. 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.
3. 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.
4. 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 paragraph 1 above.
5. There are **NO** significant elements of income or loss that did not arise from the Company's continuing operations.
6. There have been **NO** material changes from 31 December 2012 to 30 June 2013 in one or more line items of the Company's financial statements, **EXCEPT** as disclosed below:
 - (a) Cash and Cash Equivalents decreased from P38.8 million as of end-2012 to P8.8 million as of end-June 2013 due to partial payment of the company's loan with EPL and payment of expenses.
 - (b) Financial Assets at Fair Value through FVPL decreased due to the decrease in market value of SHNG and OV shares.
 - (c) Accounts Receivable increased from P224 million as of end-2012 to P255 million as of end-June 2013 due to (i) accrual of consultancy fees from EPL for the second

quarter 2013.

- (d) The value of AFS investments decreased from P3.2 billion to P2.6 billion due to decrease in the market value of AT shares as of end-June 2013.
 - (e) Short Term Loans payable, which represents VMC's loan with Metrobank, were fully paid as of June 30, 2013.
 - (f) Current Portion of Long Term Debt decreased from P535 million as of end-2012 to P515 million as of end-June 2013 due to partial payment of the Company's loan with EPL.
 - (g) Accounts Payable increased from P257 million as of end-2012 to P261 million as of end-June 2013 due to increase in accrued interests payable to EPL and OV.
 - (h) Income Tax Payable increased from P1.5 million as of end-2012 to P1.9 million as of end-June 2013 due to booking of income tax payable for the 2nd quarter 2013.
 - (i) Net Unrealized Valuation Gain on AFS investments increased due to increase in the market value of AT shares.
 - (j) Retained Earnings decreased due to the lower net income generated by the Company and the decrease in the market price of AT shares resulting in lower Net Unrealized Valuation Gain on AFS investment.
7. 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.
8. 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.

Item 3. Management's Assessment and Evaluation of Financial Risk Exposures

A. Financial Risk Exposures

The Group has exposure to credit risk, liquidity risk, market risk, interest rate risk, foreign exchange 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 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, debtors and lessors who are highly reputable and with good credit standing.

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

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to credit risk is not significant. No receivables are past due and all receivables are assessed to be collectible and in good standing as of June 30, 2013 and December 31, 2012. Provisions for impairment losses on trade receivables and other receivables were made on accounts specifically identified to be doubtful of collection.

Other than the receivable which were provided with allowance, all other receivable are assessed to be collectible and in good standing as of June 30, 2013 and December 31, 2012.

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 they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

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.

As of June 30, 2013 and December 31, 2012, 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:

	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired	Total
30 June 2013						
Cash and cash equivalents	₱8,805,432	₱-	₱-	₱-		₱8,805,432
Financial assets at FVPL*	-	842,842,254	-	-		842,842,254
Receivables	32,055,510	3,627,094	219,305,137	-	16,880,494	271,868,235
AFS investments*	-	-	-	2,577,671,236		2,577,671,236
	₱40,860,942	₱846,469,348	₱219,305,137	₱2,577,671,236	16,880,494	₱3,701,187,157

*Based on expected date of disposal

Anglo Philippine Holdings Corporation

	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired	Total
31 December 2012						
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*

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

30 June 2013	Within 6 months	6 to 12 months	1 to 2 years	2 to 4 years	Total
Accounts payable and accrued expenses	12,657,169	187,285,057	61,897,691	-	261,839,917
Short-term loans payable					
Principal	-	-	-	-	-
Future Interest	-	-	-	-	-
Long-term debt					
Principal	50,000,000	465,107,768	50,000,000	1,188,478,464	1,753,586,232
Future Interest	16,401,897	14,401,897	17,827,177	35,654,353	84,285,324
	₱79,059,066	₱666,794,721	₱129,724,867	₱1,224,132,818	₱2,099,711,473

**Excluding accrued taxes*

31 December 2012	Within 6 months	6 to 12 months	1 to 2 years	2 to 4 years	Total
Accounts payable and accrued expenses	₱78,498,434	₱109,423,035	₱60,700,456	-	₱248,621,925
Short-term loans 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*

Market Risk

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

Interest Rate Risk

The Group's exposure to the risk for changes in market interest rate relates primarily to its short-term loans payable and long-term debt obligations with fixed interest rates. Most of the Group's existing debt obligations are based on fixed interest rates with relatively small component of the debts that are subject to interest rate fluctuation. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

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.

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.

