CONCRETE AGGREGATES CORPORATION

13 August 2012

THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

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

Gentlemen:

In compliance with the Disclosure Rules of the Philippine Stock Exchange, we are submitting a copy of Concrete Aggregates Corporation's Quarterly Report for the second quarter of 2012.

Thank you and best regards.

Very truly yours,

MICHAEL DAVID I. ABUNDO III
Corporate Information Officer

COVER SHEET

3 6 1 4 0

S.E.C. Registration Number

C O N C R E T E A G G R E G A T E S

C O R P .

(Company's Full Name)

9 T H F L O O R O R T I G A S B U I L D I N G

O R T I G A S A V E N U E , P A S I G C I T Y

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

MICHAEL DAVID I. ABUNDO III	6311231
Contact Person	Company Telephone Number

1 2	3 1	0 6	2 8
Month	Day	Month	Day
Fiscal Year		Annual Meeting	

S E C F O R M 1 7 - Q (2 N D Q U A R T E R)

FORM TYPE

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

636		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

PSE Security Code ______
SEC Number 36140
File Number ______

CONCRETE AGGREGATES CORP.

(Company's Full Name)

9TH FLOOR, ORTIGAS BUILDING, ORTIGAS AVENUE, PASIG CITY

(Company's Address)

631-1231 / Fax no.: 631-6517

(Company's Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-Q: 2nd Quarter 2012

(FORM TYPE)

(Amendment Designation if Applicable)

June 30, 2012

Period Ended Date

(Secondary License Type, if any)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2012**

2. SEC Identification Number **36140** 3. BIR Tax Identification No. **000-201-881**

4. Exact name of registrant as specified in its charter **CONCRETE AGGREGATES CORP.**

5. **Philippines**
   Province, Country or other jurisdiction of Incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **9th Floor, Ortigas Building, Ortigas Avenue, Pasig City** — **1605**
   Address of issuer's principal office — Postal Code

8. **(02) 631-1231 / Fax no.: 631-6517**
   Registrant's telephone number, including area code

9. **Not applicable**
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	27,466,449

11. Are any or all of these securities listed on the Philippine Stock Exchange?

    Yes (x) No ( ) Classes Common "A" and Common "B"

12. Check whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a) – 1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

    Yes (x) No ( )

    (b) has been subject to such filing requirements for the past 90 days.

    Yes (x) No ( )

FINANCIAL INFORMATION

Item 1. Financial Statements

Please see the following attached documents:

- Unaudited Balance Sheet Statement, as of June 30, 2012
- Unaudited Statement of Income, as of June 30, 2012
- Unaudited Statement of Changes in Stockholder's Equity, as of June 30, 2012
- Unaudited Statement of Cash Flows, as of June 30, 2012
- Aging of Accounts Receivables, as of June 30, 2012
- Notes to Financial Statements

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

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

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

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

Pursuant to the foregoing transactions, the Company formally turned over the operation of its Angono quarry to BAAC on June 1, 2008. Under the Operating Agreement, BAAC was granted the right to operate the Angono quarry for fifteen (15) years subject to the conditions indicated in the agreement, CAC's Mineral Production Sharing Agreements (MPSAs) and its Environmental Compliance Certificate (ECC).

The Company recorded revenues of ₱8.24 million for the first half of 2012 as compared to ₱8.29 million for the first half of 2011 coming from the 2.5% royalty on the value of aggregates sold by BAAC. Of this amount, ₱4.58 million was earned in the second quarter and ₱3.66 million in the first quarter of 2012. Net income after tax for the first half of 2012 was ₱4.21 million while net income after tax for the same period in 2011 was ₱5.11million. The decrease was due to lower interest income received from the installment sale of the Longos property to OCLP.

The Company currently has no significant liquidity or credit risks. Its ₱204 million current assets are more than enough to cover its ₱18 million current liabilities. In addition, the Company's recurring income is also more than enough to meet its administrative expenses and expenses for maintenance of its idle assets. Furthermore, there are several future cash inflows which the Company expects to receive in the near future mostly from the receivables from OCLP on the Longos property sale. The Company's Financial Risk Management Objectives and Policies are discussed in Note 3 of the Notes to the Financial Statements.

Operating Results

Revenues
The Company earned ₱4.58 million in royalties during the second quarter of 2012 or a total of ₱8.24 million for the first half of 2012. No revenues from aggregates sales were realized due to the transfer of the quarry operations to BAAC beginning June 1, 2008.

Cost of sales
Because of the absence of aggregates sales, the Company did not incur any cost of sales during the second quarter of 2012.

Selling expenses
The Company likewise did not incur selling expenses related to aggregate sales during the same period due to the previously mentioned transfer of quarry operations.

General and administrative expenses
The Company's general and administrative expenses of ₱4.18 million for the second quarter of 2012 decreased by 17% from last year's figure of ₱5.07 million mostly due to the decrease in the personnel cost, professional fees and taxes and licenses. Total general and administrative expenses for the first half of 2012 amounted to ₱8.27 million which is 16% lower than the total general and administrative expenses of ₱9.87 million for the first half of 2011. Expenses incurred in 2012 came mostly from depreciation, salaries and wages of the Company's remaining employees, professional fees, and payment of real property tax on the Company's various real estate properties.

Other income (expenses)
The Company's other income of ₱2.57 million for the second quarter of 2012 came mainly from interest and accretion income pertaining to the Longos property sold to OCLP. This is lower than last year's figure of ₱4.40 million mostly due to the lower interest income received from the installment sale of the Longos property to OCLP. Total other income (expenses) for the first half of 2012 amounted to ₱5.28 million which is 29% lower than the total other income (expenses) for the same period of 2011.

Net income after tax
Operations for the second quarter of 2012 resulted in a net profit of ₱2.36 million after making provisions for income taxes. Net profit for the same period in 2011 was ₱2.93 million. As stated above, the decrease was mostly due to the lower other income of the Company. Year to date net income after tax amounted to ₱4.21 million or an 18% decline from net profit earned for the same period in 2011.

Financial Condition

Cash
Cash balance in the amount of ₱118.10 million represents an increase of 8% compared to the Company's cash balance as of December 31, 2011 due to the collection of installments receivable from OCLP pertaining to the Longos property sale.

Receivables

Receivables as of the end of the first half of 2012, net of allowances and provisions, amounted to ₱27.27 million which increased by 15% compared to the ₱23.73 million receivables as of December 31, 2011. The increase was caused by higher royalty receivables from BAAC compared to balances at December 31, 2011.

Land held for development and sale

In 2011, the Company started the development of its 9.7-hectare property in Sto. Tomas, Batangas into a leisure farmlot subdivision. The leisure farm project is expected to produce around 60 individual farm lots with 25% of the area of each farm lot devoted to residential purposes and the rest for vegetable farming.

The balance of the account at June 30, 2012 represents the cost of the land previously recorded as part of the Investment property account and the development costs incurred as of the said date.

Other current assets

The Company's other current assets as of June 30, 2012 decreased by 13% to ₱12.65 million compared to ₱14.56 million as of December 31, 2011 mainly due to the application of creditable withholding tax and recognition of prepayments to expense for the first half of 2012.

Investment Properties

Investment properties as at June 30, 2012 amounted to ₱11.24 million representing a net increase of ₱0.05 million from the December 31, 2011 balance due to land related cost less depreciation for the first half of 2012.

Property, Plant and Equipment

Property, plant and equipment (net) as at June 30, 2012 amounted to ₱63.60 million representing a decrease of ₱0.61 million compared to the December 31, 2011 balance of ₱64.21 million basically due to depreciation for the first half of 2012.

Deferred Income Tax Assets

The Company's deferred income tax asset currently at ₱8.59 million was due to the write-off of trade receivables.

Installment Receivable – Non-current portion

This pertains to the ₱74.81 million non-current portion of the installment receivable from the sale of the Longos and Tatala properties to OCLP. The ₱6.09 million decrease as compared to December 31, 2011 was due to the reclassification of non-current receivables to current receivables less the realized amortization of the Day 1 loss charged to retained earnings.

Other noncurrent assets

The Company's other noncurrent assets, currently at ₱8.87 million, are composed of Available for Sale Investments, Mine Rehabilitation Fund and other deposits.

Trade accounts payable

Trade accounts payable of ₱8.12 million represents outstanding payables as at June 30, 2012.

Accrued expenses and other accounts payable

Accrued expenses and other payables amounting to ₱10.11 million increased by ₱0.03 million from last year's figure of ₱10.08 million due to additional accruals in the first half of 2012.

Stockholders' Equity

Stockholders' equity as of the end of the first half of 2012 was ₱352.83 million. The ₱4.21 million increase in stockholders' equity from the amount as of December 31, 2011 came from the Company's net income after tax for the first half of 2012.

Book value per share was at ₽12.85 per share as at June 30, 2012 compared to ₽12.69 per share in December 31, 2011.

i. Due to the Company's sound financial condition, and the transfer of its quarry operations to BAAC, there are no foreseeable trends, events or uncertainties that may have a material impact on its long term or short term liquidity.

ii. There are no events that will trigger any direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

iii. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

iv. Funding will be sourced from internally-generated cash flow, and also from borrowings or available credit facilities from local and international commercial banks, if warranted.

v. At the moment, there are yet no material commitments for capital expenditures other than those performed in the ordinary course of trade or business.

vi. The causes for any material changes in the unaudited financial statements from the first half of 2012 as compared to the first half of year 2011 and as of year ending 2011 are explained in the Management Discussion and Analysis, as well as in the accompanying Notes to Financial Statements.

vii. There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached unaudited financial statements.

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

Accounts	as of June 30, 2012	as of June 30, 2011	Increase (Decrease)	Remarks
Administrative expenses	**8,265,939**	9,869,496	(1,603,557)	The decrease was caused by the lower personnel costs, professional fees and taxes and licenses.
Other income (expense)	**5,275,133**	7,423,543	(2,148,410)	The decrease was due to the lower interest income received from the installment sale of the Longos property to OCLP.

Accounts	as of June 30, 2012	Audited as of December 31, 2011	Increase (Decrease)	Remarks
Cash and cash equivalents	**118,104,317**	108,887,631	9,216,686	The increase was due to the collection of installments receivable from OCLP pertaining to the Longos property sale.
Receivables	**27,269,077**	23,729,084	3,539,993	The increase was due to the unpaid 2012 royalties from BAAC.
Other current assets	**12,651,575**	14,557,293	(1,905,718)	The decrease was mainly due to the application of creditable withholding tax and recognition of

Accounts	as of June 30, 2012	Audited as of December 31, 2011	Increase (Decrease)	Remarks
				prepayments to expense for the first half of 2012.
Noncurrent installment receivables	**74,806,342**	80,891,806	(6,085,464)	The decrease was due to the reclassification of noncurrent receivables to current receivables.
Retained earnings	**76,946,928**	72,734,595	4,212,333	The increase represents the net income earned for the 1st half of 2012.

Key Performance Indicators

The Company has identified the following Key Performance Indicators affecting its operation:

Measures	June 30, 2012	December 31, 2011
Current Ratio	11.19	10.59
Debt/Equity Ratio	0.05	0.05
Return on Assets	2%	6%
Return on Equity	2%	6%

Measures	June 30, 2012	June 30, 2011
Net Income Rate	51%	62%

Current Ratio = Current Assets ÷ Current Liabilities
Debt/Equity Ratio = Total Liabilities ÷ Total Stockholders' Equity
Return on Assets = Annualized Net Income ÷ Total Assets
Return on Equity = Annualized Net Income ÷ Total Assets

Concrete Aggregates Corp. and Subsidiaries

Consolidated Balance Sheet
June 30, 2012
(With comparative figures at December 31, 2011)
(All amounts in Philippine Peso)

	Notes	**Unaudited June 2012**	Audited December 2011
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	118,104,317	108,887,631
Receivables, net	6	27,269,077	23,729,084
Land held for development and sale	7	45,929,818	45,917,818
Other current assets	8	12,651,575	14,557,293
Total current assets		203,954,787	193,091,826
NON-CURRENT ASSETS			
Property, plant and equipment, net	9	63,601,305	64,214,909
Investment property, net	10	11,240,181	11,189,617
Deferred tax asset, net		8,590,438	8,590,438
Installment receivable, net of current portion	18	74,806,342	80,891,807
Other non-current assets	11	8,871,285	8,871,285
Total non-current assets		167,109,551	173,758,056
Total assets		371,064,338	366,849,882
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables		8,124,590	8,148,285
Accrued expenses and other liabilities	12	10,106,886	10,081,068
Total current liabilities		18,231,476	18,229,353
EQUITY			
Share capital	13	274,664,490	274,664,490
Share premium		1,069,304	1,069,304
Fair value reserve on available-for-sale financial assets	11	152,140	152,140
Retained earnings	13	76,946,929	72,734,595
Total equity		352,832,863	348,620,529
Total liabilities and equity		371,064,338	366,849,882

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Total Comprehensive Income
For the 2nd Quarter ended June 30, 2012
(With comparative figures for the 2nd Quarter ended June 30, 2011)
(All amounts in Philippine Peso)

	Notes	Unaudited April to June 2012	Unaudited April to June 2011	Unaudited January to June 2012	Unaudited January to June 2011
REVENUE					
Basic royalty fee	21	4,578,644	3,909,251	8,243,217	8,291,178
		4,578,644	3,909,251	8,243,217	8,291,178
COST AND EXPENSES					
General and administrative expenses	14	4,184,041	5,067,913	8,265,939	9,869,496
		4,184,041	5,067,913	8,265,939	9,869,496
OPERATING INCOME		394,603	(1,158,662)	(22,723)	(1,578,318)
OTHER INCOME, net	16	2,566,908	4,396,773	5,275,134	7,423,542
INCOME BEFORE INCOME TAX		2,961,511	3,238,111	5,252,411	5,845,224
PROVISION FOR INCOME TAX	17	604,024	304,468	1.040.077	735,235
NET INCOME FOR THE YEAR		2,357,487	2,933,643	4,212,334	5,109,989
OTHER COMPREHENSIVE INCOME (LOSS)			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,357,487	2,933,643	4,212,334	5,109,989
Basic/Diluted earnings per share		0.09	0.11	0.15	0.19

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Changes in Equity
For the 2nd Quarter ended June 30, 2012
(With comparative figures for the 2nd Quarter ended June 30, 2011)

(All amounts in Philippine Peso)

	Share Capital (Note 13)	Share Premium	Fair Value Reserve on Available-for-Sale Financial Assets (Note 11)	Retained Earnings		Total
				Appropriated (Note 13)	Unappropriated (Note 13)	
Balances, December 31, 2010	274,664,490	1,069,304	152,140	46,528,238	3,904,423	326,318,595
Comprehensive income						
Net income for the period	-	-	-	-	5,109,989	5,109,989
Total comprehensive income for the year	-	-	-	-	5,109,989	5,109,989
Adjustments:						
Reversion of Appropriated RE to Unappropriated RE				(46,528,238)	46,528,238	-
Balances, June 30, 2011	274,664,490	1,069,304	152,140	-	55,542,650	331,428,584
Balances, December 31, 2010	274,664,490	1,069,304	152,140	46,528,238	3,904,423	326,318,595
Comprehensive income						
Net income for the year	-	-	-	-	22,301,934	22,301,934
Total comprehensive income for the year	-	-	-	-	22,301,934	22,301,934
Reversion of appropriated retained earnings	-	-	-	(46,528,238)	46,528,238	-
Balances, December 31, 2011	274,664,490	1,069,304	152,140	-	72,734,595	348,620,529
Comprehensive income						
Net income for the period	-	-	-	-	4,212,334	4,212,334
Total comprehensive income for the year	-	-	-	-	4,212,334	4,212,334
Balances, June 30, 2012	274,664,490	1,069,304	152,140	-	76,946,929	352,832,863

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Cash Flows
For the 2nd Quarter ended June 30, 2012
(With comparative figures for the 2nd Quarter ended June 30, 2011)
(All amounts in Philippine Peso)

	Notes	Unaudited April to June 2012	Unaudited April to June 2011	Unaudited January to June 2012	Unaudited January to June 2011
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from (used in) operations	20	(357,428)	(1,079,381)	(538,993)	(6,178,357)
Interest received on:					
Installment receivable	18	1,234,602	1,409,390	2,484,096	2,860,874
Bank deposits	5	681,277	1,057,454	1,380,098	1,057,788
Net cash flows from operating activities		1,558,451	1,387,463	3,325,200	(2,259,695)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from:					
Collections of installment receivable	18	3,023,189	2,848,402	6,031,486	5,654,709
Acquisitions of:			-		-
Property, plant and equipment	9		(134,396)		(207,878)
Investment property	10	(140,000)	(408,634)	(140,000)	(561,470)
(Increase) Decrease in other non-current assets			(30,060)		(30,060)
Net cash flows from investing activities		2,883,189	2,275,312	5,891,486	4,855,301
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash flows used in financing activities					
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS					
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4,441,640	3,662,775	9,216,686	2,595,606
CASH AND CASH EQUIVALENTS					
At Beginning of the Period	5	113,662,677	93,908,963	108,887,631	94,976,132
At June 30	5	118,104,317	97,571,738	118,104,317	97,571,738

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

CONCRETE AGGREGATES CORP.