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 represents a comparison by category of carrying amounts and estimated fair values of the Group's financial assets and liabilities as of June 30, 2013 and December 31, 2012, follows:

	30 June 2013		31 December 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	P8,805,432	P33,324,705	P38,854,568	P38,854,568
Financial Assets at FVPL	842,842,254	857,255,792	757,001,944	757,001,944
Receivables	254,987,741	254,987,741	224,561,211	224,561,211
Available-for-sale investments	2,577,671,236	2,577,671,236	3,246,796,186	3,246,796,186
Accounts payable and accrued expenses*	261,977,081	261,977,081	248,621,925	248,621,925
Short-term loans payable	-	-	3,117,531	3,117,531
Long-term debt	1,589,361,185	1,589,136,185	1,609,090,960	1,772,081,531

*Excluding accrued taxes

Estimation of Fair Values

The following summarizes the methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Cash and Cash Equivalents, Receivables, Accounts Payable, Short Term Loans Payable and Accrued Expenses

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 & similar investments 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, 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. The discounted rates were \$ and P risk free rates plus appropriate credit spread.

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

	June 30, 2013		
	Level 1	Level 2	Level 3
Financial Assets			
Financial assets at FVPL	P842,842,254	P-	P-
AFS investments - quoted	2,539,243,400	-	-
	P3,382,085,654	P-	P-
	December 31, 2012		
	Level 1	Level 2	Level 3
Financial Assets			
Financial assets at FVPL	P757,001,944	P-	P-
AFS investments - quoted	3,208,368,350	-	-
	P3,965,370,294	P-	P-

As of June 30, 2013 and December 31, 2012, 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 no derivative assets for the period ended June 30, 2013 and December 31, 2012.

PART II – OTHER INFORMATION

There were items for disclosure that were made under SEC Form 17-C during the current interim period (01 January to 30 June 2013).

SIGNATURES

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

Anglo Philippine Holdings Corporation
Registrant
(through its duly authorized representatives):



Date: 14 AUG 2013

Christopher M. Gotanco
President/Director/COO



Date: 14 AUG 2013

Adrian S. Arias
Executive Vice President/
Assistant Corporate Secretary



Date: 14 AUG 2013

Iluminada P. Rodriguez
Vice President-Finance and Admin.

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE

SEC FORM 17-Q

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**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
BALANCE SHEETS**

ASSETS	Unaudited June 30, 2013 (Consolidated)	Audited December 2012 (Consolidated)
Current Assets		
Cash & cash equivalents	8,805,432	38,854,568
Financial assets at fair value through profit or loss (FVPL)	842,842,254	757,001,944
Accounts Receivable - net	254,987,741	224,261,211
Inventories	3,852,317	3,852,317
Prepaid expenses and other current assets	3,302,627	3,124,274
Total Current Assets	1,113,790,370	1,027,094,314
Non-current Assets		
Available-for-sale investments	2,577,671,236	3,246,796,186
Investment in associates	892,701,972	887,750,848
Property and equipment-net	69,152,889	71,033,404
Deferred exploration costs	191,634,208	190,833,973
Retirement benefit plan asset	9,171,425	9,171,424
Other noncurrent assets	13,469,745	13,469,745
Total Noncurrent Assets	3,753,801,476	4,419,055,580
TOTAL ASSETS	4,867,591,846	5,446,149,894
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES:		
Current Liabilities		
Short Term Loan Payable	-	3,117,531
Current portion of long-term debt	515,107,768	535,062,543
Accounts Payable and accrued expenses	261,977,081	257,706,018
Income tax payable	1,861,258	1,505,786
Total Current Liabilities	778,946,106	797,391,878
Non-Current Liabilities		
Long-term debt-net of current portion	1,074,028,417	1,074,028,417
Unearned revenues	5,432,916	5,432,916
Decommissioning Liability	13,926,467	13,926,467
Retirement benefit liability	5,382,060	5,382,060
Deferred income tax liabilities-net	55,577,996	55,577,996
Total Noncurrent Liabilities	1,154,347,856	1,154,347,856
TOTAL LIABILITIES	1,933,293,963	1,951,739,734
STOCKHOLDERS' EQUITY		
Capital stock-P1 par value		
Authorized - 2,000,000,000 shares		
Issued - 1,170,616,788 shares as of		
June 2013 and December 2012		
net of subscriptions receivable amounting to P1,367,688)	1,176,632,130	1,176,632,130
Additional paid-in-capital	4,658,460	4,658,460
Net unrealized valuation gain/(loss) on AFS investments	502,878,618	1,172,003,568
Retained Earnings	1,277,694,751	1,168,682,077
Cost of 13,000,000 shares in June 2013	2,961,863,959	3,521,976,235
and December 2012	(27,566,075)	(27,566,075)
Total Stockholders' Equity	2,934,297,883	3,494,410,160
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	4,867,591,846	5,446,149,894