ACCOUNTS RECEIVABLE AGING (Unaudited)
FOR THE 2nd QUARTER ENDING JUNE 30, 2012

Description	Total	1-30 days	Over 120 days	Under Litigation
A. Trade Receivables Angono Aggregates	26,390,525		26,390,525	
Subtotal Less: Allowance for Doubtful Accounts	26,390,525 (26,390,525)		26,390,525 (26,390,525)	
Net Trade Receivables	0		0	
B. Other Receivables				
BAAC	5,658,081	1,666,140	3,991,941	
Others	358,307		358,307	
C. Current Portion of Installment Receivables	21,252,689	21,252,689		
Total	27,269,077	22,918,829	4,350,248	

Note 1 - General information

Concrete Aggregates Corp. (the "Parent Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 23, 1968. The Parent Company is listed in the Philippine Stock Exchange and is primarily engaged in quarrying, crushing and selling basalt concrete aggregates. As its secondary purpose, the Parent Company is permitted to engage in real estate business and purchase, own, subdivide, sell, lease, rent, mortgage, take option or otherwise deal in real property, improved or unimproved, be it residential, commercial or agricultural, insofar as may be permitted by law.

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

The Parent Company's wholly owned subsidiaries, namely CAC Insurance Agency Corp. (CIAC) and CAC Marketing and Services Corp. (CMSC) are both incorporated in the Philippines and are currently dormant companies. The Company's immediate and ultimate parent is Ortigas & Company, Limited Partnership (OCLP).

The Parent Company has a management agreement with its parent and majority shareholder, OCLP (Note 18).

The registered office address of the Parent Company is located at 9th Floor, Ortigas Building, Ortigas Avenue, Pasig City.

On June 1, 2008, the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the Consortium) through Batong Angono Aggregates Corporation (BAAC) took over the Parent Company's quarrying operations by virtue of the Parent Company's Agreement with the Consortium dated January 18, 2008 and its Operating Agreement with BAAC dated January 23, 2008. In return, the Parent Company shall receive lump sum and basic royalty fees in accordance with the terms of its Operating Agreement with BAAC (Note 21).

The consolidated financial statements of the Parent Company and its subsidiaries (the "Group") as at and for the year ended December 31, 2011 were authorized for issue by the Board of Directors on March 26, 2012.

Note 2 - Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations

Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets under Other non-current assets (Note 11).

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective beginning January 1, 2011 and onwards

The following amendments to standards and interpretations as approved by the FRSC have been adopted by the Group effective January 1, 2011:

- *PAS 24 (Revised), Related Party Disclosures* (effective January 1, 2011). The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group has applied the revised standard from January 1, 2011 but the adoption did not have a significant impact on the financial statements.

- *PAS 32 (Amendment), Financial Instruments: Presentation - Classification of Rights Issues* (effective February 1, 2010). The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The Group has applied this amendment from January 1, 2011 but the adoption did not have a significant impact on the financial statements as there were no rights issues.

- *Philippine Interpretation IFRIC 14, PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)* (effective January 1, 2011). The amendment corrects an unintended consequence of Philippine Interpretations IFRIC 14. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when Philippine Interpretation IFRIC 14 was issued, and the amendment corrects this. The amendment should be applied retrospectively to the earliest comparative period presented. The Group has applied this amendment from January 1, 2011 but the adoption did not have a significant impact on the financial statements as the Group does not currently have a retirement plan.

- *Philippine Interpretation IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments* (effective July 1, 2010). The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Group has applied the interpretation from January 1, 2011 but the adoption did not have a significant impact on the financial statements as there were no renegotiated financial liabilities.

2010 Improvements to PFRS (effective for annual periods on or after January 1, 2011)

The following are the relevant amendments to PFRS that result in changes in accounting, presentation, recognition and measurement. It also includes amendments that are terminology or editorial changes only which have either minimal or no effect on accounting. This amendment is part of the IASB's annual improvements project published in August 2009. Unless otherwise stated, these improvements did not have a significant impact on the Group's financial statements.

- *PFRS 1 (Revised), First-time Adoption of Philippine Financial Reporting Standards* (effective January 1, 2011). The amendment clarifies that, if a first-time adopter changes its accounting policies or its use of the exemptions in PFRS 1 after it has published an interim financial report in accordance with PAS 34, Interim Financial Reporting, it should explain those changes and update the reconciliations between previous GAAP and PFRS. The amendment also allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first PFRS financial statements are issued. When such re-measurement occurs after the date of transition to PFRS, but during the period covered by its first PFRS financial statements, any subsequent adjustment to that event-driven fair value is recognized in equity.

  It also clarifies that entities subject to rate regulation are allowed to use previous GAAP carrying amounts of property, plant and equipment or intangible assets as deemed cost on an item-by-item basis. Entities that use this exemption are required to test each item for impairment under PAS 36 at the date of transition.

- *PFRS 3, Business Combinations* (effective July 1, 2010). The amendment clarifies that the amendments to PFRS 7, Financial Instruments: Disclosures, PAS 32, Financial Instruments: Presentation, and PAS 39, Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of PFRS 3 (as revised in 2008).

  The amendment also clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS.

  It also clarifies that the application guidance in PFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards.

- *PFRS 7, Financial Instruments: Disclosures* (effective January 1, 2011). The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

- *PAS 1, Presentation of Financial Statements* (effective January 1, 2011). The amendment clarifies that an entity may present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- *PAS 27, Consolidated and Separate Financial Statements* (effective July 1, 2010). The amendment clarifies that the consequential amendments from PAS 27 made to PAS 21, The Effect of Changes in Foreign Exchange Rates, PAS 28, Investments in Associates, and PAS 31, Interests in Joint Ventures, apply prospectively for annual periods beginning on or after July 1, 2009, or earlier when PAS 27 is applied earlier.

- *PAS 34, Interim Financial Reporting (effective January 1, 2011).* The amendment provides guidance to illustrate how to apply disclosure principles in PAS 34 and add disclosure requirements around:

  - The circumstances likely to affect fair values of financial instruments and their classification;
  - Transfers of financial instruments between different levels of the fair value hierarchy;
  - Changes in classification of financial assets; and
  - Changes in contingent liabilities and assets.

- *Philippine Interpretation IFRIC 13, Customer Loyalty Programs* (effective January 1, 2011). The amendment clarifies the meaning of 'fair value' in the context of measuring award credits under customer loyalty program.

(a) New standards, amendments to existing standards and interpretations that are not yet effective and not early adopted by the Group

- *PAS 1 (Amendment), Financial Statement Presentation - Other Comprehensive Income* (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income. The Group will apply the amendment beginning January 1, 2013. The adoption is not expected to have a significant impact on the financial statements but will result in changes in presentation in the statement of total comprehensive income.

- *PAS 12 (Amendment), Income Taxes - Deferred Tax* (effective January 1, 2012). PAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in PAS 40, Investment Property. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, Income Taxes - Recovery of Revalued Non-Depreciable Assets, will no longer apply to investment properties carried at fair value.

  The amendments also incorporate into PAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The Group has yet to assess the full impact of the amendments and will apply the amendments beginning January 1, 2012.

- *PAS 19 (Amendment), Employee Benefits* (effective January 1, 2013). These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. They would also require recognition of all actuarial gains and losses in other comprehensive income as they occur and of all past service costs in profit or loss. The amendments replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group has yet to assess the full impact of the amendments and intends to adopt the amendment beginning January 1, 2013.

- *PAS 27 (Revised), Separate Financial Statements* (effective January 1, 2013). The revised standard includes the provisions on financial statements that are left after the control provisions of PAS 27 have been included in the new PFRS 10. The Group will apply the revised standard beginning January 1, 2013 but the adoption is not expected to have an impact on the financial statements.

- *PAS 28 (Revised), Investments in Associates and Joint Ventures* (effective January 1, 2013). This revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of PFRS 11. The Group will apply the revised standard beginning

January 1, 2013 but the adoption is not expected to have an impact on the financial statements as there are currently no investments in joint ventures.

- *PFRS 1 (Amendment), First-time Adoption of PFRS - Fixed Dates and Hyperinflation* (effective July 1, 2011). These amendments include two changes to PFRS 1, First-time adoption of PFRS. The first replaces references to a fixed date of January 1, 2004 with 'the date of transition to PFRS', thus eliminating the need for entities adopting PFRS for the first time to restate derecognition transactions that occurred before the date of transition to PFRS. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with PFRS after a period when the entity was unable to comply with PFRS because its functional currency was subject to severe hyperinflation. The Group will apply the amendment beginning January 1, 2012 but the adoption is not expected to have an impact on the financial statements as the Group is not a first-time adopter.

- *PFRS 7 (Amendment), Financial Instruments: Disclosures - Derecognition* (effective July 1, 2011). This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. The Group will adopt the amendment beginning January 1, 2012 and provide the additional disclosures required by the amendment upon adoption.

- *PFRS 9, Financial Instruments* (effective January 1, 2015). This standard is the first step in the process to replace PAS 39, Financial Instruments: Recognition and Measurement. PFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The Group is yet to assess PFRS 9's full impact. However, initial indications are that it may affect the Group's accounting for its debt available-for-sale financial assets, as PFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognized directly in profit or loss. The Group has yet to assess the full impact of PFRS 9 and intends to adopt PFRS 9 beginning January 1, 2015.

- *PFRS 10, Consolidated Financial Statements* (effective January 1, 2013). This new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has yet to assess the full impact of PFRS 10 and intends to adopt PFRS 10 beginning January 1, 2013.

- *PFRS 11, Joint Arrangements (effective January 1, 2013)*. This new standard is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group has yet to assess the full impact of PFRS 11 and intends to adopt PFRS 11 beginning January 1, 2013.

- *PFRS 12, Disclosures of Interests in Other Entities* (effective January 1, 2013). This new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off –balance sheet vehicles. The Group has yet to assess the full impact of PFRS 12 and intends to adopt PFRS 12 beginning January 1, 2013.

- *PFRS 13, Fair Value Measurement* (effective January 1, 2013). This new standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Group has yet to assess the full impact of PFRS 13 and intends to adopt PFRS 13 beginning January 1, 2013.

- *Philippine Interpretation IFRIC 15, Agreement for the Construction of Real Estate*. This interpretation clarifies whether PAS 18, Revenue or PAS 11, Construction Contracts, should be applied to particular transactions. It is likely that PAS 18 will be applied to a wider range of transactions. The mandatory application of this interpretation has been deferred indefinitely by the SEC. The adoption of this interpretation will be accounted for retrospectively, and will result in restatement of prior period financial statements. It may significantly affect the determination of the revenue from sales of real estate properties and the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the impact of adoption of this interpretation.

- *Philippine Interpretation IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine* (effective January 1, 2013). This interpretation clarifies the requirements for accounting for stripping costs ((the process of removing waste from a surface mine in order to gain access to mineral ore deposits) in the production phase of a surface mine. The interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Group is in the process of quantifying the impact of adoption of this interpretation and will adopt IFRIC 20 beginning January 1, 2013.

2.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group as at June 30, 2012. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies. These consolidated financial statements include the financial statements of the Parent Company and its wholly owned subsidiaries, CIAC and CMSC (Note 1). The percentages of effective ownership of the Parent Company in consolidated subsidiaries at December 31 are as follows:

Name	Country of incorporation	Principal activities	% of ownership	
			2012	2011
CAC Insurance Agency Corp. (CIAC)	Philippines	General insurance	100.00	100.00
CAC Marketing and Services Corp. (CMSC)	Philippines	Marketing	100.00	100.00

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

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

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

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

2.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.4 Receivables

Trade receivables arising from Group's operations, particularly from the royalty agreement, with normal credit terms of 30 days are recorded initially at fair value and subsequently measured at amortized cost less provision for impairment. Fair value approximates invoice amount due to short-term nature of these financial assets.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. When a receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited against provision for impairment losses in profit or loss.

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

2.5 Financial instruments

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

A financial asset is any asset that is (a) cash; (b) an equity instrument of another entity; (c) a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Group; or (d) a contract that will or may be settled in the Parent Company's own equity instruments.

A financial liability is any liability that is (a) a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or (b) a contract that will or may be settled in the Parent Company's own equity instruments.

2.5.1 Classification

The Group classifies its financial assets in the following categories: (a) at fair value through profit or loss; (b) loans and receivables; (c) held-to-maturity; and (d) available-for-sale. The Group classifies its financial liabilities in the following categories: (a) at fair value through profit or loss; and (b) at amortized cost. The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

Except for loans and receivables and available-for-sale financial assets, the Group does not hold financial assets under the other categories. As at June 30, 2012 and December 31, 2011, the Group does not have financial liabilities at fair value through profit or loss.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's cash and cash equivalents (Note 2.3), receivables (Note 2.3), installment receivable and miscellaneous deposits are classified under this category.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Under this category are the Group's available-for-sale financial assets, mainly representing equity securities and club shares.

(c) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost pertain to financial liabilities that are not held for trading or not designated as at fair value through profit or loss upon the inception of the liability. Under this category are trade payables and accrued expenses and other liabilities (excluding payables to government agencies) (Note 2.10).

2.5.2 Recognition and measurement

(a) Initial recognition and measurement

Regular-way purchases and sales of financial assets are recognized on trade date (the date on which the Group commits to purchase or sell the asset). Financial assets and liabilities are initially recognized at fair value plus transaction costs, except for all financial assets and liabilities carried at fair value through profit or loss.

(b) Subsequent measurement

Loans and receivables are carried at amortized cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value; changes in the fair value of assets classified as available-for-sale are recognized in other comprehensive income. Dividend income from available-for-sale equity securities is recognized in profit or loss when the right to receive payment is established.

Financial liabilities other than at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method.

2.5.3 Determination of fair values

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

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

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.5.4 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. The identification of impairment and the determination of recoverable amount is a process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

(a) Assets carried at amortized cost

The Group 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered as objective evidence that the financial asset is impaired.

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 an asset carried at amortized cost is determined to be impaired, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. If a variable interest rate was used, the discounted rate for measuring the impairment loss is the current effective interest rate. The carrying amount of the receivable is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

If in a subsequent period, the amount of impairment loss decreases 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 profit or loss, to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized at the reversal date.

(b) Assets classified as available-for-sale

The Group assesses at each reporting date whether there is evidence that an asset classified as available-for-sale is impaired. In the case of available-for-sale debt instruments, objective evidence of impairment is assessed in the same manner as for assets carried at amortized cost. For available-for-sale equity instruments, a significant or prolonged decline in the fair value shall indicate impairment. For all financial assets classified as available-for-sale, the amount of impairment loss is the difference between its current fair value and its original cost. Impairment loss is transferred from equity to profit or loss. For available-for-sale equity instruments, reversal of previously recognized impairment losses is not recognized in profit or loss. For available-for-sale debt instruments, reversal of impairment losses is

reversed through profit or loss, to the extent that the initial impairment loss was transferred from other comprehensive income to profit or loss. The reversal must be objectively supported by an increase in the fair value of the instrument after the impairment loss was recognized.

2.5.5 Derecognition

A financial asset is derecognized when the rights to receive cash have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Receivables are derecognized upon collection or when written off in the ordinary course of business.

A financial liability (or a part of a financial liability) is removed from the statement of financial position when, and only when, it is extinguished, i.e., when the obligation is discharged or is cancelled or has expired.

2.5.6 Offsetting

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

2.6 Land held for development and sale

Land held for development and sale is stated at the lower of cost and net realizable value. Cost includes charges for acquisition, construction, development and improvement of the properties. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete and the estimated costs of sale.

Land held for development and sale is derecognized and charged to cost of sales in profit or loss upon sale.

2.7 Property and equipment

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

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

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

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

	Years
Buildings and improvements	20
Plant site improvements	3 to 20
Machinery and equipment	3 to 10
Transportation and rolling equipment	3 to 5
Furniture and fixtures	1 to 2

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

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

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

2.8 Investment property

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

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

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

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

Depreciation and amortization on investment property, except land, is recognized in profit or loss on a straight-line basis over the following estimated useful lives:

	Years
Land improvements	10
Condominium unit	10

Property that is being constructed or developed for future use as investment property is classified as investment property under construction in progress. Construction in progress is stated at cost and depreciated only when the relevant assets are completed and ready for intended use. Upon completion, these properties are reclassified to an appropriate investment property account.

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

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) commencement of development with a view of sale, for a transfer from investment property to real properties held-for-sale and development;
(c) end of owner occupation, for a transfer from owner-occupied property to investment property; or
(d) commencement of an operating lease to another party, for a transfer from real properties held-for-sale and development to investment property.

Transfers to investment property do not result in gain or loss.