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited Jan. to June 2013 (Consolidated)	Unaudited April to June 2013 (Consolidated)	Unaudited Jan. to June 2012 (Parent)	Unaudited April to June 2012 (Parent)
REVENUES				
Gains on:				
Fair value changes of financial assets at FVPL	81,747,295	(18,506,553)	163,389,129	(4,106,114)
Management fees	50,430,000	25,920,000	50,706,000	25,410,000
Equity share in net earnings of associates	20,741,123	10,946,665	22,757,587	10,351,694
Foreign Exchange gains/(loss) - net	(22,361,948)	(24,725,224)	22,074,307	10,401,133
Interest income	4,459,913	127,093	11,958,544	6,150,892
Dividend Income	55,741,370	42,892,625	10,610,210	1,850
Other Income	3,200,000	2,000,000	-	-
	193,957,753	38,654,605	281,495,777	48,209,455
COST AND EXPENSES				
Interest expenses and bank charges	18,535,100	10,187,504	17,099,906	8,431,808
General and administrative expenses	25,013,805	17,681,188	10,171,905	5,244,319
	43,548,905	27,868,692	27,271,811	13,676,127
INCOME BEFORE INCOME TAX	150,408,848	10,785,913	254,223,966	34,533,328
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	1,861,258	1,861,258	5,307,784	5,307,784
Income Tax paid during the 1st Quarter	4,584,923		5,245,089	-
	6,446,181	1,861,258	10,552,873	5,307,784
NET INCOME	143,962,667	8,924,655	243,671,093	29,225,544
OTHER COMPREHENSIVE INCOME/(LOSS)				
Unrealized valuation gain/(loss) on AFS investments	(669,124,950)	(1,312,514,325)	195,453,570	6,858,020
TOTAL COMPREHENSIVE INCOME/(LOSS)	(525,162,283)	(1,303,589,670)	439,124,663	36,083,564
Basic and Diluted Earnings Per Share	0.12	0.01	0.21	0.025

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

June 30, 2013

	<u>Capital stock</u>			Add'tl Paid-in Capital	Gain/(Loss) on AFS Investments	Retained Earnings	Treasury Stock	Total
	Issued	Subscribed	Receivable					
Balances at January 1, 2013	1,170,616,788	7,383,030	(1,367,688)	4,658,460	1,172,003,568	1,168,682,078	(27,566,075)	3,494,410,161
Net Income as of second quarter 2013	-	-	-	-	-	143,962,667		143,962,667
Adjustment on Interest Earnings (Alakor/NBS)	-	-	-	-	-	-		-
Other Comprehensive Income/(Loss) as of second quarter 2013	-	-	-	-	(669,124,950)	-		(669,124,950)
Total Comprehensive Income/(Loss), as of second quarter 2013	1,170,616,788				(669,124,950)	1,312,644,745	-	2,969,247,878
Cash Dividends	-	-	-	-	-	(34,949,995)	-	(34,949,995)
Balances at June 30, 2013	1,170,616,788	7,383,030	(1,367,688)	4,658,460	502,878,618	1,277,694,751	-	2,934,297,883

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

June 30, 2012

	<u>Capital stock</u>			Add'tl Paid-in Capital	Gain/(Loss) on AFS Investments	Retained Earnings	Treasury Stock	Total
	Issued	Subscribed	Receivable					
Balances at January 1, 2012	1,170,611,970	7,383,030	(1,367,688)	4,658,460	852,954,759	855,661,240	(27,566,075)	2,862,335,695
Net Income as of Second quarter 2012	-	-	-	-	-	243,671,093		243,671,093
Other Comprehensive Income as of second quarter 2012	-	-	-	-	195,453,570			195,453,570
Total Comprehensive Income, as of second quarter 2012					195,453,570	243,671,093	-	439,124,663
Cash Dividends	-	-	-	-	-	(46,599,993)	-	(46,599,993)
Factional Shares	(182)	-	-	-	-	-	-	(182)
Balances at June 30, 2012	1,170,611,788	7,383,030	(1,367,688)	4,658,460	1,048,408,329	1,052,732,340	(27,566,075)	3,254,860,183