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

2.9 Impairment of non-financial assets

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

2.10 Trade payables and accrued expenses and other liabilities

Trade payables and accrued expenses and other liabilities are recognized in the period in which the related goods or services are received or when a legally enforceable claim against the Group is established.

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

2.11 Share capital

Common shares are classified as share capital.

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

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

2.12 Dividend distribution

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

Dividend distribution to the shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Board of Directors of the Parent Company.

Stock dividends are recognized in the financial statements at declaration date.

2.13 Earnings per share (EPS)

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

2.14 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discount.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow into the Group and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Royalty income

Royalty income is earned and calculated as a fixed percentage of the monthly sales and volume report as stated in the Agreement (Note 21).

(b) Sale of real estate properties

Revenues from sales of undeveloped land properties or completed real estate projects are recognized when the significant risks and rewards of ownership of the asset have been transferred to the buyer, the Group retains neither continuing involvement nor effective control over the property sold, the amount of revenue and costs can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

Prior to January 1, 2011, the Group's policy is to recognize revenues from sales of real estate projects for which construction is not yet complete or has not commenced ("pre-completed real estate projects") when risks and rewards of ownership on the asset is transferred to the buyer.

Effective January 1, 2011, revenues from sales of pre-completed real estate projects will be recognized under the percentage-of-completion method in accordance with PIC Q&A No. 2006-01, provided all of the following conditions are met:

- equitable interest has been transferred to the buyer;
- the Group is obliged to perform significant acts, provided, however, that construction must be beyond the preliminary stage, i.e., engineering, design work, construction contract execution, site clearance and preparation, excavation and the building foundation are finished;
- the amount of revenue and costs can be measured reliably; and
- it is probable that the economic benefits will flow to the Group, which is when collectibility of the contract sales price is reasonably assured.

Collectibility of the contract sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the Group (generally at least 10% of the contract sales price). Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Under the percentage-of-completion method, revenue and costs will be recognized by reference to the percentage of completion of the project as determined by the Group's project engineers.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on sales contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Initial cash payments received from buyers comprising less than 10% of the contract sales price will be treated as deposits under the 'Deferred income and deposits' account in the statement of financial position. Deposits forfeited due to cancellation of the sales contract will be recognized as income in profit or loss.

The voluntary change in accounting policy for recognition of revenue from sales of pre-completed real estate projects has no impact on the Group's financial statements as there were no such sales as at June 30, 2012 and in Year 2011.

For tax reporting purposes, revenue from sale of developed properties is recognized in full upon collection of at least 25% of total contract price in the year of sale. Otherwise, revenue from sale will be deferred and recognized as income based on collection of installments.

(c) Interest income

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

(d) Costs and expenses

Direct operating expenses and general and administrative expenses are recognized as they are incurred.

Other operating income/expenses are recognized when earned/incurred.

2.15 Provisions and contingencies

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

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

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

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

2.16 Income taxes

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

(a) Current income tax

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

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, NOLCO and MCIT can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred tax liabilities are recognized in full for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

2.17 Employee benefits

(a) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Foreign currency transactions and translations

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss within other income/expense.

2.19 Leases (the Group as the lessor)

Properties leased out under operating leases are included in Investment properties in the statement of financial position. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

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

2.20 Related party relationships and transactions

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

2.21 Events after the reporting date

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

2.22 Segment reporting

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

All transactions between business segments and intra-segment revenue and costs are eliminated upon consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

For the period ended June 30, 2012 and year ended December 31, 2011, the Group has only one operating segment, which is the quarrying business. In view of the current status of the Group's operation which is limited only to this and minimal rental income and interest on receivables, the performance of the Group is being assessed as a single unit. Consequently, detailed segment reporting as required under PFRS 8 is deemed not relevant.

Note 3 - Financial risk and capital management

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

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

The President and General Manager, under the direction of the Board of Directors, are responsible for the management of financial risks. The objective of risk management is to minimize adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

3.1 Financial risk management

3.1.1 Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. Significant changes in the economy, or in the prospects of a particular industry segment that may represent a concentration in the Group's business, could result in losses that are different from those provided for at the reporting date. Management therefore carefully manages its exposure to credit risk. With respect to credit risk arising from other financial assets of the Group, which comprise mainly of cash and cash equivalents, the credit risk is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

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

	Notes	Unaudited June 2012	Audited December 2011
Cash and cash equivalents (excluding cash on hand)	5	117,981,546	108,761,836
Receivables	6		
Trade receivables		5,658,081	2,295,811
Due from related parties		-	209,021
Other receivables, net		358,307	310,064
Installment receivable	18	96,059,032	101,805,995
Other non-current assets	11		

Miscellaneous deposits	2,402,655	2,402,655
	222,459,621	215,785,382

The Group does not hold any collateral as security for receivables noted above. There were no financial assets whose terms were renegotiated.

Credit quality of financial assets

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

	Neither Past Due nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
June 30, 2012					
Cash and cash equivalents	117,981,546				117,981,546
Receivables					
Trade receivables	5,658,081				5,658,081
Other receivables, gross	358,307			26,390,525	26,748,832
Installment receivable	96,059,032				96,059,032
Other non-current assets					
Miscellaneous deposits	2,402,655				2,402,655
	249,566,760	-	-	26,390,525	248,850,146
December 31, 2011					
Cash and cash equivalents	108,761,836				108,761,836
Receivables					
Trade receivables	2,295,811				2,295,811
Due from related parties	209,021				209,021
Other receivables, gross	310,064			26,490,264	26,800,328
Installment receivable	101,805,995				101,805,995
Other non-current assets					
Miscellaneous deposits	2,402,655				2,402,655
	215,785,382	-	-	26,490,264	242,275,646

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

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

As at June 30, 2012, the Group's cash in bank and cash equivalents amounting to P117.98 million (2011 – P108.76 million) are maintained in universal and commercial banks (Note 5).

Bulk of the impaired accounts pertained to receivables from customers of the discontinued Engineering and Construction division of the Group (Note 6).

3.1.2 Market risks

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

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

(a) Interest rate risk

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

(b) Price risk

The Group has minimal exposure to equity price risk which arises mainly from available-for-sale equity securities (Note 11). Equity price risk arises because of fluctuations in market prices of equity securities. The Group is not exposed to commodity price risk.

3.1.3 Liquidity risk

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

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

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

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

The table below summarizes the maturity profile of the Group's financial liabilities as at June 30, 2012 and December 31, 2011 based on contractual undiscounted payments:

	Less than 3 months	3 to 12 months	Total
June 30, 2012			
Trade payables		8,124,590	8,124,590
Accrued expenses and other liabilities			
Dividends payable		7,624,747	7,624,747
Accrued expenses	350,383	1,351,763	1,702,146
Other payables		484,075	484,075
	350,383	17,585,175	17,935,558
December 31, 2011			
Trade payables	-	8,148,285	8,148,285
Accrued expenses and other liabilities			

Dividends payable	-	7,627,386	7,627,386
Accrued expenses	447,831	1,351,763	1,799,594
Other payables	-	382,495	382,495
	447,831	17,509,929	17,957,760

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

3.2 Fair values of financial assets and liabilities

The carrying values of cash and cash equivalents, receivables, miscellaneous deposits, trade payables, and accrued expenses and other liabilities approximate their fair values due to the relatively short-term maturities of these financial instruments.

The fair values of the available-for-sale financial assets are quoted market bid price (Level 1) at the close of business. Available-for-sale financial assets with no available market prices are carried at cost less allowance for any impairment, since the fair values are not readily determinable.

3.3 Capital management

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

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

The Group's capital consists of total equity as shown in the statement of financial position.

There are no externally imposed capital requirements.

Note 4 - Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Critical accounting estimates and assumptions

(a) Impairment loss on receivables (Note 6)

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered as indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The amount and timing of recorded provision for impairment of receivables for any period would differ if the Group made different assumptions or utilized different estimates. Hence, management considers it

impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding impairment of receivables.

As at June 30, 2012 allowance for impairment loss on receivables amounted to P26.39 million (2011 - P26.49 million).

(b) Estimated useful lives of long-lived assets (Notes 9 and 10)

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

As the Group has a significant number of long-lived assets with varying useful lives, estimation of sensitivity of depreciation expense to possible changes in useful lives is deemed impracticable.

Property and equipment have a net carrying amount of P63.60million at June 30, 2012 (2011 – P64.21 million). Investment properties have a net carrying amount of P11.24 million at June 30, 2012 (2011 - P11.19 million).

There is no change in the estimated useful lives of property and equipment and investment properties for the period ended June 30, 2012 and year ended December 31, 2011.

4.2 Critical judgments in applying the Group's accounting policies

(a) Recognition of lump sum royalty fee (Note 21)

The Group previously recognized in 2008 the lump sum portion of the royalty fee as revenue on a straight-line basis over the effectivity period of its Operating Agreement with the Consortium/BAAC. At that time, management believed that the Group would earn this lump-sum royalty over the duration of the Consortium/BAAC's quarrying operations. However, upon subsequent review and fulfillment of conditions contained in the Amendment to the Agreement and confirmation with the Consortium/BAAC regarding their acceptance on the fulfillment of such conditions, management was of the view that the unamortized lump sum portion of the royalty amounting to P288.33 million should be recognized as earned in 2009. As at December 31, 2009, no more conditions exist that would affect the full recognition of the unamortized portion as income for the year.

(b) Impairment of long-lived assets (Notes 9 and 10)

The Group determines whether there are indicators of impairment on its investment properties, and property and equipment, at least on an annual basis. This requires an estimation of recoverable amount which is higher of an asset's or CGU's fair value less cost to sell and value-in-use. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. Estimating the fair value less cost to sell is based on the information available to reflect the amount that the Group could obtain as at the reporting date. In determining this amount, the Group considers the outcome of recent transactions for similar assets within the same industry.

As at June 30, 2012 and December 31, 2011, management has not identified any impairment indicators.

(c) Recognition of deferred tax assets (Note 17)

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. The Group has recognized deferred tax assets amounting to P8.59 million as at June 30, 2012 and December 31, 2011.

(d) Provisions and contingencies (Note 22)

The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and the legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the financial statements. Accordingly, no provision for losses arising from contingencies was recognized in the financial statements as at June 30, 2012 and December 31, 2011.

Note 5 - Cash and cash equivalents

This account consists of:

	Unaudited June 2012	Audited December 2011
Cash in banks	9,306,153	7,696,713
Cash on hand	122,771	125,795
Short-term placements	108,675,393	101,065,123
	118,104,317	108,887,631

Cash in banks consist of current and savings deposits with banks which earn interest at the prevailing bank deposit rates. The short-term placements consist of time deposits which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest ranging from 2.5 % to 3.7% per annum in 2011.

Interest income arising from savings and time deposits amounted to P1.38 million as at June 30, 2012 (2011 – P2.81 million) (Note 16).

Cash in banks include deposit to a related party bank amounting to P6.26 million as at June 30, 2012 (2011 - P5.85 million) (Note 18).

Note 6 - Receivables

This account consists of:

	Notes	Unaudited June 2012	Audited December 2011
Trade receivables	21	5,658,081	2,295,811
Current portion of installment receivable	18	21,252,689	20,914,188
Due from OCLP		-	209,021
Other receivables		26,748,832	26,800,328
		53,659,602	50,219,348
Less allowance for impairment loss		(26,390,525)	(26,490,264)
		27,269,077	23,729,084

As at June 30, 2012 and December 31, 2011, other receivables include P17.12 million pertaining to receivables from customers of the Group's discontinued Engineering and Construction Division, which has been fully provided for.

Movements in and details of the allowance for impairment on receivables follow:

	Unaudited June 2012	Audited December 2011
At January 1	26,490,264	26,726,996
Provisions	-	263,268
Reversals	(99,739)	(500,000)
	26,390,525	26,490,264

Note 7 - Land held for development and sale

In 2010, the Group started the development of its 10-hectare property in Sto. Tomas, Batangas into a leisure farm. The leisure farm project is expected to produce 60 individual farm lots with 25% of each farm lot area devoted only to residential purposes and the rest for vegetable farming.

The balance of the account at June 30, 2012 represents the cost of the land previously recorded as part of the Investment property account and the development costs incurred to date.

The movements in the account are presented below:

	Note	Unaudited June 2012	Audited December 2011
At January 1		45,917,818	42,300,148
Development costs incurred during the year		12,000	3,617,670
		45,929,818	45,917,818

There were no disposals or sales as at June 30, 2012 and in year 2011.

Note 8 - Other current assets

This account consists of:

	Unaudited June 2012	Audited December 2011
Creditable income tax	10,960,726	11,721,226
Prepaid expenses	1,658,181	2,729,373
Input value-added tax	32,668	106,694
	12,651,575	14,557,293

The movements in creditable income tax are presented below:

	Unaudited June 2012	Audited December 2011
At January 1	11,721,226	11,431,483
Tax withheld by customers	279,577	1,111,637
Applied to income tax payable	(1,040,077)	(821,894)
	10,960,726	11,721,226

Prepaid expenses mainly consist of real property tax paid in advance.

Note 9 - Property and equipment

Details of property and equipment at the end of the period and their movements during the period follow:

	Land	Quarry Land	Buildings and Improvements	Plant Site Improvements	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Total
Gross carrying amount								
At January 1, 2011	42,285,255	16,208,973	8,052,282	258,929	3,709,522	6,982,482	872,596	78,370,039
Additions	-	-	-	-	-	989,286	159,664	1,148,950
Disposals	-	-	-	-	-	(807,273)	-	(807,273)
At December 31, 2011	42,285,255	16,208,973	8,052,282	258,929	3,709,522	7,164,495	1,032,260	78,711,716
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At June 30, 2012	42,285,255	16,208,973	8,052,282	258,929	3,709,522	7,164,495	1,032,260	78,711,716
Accumulated depreciation and amortization								
At January 1, 2011	-	-	3,400,126	258,929	3,483,441	6,375,867	838,645	14,357,008
Depreciation and amortization (Note 14)	-	-	382,268		102,804	363,118	98,882	947,072
Disposals	-	-	-	-	-	(807,273)	-	(807,273)
At December 31, 2011	-	-	3,782,394	258,929	3,586,245	5,931,712	937,527	14,496,807
Depreciation and amortization (Note 14)	-	-	191,134	-	51,402	294,878	76,190	613,604
At June 30, 2012	-	-	3,973,528	258,929	3,637,647	6,226,590	1,013,717	15,110,411
Net carrying amount								
At December 31, 2011	42,285,255	16,208,973	4,269,888	-	123,277	1,232,783	94,733	64,214,909
At June 30, 2012	42,285,255	16,208,973	4,078,754		71,875	937,905	18,543	63,601,305

In 2011, proceeds from disposal of property and equipment with zero book value amounted to P0.40 million, which was fully recognized as gain in 2011 (Note 16).

Note 10 - Investment properties

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

	Land	Land Improvements	Condominium Unit	Construction in Progress	Total
Gross carrying amount					
At January 1, 2011	10,205,791	15,617,242	19,341,883	164,312	45,329,228
Additions	20,000	313,724	-	69,953	403,677
Reclassification to land held for development and sale	-	-	-	(234,265)	(234,265)
At December 31, 2011	10,225,791	15,930,966	19,341,883	-	45,498,640
Additions	140,000				140,000
At June 30, 2012	10,365,791	15,930,966	19,341,883	-	45,638,640
At January 1, 2011	-	14,816,948	19,341,883	-	34,158,831
Depreciation and amortization (Note 14)	-	150,192	-	-	150,192
At December 31, 2011	-	14,967,140	19,341,883	-	34,309,023
Depreciation and amortization (Note 14)		89,436	-	-	89,436
At June 30, 2012	-	15,056,576	19,341,883	-	34,398,459
Net carrying amount					
At December 31, 2011	10,225,791	963,826	-	-	11,189,617
At June 30, 2012	10,365,791	874,389	-	-	11,240,181

As at June 30, 2012, the fair value of the land based on latest zonal valuation is P408.8 million; while the fair value of the condominium unit based on management's internal valuation is P6.2 million.

As at June 30, 2012, rent income from investment properties amounted to P0.88 million, while expenses consisting mostly of real property taxes and security services amounted to P3.09 million.

Note 11 - Other non-current assets

This account consists of:

	Unaudited June 2012	Audited December 2011
Mine rehabilitation fund	5,246,654	5,246,654
Miscellaneous deposits	2,509,551	2,509,551
Available-for-sale financial assets	1,115,080	1,115,080
Others	-	-
	8,871,285	8,871,285

Pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as "The Philippine Mining Act of 1995", the Group maintains a mine rehabilitation fund (MRF) with the Land Bank of the Philippines. The MRF shall be used for the physical and social rehabilitation of areas affected by the Group's quarrying activities, and for research in the social, technical and preventive aspects of the mine rehabilitation. Under the Group's Operating Agreement with BAAC (see Note 21), BAAC shall have the exclusive right to manage, operate and provide additional MRF as may be required by applicable laws and regulations; provided that the MRF will remain in the name of the Group as the contracting party to the MPSA.