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
STATEMENTS OF CASH FLOWS**

FOR THE PERIOD

	Jan. 1 to June 30 2013 (Consolidated)	April to June 30 2013 (Consolidated)	Jan. 1 to June 30 2012 (Parent)	April to June 30 2012 (Parent)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	143,962,667	8,924,656	243,671,093	29,225,544
Adjustment to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	1,835,702	1,110,940	705,388	311,845
Decrease (increase) in:				
Receivables	(30,726,530)	1,470,051	(10,451,155)	(29,395,347)
Prepayments and other current assets	(178,353)	(104,636)	54,689	(4,408)
Increase (decrease) in:				
Accounts payable and accrued expenses	4,271,063	(8,929,242)	4,154,852	283,660
Income Taxes Payable	355,472	(4,229,451)	(3,505,734)	(8,750,823)
Net cash used in operating activities	119,520,022	(1,757,683)	234,629,133	(8,329,530)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Financial assets at FVPL	(85,840,310)	14,413,538	(163,389,129)	4,106,114
Investment in associates	(4,951,124)	4,843,335	(6,967,587)	(10,351,694)
Addition to property and equipment	44,812	-	(44,203)	(44,203)
Deferred exploration	(800,235)	(114,441)	(3,452,629)	(3,495,096)
Net cash used in investing activities	(91,546,857)	19,142,433	(173,853,548)	(9,784,879)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	-	-	50,000,000	-
Payment of borrowings	(23,072,306)	(6,954,029)	(72,074,307)	(10,401,133)
Cash dividends paid to stockholders	(34,949,995)	(34,949,995)	(46,599,993)	(46,599,993)
Others - (Fractional Shares)	-	-	(182)	(182)
Net cash provided by financing activities	(58,022,301)	(41,904,023)	(68,674,482)	(57,001,308)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(30,049,136)	(24,519,273)	(7,898,896)	(75,115,716)
CASH AND CASH EQUIVALENTS, BEGINNING	38,854,568	33,324,705	50,638,965	117,855,785
CASH AND CASH EQUIVALENTS, END	8,805,432	8,805,432	42,740,069	42,740,069

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
SCHEDULE A - FINANCIAL ASSETS
PURSUANT TO SRC RULE 68, AS AMENDED
June 30, 2013

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	728,095,523	728,095,523	12,848,745
The Philodrill Corporation	3,278,478,022	114,746,731	114,746,731	-

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
June 30, 2013**

Designation of Debtor	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
June 30, 2013

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	2,000,708					5,640,929

SCHEDULE D
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INTANGIBLE ASSETS - OTHER ASSETS
(OTHER THAN RELATED PARTIES)
PURSUANT TO SRC RULE 68, AS AMENDED
June 30, 2013

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)

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

SCHEDULE E - PROPERTY AND EQUIPMENT

June 30, 2013

Classification	Beginning Balance	Additions	Retirements	Other Charges		Ending Balance
				Additions	Deductions	
Quarry Development Cost	52,954,630					52,954,630
Condominium Units and Improvements	22,091,616	-	-			22,091,616
Machinery and Equipment	1,928,693					1,928,693
Transportation Equipment	509,893				(300,000)	209,893
Furnitures, Fixtures & Office Equipment	2,943,556	44,812	-			2,988,368
	80,428,388	44,812	-	(300,000)		80,173,200

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

SCHEDULE F - ACCUMULATED DEPRECIATION

June 30, 2013

Classification	Beginning Balance	Additions	Retirements	Other Charges		Ending Balance
				Additions/ (Deductions)		
Quarry Development Cost	-					-
Condominium Units and Improvements	6,845,316	585,074	-			7,430,390
Machinery and Equipment	-	635,537				635,537
Transportation Equipment	-	206,710				206,710
Furnitures, Fixtures & Office Equipment	2,549,668	198,007	-			2,747,675
	9,394,984	1,625,327	-	-		11,020,311

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
Aging of Accounts Receivable
As of June 30, 2013

Types of Accounts Receivable	TOTAL	1 month	2 - 3 months	4-6 months	7 mos. To 1 year	1-2 years	3-5 years	5 yrs. & above
a. Trade receivable	-	-	-	-	-	-	-	-
b. Non Trade Receivable								
1. Receivable from Affiliated Co.	142,420,096	-	2,000,000	3,460,929	5,000,000	131,779,167	-	-
2. Accrued Interest Receivable	82,525,970	-	-	4,300,101	32,994,588	45,231,282	-	-
3. Others	30,041,674	25,920,000	-	674,581	3,347,744	279,350	-	-
Sub-total	254,987,741	25,920,000	2,000,000	8,435,611	41,342,331	177,289,798	-	-
Less: Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-
Net Non-trade receivable	254,987,741	25,920,000	2,000,000	8,435,611	41,342,331	177,289,798	-	-
Net Receivable	254,987,741	25,920,000	2,000,000	8,435,611	41,342,331	177,289,798	-	-

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
June 30, 2013**

	6/30/2013	12/31/2012
Current Ratio	1.42:1	1.29:1
Assets to Equity Ratio	1.65:1	1.56:1
Debt to Equity Ratio	0.65:1	0.56:1
Equity to Debt Ratio	1.51:1	1.79:1
Book Value per share	2.51	3.00
Earnings per share	0.12	0.33
Interest Coverage Ratio	8.00	13.45
Return on Assets	2.96%	7.03%
Return on Equity	4.91%	10.96%
Net Profit Margin	74.22%	70.20%

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 as of end June 30, 2012 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 Consolidation

The financial statements for June 30, 2013 and December 31, 2012 comprise the financial statements of Anglo Philippine Holdings Corporation and its Subsidiary as of June 30, 2013 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.

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 June 30, 2013 and December 31, 2012, 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 June 30, 2013 and December 31, 2012, 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. An 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.