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

Available-for-sale financial assets include investments in golf club shares and listed equity securities. Movements in the carrying amount of available-for-sale financial assets follow:

	Notes	Unaudited June 2012	Audited December 2011
At January 1		1,115,080	1,115,080
		1,115,080	1,115,080

Note 12 - Accrued expenses and other liabilities

This account consists of:

	Notes	Unaudited June 2012	Audited December 2011
Dividends payable	13	7,624,747	7,627,386
Accrued expenses		1,702,146	1,799,593
Payables to government agencies		295,917	271,594
Other payables		484,075	382,495
		10,106,885	10,081,068

Note 13 - Equity

Details of the Parent Company's share capital as at June 30, 2012 as follows:

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

As at June 30, 2012, issued and outstanding share capital of the Parent Company is held by 636 shareholders (2011 - 638).

In 1973, upon securing the approval of the Philippine SEC, the Parent Company's common shares were officially listed and offered to the public through the local exchange on April 2, 1973. There was no other share offering since then.

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

As at June 30, 2012, there are 22,077,771 listed and outstanding Class A common shares, of which 6,054,829 are floating shares (2011 - 6,054,731 shares), whereas there are 5,388,678 listed and outstanding Class B common shares, of which 402,975 are floating shares. The latest closing price for Class A common shares as at June 29, 2012 was recorded at P79.50 per share (2011 - P60 per share), while Class B common shares did not have trading activity since their listing date.

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

Date Declared	Shareholders of Record as at	Paid On	Amount per Share	Amount
July 29, 2010	August 12, 2010	August 31, 2010	7.28	199,955,749
November 4, 2009	November 18, 2009	November 23, 2009	19.11	524,883,838

On March 25, 2010, the Parent Company's Board of Directors authorized the appropriation of P70 million from unappropriated retained earnings for the development of land located in Sto. Tomas, Batangas to a leisure farm (Note 7).

In 2010, the Group has started the development of its Sto. Tomas property and has incurred capital expenditures amounting to P23.47 million arising directly from the land development, thereby reducing the appropriated retained earnings to P46.53 million as at December 31, 2010. Consequently, on April 14, 2011, management recommended to the Board of Directors the reversion of P46.53 million appropriated retained earnings back to unappropriated retained earnings. The Board of Directors approved the recommendation at its meeting held on June 30, 2011.

Note 14 - General and administrative expenses

This account for the period ended consists of:

	Notes	Unaudited June 2012	Unaudited June 2011
Professional fees	18	2,290,448	3,202,300
Taxes and licenses		1,567,886	1,776,052
Security and janitorial		1,688,205	1,993,925
Personnel costs	15	799,061	1,040,837
Depreciation and amortization		703,040	461,806
Repairs and maintenance		196,920	200,849
Insurance		137,064	188,744
Fuel, oil and lubricants		23,949	164,863
Transportation and communication		95,794	104,882
Power, light and water		89,110	79,250
Entertainment, amusement and recreation (including internal meetings)		166,394	291,064
Others		508,068	364,924
		8,265,939	9,869,496

Depreciation and amortization shown above arose from the following:

	Notes	Unaudited June 2012	Unaudited June 2011
Property and equipment	9	613,604	411,246
Investment property	10	89,436	50,560
		703,040	461,806

Note 15 - Personnel costs

Details of the personnel costs presented under General and administrative expenses are shown below:

	Unaudited June 2012	Unaudited June 2011
Salaries and wages	670,413	640,349
Other benefits	128,648	400,488
	799,061	1,040,837

As disclosed in Note 21, the Group entered into an Operating Agreement, constituting the transfer of quarrying operations, including employees, to BAAC in 2008. The Group has only 3 employees as at June 30, 2012 and December 31, 2011.

Note 16 - Other income

Details of other income and charges are as follows:

	Notes	Unaudited June 2012	Unaudited June 2011
Other income			
Interest income on installment receivable	18	2,768,619	5,192,403
Interest income on bank deposits, net of final tax	5	1,380,098	1,057,788
Others, net		1,126,417	1,173,352
		5,275,134	7,423,543

Note 17 - Income taxes

The provision for income tax for the period ended consists of:

	Unaudited June 2012	Unaudited June 2011
Current	1,040,077	735,235
	1,040,077	735,235

As at June 30, 2012 and December 31, 2011, the Group's net deferred tax asset represent the tax effects of deductible and taxable temporary differences on the following items:

	Unaudited June 2012	Audited December 2011
Deferred tax asset		
Allowance for impairment of assets	8,590,438	8,590,438
Net deferred tax asset	8,590,438	8,590,438

Net deferred tax asset is expected to be recovered beyond 12 months after the reporting date.

The movements in deferred income tax asset (liability) for the period ended are as follows:

	Unaudited June 2012	Audited December 2011
At January 1	8,590,438	8,065,725
Charged to profit or loss	-	524,713
	8,590,438	8,590,438

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

	Unaudited June 2012	Unaudited June 2011
Income tax computed at statutory income tax rate	1,567,923	1,753,567
Adjustments to income tax resulting from:		
Accretion income	(85,357)	(699,459)
Interest income subjected to final tax	(414,029)	(317,336)
Dividend income exempt from tax	(4,173)	(1,537)
Other	(24,287)	-
Income tax expense	1,040,077	735,235

Note 18 - Related party transactions

a. In the ordinary course of business, the Group enters into transactions with related parties as follows:

Related party	Relationship
OCLP	Parent company
CMSC	Subsidiary
CIAC	Subsidiary

b. In November 2007, OCLP purchased the Group's 12 hectares of land located in Longos, Bagumbayan, Quezon City for P1.13 billion, with P260 million downpayment and the remaining balance payable in forty (40) equal quarterly payments starting April 2009 at interest of 6% per annum on the principal. The fair value of the installment receivable from OCLP amounted to P835.26 million resulting in a "Day 1 loss" of P34.74 million.

The following table shows the subsequent amortization of the Day 1 loss:

	Unaudited June 2012	Audited December 2011
At January 1	2,044,547	19,620,381
Accretion income during the year	(284,523)	(17,575,834)
	1,760,024	2,044,547

In July 2010, OCLP purchased the Group's property located in Tatala, Binangonan, Rizal consisting of land with a total area of 4.4 hectares, more or less, for a consideration of P30.9 million, with a P3.09 million downpayment and the remaining balance payable in three (3) equal annual payments starting July 2011 at 6% interest per annum on the principal.

The movements in the installment receivable account are presented below:

	Note	Unaudited June 2012	Audited December 2011
At January 1		101,805,995	104,993,123
Collections of installment due		(6,031,486)	(20,762,962)
Accretion income		284,523	17,575,834
Total		96,059,032	101,805,995
Less current portion	6	21,252,689	20,914,188
Non-current portion		74,806,343	80,891,807

Interest income on installment receivable recognized as at June 30, 2012 amounted to P2.48 million (2011 – P7.22 million).

Interest income on installment receivable recognized for the period ended includes:

	Unaudited June 2012	Unaudited June 2011
Nominal interest income	2,484,096	2,860,874
Accretion income	284,523	2,331,529
	2,768,619	5,192,403

c. In 2005, the Group entered into a Management Agreement with OCLP. The monthly management fee was P0.770 million, inclusive of VAT, plus an additional fee of 5% of incremental audited net income after tax.

   On December 4, 2009, an Amendment to the Management Agreement was executed taking into consideration the Operating Agreement entered into by the Group resulting in a scaling down of its business operations. The amendments state that the Group shall pay OCLP the following:

   - A monthly fee of P0.10 million effective June 1, 2008, subject to annual escalation at the rate of 5% or the average inflation rate for the immediately preceding year, whichever is higher.

   - A supervision fee amounting to 12.5% of the total proceeds of the sale in case OCLP actively participates in the development of real property owned by Company.

   The additional fee of 5% of incremental audited net income after tax was waived.

   The Management Agreement was renewed under these same terms and conditions through the execution by the Company and OCLP of a new Management Agreement on October 28, 2010.

   Total management fee recognized as at June 30, 2012 amounted to P0.68 million (2011 - P1.29 million), included as part of Professional fees in profit or loss (Note 14). The outstanding balance due to OCLP, which was recorded under the Accrued expenses and other liabilities account (Note 12) in the statement of financial position, amounted to P0.10 million as at June 30, 2012. Invoices for management fee carry a 30-day term.

d. The Group has a banking relationship with a significant investor of the ultimate parent company. The total cash deposit maintained with the related party amounted to P6.26 million as at June 30, 2012 (2011 - P5.85 million), subject to interest at the prevailing bank rates.

e. In the normal course of business, the Group receives advances from related parties. These are non-interest bearing, unsecured and due on demand. As at June 30, 2012, outstanding balance due to OCLP amounts to P0.09 million (Note 12).

f. The compensation of key management personnel, which includes salaries and short-term benefits, amounted to P0.52 million for the period ended June 30, 2012 (2011 – P1.20 million). Directors' fees amount to P0.13 million as at June 30, 2012 (2011 - P0.26 million). There are no long-term employee benefits granted to key management personnel.

Note 19 - Basic/diluted earnings per share

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

	Unaudited June 2012	Audited December 2011
Net income for the period	4,212,334	22,301,934
Divided by weighted average number of common shares outstanding during the year	27,466,449	27,466,449
Basic/diluted earnings per share	0.15	0.81

The Group does not have dilutive potential common shares as at June 30, 2012 and December 31, 2011.

Therefore, the basic and diluted earnings per share are the same as at said dates.

Note 20 - Cash used in operations

Details of cash generated from (used in) operations for the period ended follow:

	Notes	Unaudited April to June 2012	Unaudited April to June 2011	Unaudited January to June 2012	Unaudited January to June 2011
Income before income tax		2,357,487	3,668,878	4,212,334	5,845,224
Adjustments for:					
Interest income on:					
Installment receivable	18	(1,374,968)	(2,575,154)	(2,768,619)	(5,192,404)
Bank deposits	5, 16	(681,277)	(1,057,454)	(1,380,098)	(1,057,788)
Depreciation and amortization	14	351,519	235,799	703,040	461,806
Operating (loss) income before changes in operating assets and liabilities		652,761	272,069	766,658	56,840
Changes in operating assets and liabilities					
Decrease (increase) in:					
Receivables		(2,370,790)	1,963,471	(3,201,491)	2,086,113
Land held for development and sale			(864,379)	(12,000)	(2,014,189)
Other current assets		1,373,420	79,110	1,905,717	(2,324,583)
Increase (decrease) in:					
Trade payables				(23,695)	
Accrued expenses and other liabilities		(12,819)	(2,529,652)	25,817	(3,982,537)
		(357,428)	(1,079,381)	(538,994)	(6,178,356)

Note 21 - Significant agreements

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

- Operating Agreement with BAAC (see below);
- Asset Purchase Agreement with BAAC, pursuant to which BAAC purchased all the rights, title and interest of the Group in certain operating assets, which include property and equipment, for P217.6 million;
- Share Purchase Agreement with the Consortium, pursuant to which the Consortium purchased all the Group's rights, title and interest in BAAC for P587 million; and
- Trademark License Agreement with BAAC (see below).

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

(i) Operating Agreement with BAAC

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

- Extract aggregates at least at the minimum extraction rate, which means 1.6 million metric tons (MMT) (or 1.06 million cubic meters) per annum at the ECC maximum extraction limit of 2.7 MMT (or 1.8 million cubic meters) per annum at the time the Operating Agreement was executed and after the second anniversary date of the approval by the Department of Environment and Natural Resources (DENR) of the Group's application for increase of the maximum extraction limit from 2.7 MMT to 5.25MMT (or 3.6 million cubic meters), means 2.6 MMT per annum (or 1.74 million cubic meters).

- Conduct quarrying operations for a period of fifteen (15) years: (i) in accordance with the MPSA between the Group and the DENR, the ECC issued by the DENR, applicable laws and regulations and applicable industry standards; and (ii) in accordance with the existing development plan of the Group.

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

- Pay the Group royalty with the following terms:

  i. two-and-a-half percent (2.5%) of the value of the aggregates sold;

  ii. a lump-sum amount of P300 million after the approval by the DENR of the increase in the maximum extraction rate from 2.7 MMT to 5.25 MMT per annum; and

  iii. the royalty amount to be adjusted/indexed annually to the weighted average price of the aggregates sold on an arms' length pricing.

- Maintain the MPSA in good standing, as well as complete and accurate records relating to the quarrying operations.

As at December 31, 2010, the Group has received the full settlement of P300 million lump sum amount in accordance with the agreed payment terms as follows:

	In millions
Upon approval by the DENR of the Operating Agreement with respect to the 1st MPSA on April 3, 2008 - collected on June 2, 2008	232.00
Balance in three equal installments upon approval by the DENR of the Operating Agreement with respect to the 2nd MPSA on January 13, 2009:	
First installment	22.67
Second installment	22.67
Total received as at December 31, 2009	277.34
Third installment (collected on January 15, 2010)	22.66
	300.00

The balance of the lump sum royalty was subjected to interest of 9.25% per annum until 2010. Interest on the installment of the lump sum royalty amounted to P1.06 million in 2010 (2009 - P1.63 million).

Out of the P232 million lump sum payment received in 2008, the amount of P11.67 million was recognized as royalty fee for that year and the balance of P220.33 million, of which P20 million represents current portion in 2008, was recognized as unearned lump sum royalty fee to be amortized over the life of the Operating Agreement. Due to subsequent fulfillment of conditions contained in an Amendment to the Agreement dated January 18, 2008 executed by the Group and the Consortium, the total unearned lump sum royalty fee at the end of 2008 of P220.33 million was recognized as royalty fee in 2009.

As at December 31, 2009 and 2008, the lump sum portion of royalty fee recognized by the Group amounted to P288.33 million and P11.67 million, respectively.

Basic royalty fee of 2.5% of the value of the aggregates sold amounted to P8.24 million as at June 30, 2012 (2011 – P13.78 million). Outstanding receivable arising from royalty fee amounted to P5.13 million as at June 30, 2012 (2011 – P1.77 million) (Note 6).

(ii) Trademark License Agreement

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

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

Note 22 - Contingencies

The Group is involved in various legal proceedings incidental to its normal business activities. The Group’s management and legal counsel are of the opinion that the amount of the ultimate liability with respect to these matters would not have a material adverse effect on the financial position, financial performance or liquidity of the Group.

Concrete Aggregates Corp.
SCHEDULES
As at June 30, 2012

Schedule A - Financial Assets

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	Valued based on market quotation at end of reporting period	Income received and accrued
Cash and cash equivalents	-	118,104,317	-	1,380,098
Receivables	-	27,269,077	-	2,484,096
Installment receivable (non-current)	-	74,806,342	-	284,523
Other non-current assets			-	
Miscellaneous deposits	-	2,402,655	-	-
Available-for-sale financial assets		1,115,080	-	-
Total		223,697,471		4,148,717

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected, liquidated or re-classed	Amounts written off	Current	Not current	Balance at end of period
Various employees	56,613	84,638	(36,396)				104,857
OCLP installment receivable – current	20,914,188	6,369,987	(6,031,486)				21,252,689
OCLP installment receivable – non-current	80,891,807	284,523	(6,369,988)				74,806,342
Total	101,862,608	6,739,148	(12,437,870)				96,163,886

Schedule C - Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Receivables of the parent company from its wholly-owned subsidiaries which have been fully provided for impairment losses are as follows:

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts provided/ written off	Current	Not current	Balance at end of period
Not Applicable							

Schedule D - Intangible Assets - Other Assets

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Not Applicable						

Schedule E - Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Not Applicable			

Schedule F - Indebtedness to Related Parties

Name of affiliate	Balance at beginning of period	Balance at end of period
OCLP	-	93,917
		93,917

Schedule G - Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
Not Applicable				

Schedule H - Capital Stock

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

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors, officers and employees	Others
Common Class "A" at P10 par value each	40,000,000	22,077,771	Not Applicable	16,021,976	966	6,054,829
Common Class "B" at P10 par value each	10,000,000	5,388,678	Not Applicable	4,985,612	91	402,975
	50,000,000	27,466,449		21,007,588	1,057	6,457,804

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

As of June 30, 2012, there are 22,077,771 listed and outstanding Class A common shares of which 6,054,829 are floating shares whereas there are 5,388,678 listed and outstanding Class B common shares of which 402,975 are floating shares. The latest closing price for Class A common shares was recorded at ₱79.50 (as of June 29, 2012) while Class B common shares have never been traded since their listing date.

Concrete Aggregates Corp.

Financial Soundness Indicators
As at June 30, 2012

	June 30, 2012	December 31, 2011
Current Ratio	11.19	10.59
Debt to Equity Ratio	0.05	0.05
Asset to Equity Ratio	1.05	1.05

	June 30, 2012	June 30, 2011
Interest Rate Coverage Ratio	-	-
Net Income Ratio	0.51	0.62