CONCRETE AGGREGATES CORPORATION

15 May 2014

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

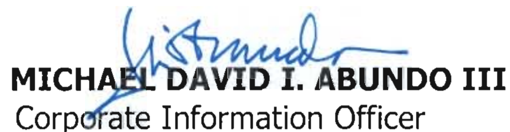
Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

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 first quarter of 2014.

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

Contact Person

6311231

Company Telephone Number

1 2	3 1
Month	Day

Fiscal Year

0 6	2 6
Month	Day

Annual Meeting

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

FORM TYPE

P E R M I T   T O   O F F E R   S E C U R I T I E S

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

640

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: 1st Quarter 2014

(FORM TYPE)

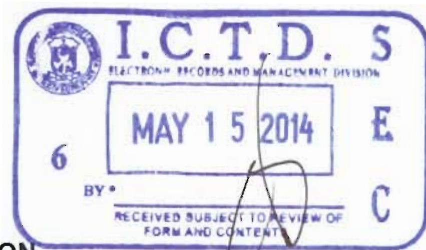
(Amendment Designation if Applicable)

31 March 2014

Period Ended Date

Permit to Offer Securities for Sale

(Secondary License Type, if any)



SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended **31 March 2014**

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 31 March 2014
- Unaudited Statement of Income, as of 31 March 2014
- Unaudited Statement of Changes in Stockholder's Equity, as of 31 March 2014
- Unaudited Statement of Cash Flows, as of 31 March 2014
- Aging of Accounts Receivables, as of 31 March 2014
- Statement of Management's Responsibility
- 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 18 June 2007, authorized the conduct of a bidding to select an operator of its Angono quarry for a period of fifteen (15) years. Three companies qualified to participate in the bidding of which two submitted formal bids on 16 November 2007. On 29 November 2007, the Company's Board of Directors declared that the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the "Consortium") won the bid for the right to operate the Company's Angono quarry.

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

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

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

The Company recorded revenues of ₱9.42 million for the first quarter of 2014 as compared to ₱6.53 million for the first quarter of 2013 coming from the 2.5% royalty on the value of aggregates sold by

BAAC/LRAI. Net income after tax for the first quarter of 2014 was ₱4.51 million while net income after tax for the same period in 2013 was ₱2.77 million. The increase was due to higher royalty fees earned from BAAC/LRAI.

The Company currently has no significant liquidity or credit risks. Its ₱182 million current assets are more than enough to cover its ₱9 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 Ortigas & Company, Limited Partnership (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 ₱9.42 million in royalties during the first quarter of 2014. No revenues from aggregates sales were realized due to the transfer of the quarry operations to BAAC/LRAI beginning 1 June 2008.

Cost of sales

Because of the absence of aggregates sales, the Company did not incur any cost of sales during the first quarter of 2014.

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 ₱4.72 million for the first quarter of 2014 decreased by 3% from last year's figure of ₱4.86 million mostly due to the decline in the directors bonus, taxes and licenses net of the increase in professional fees. Expenses incurred in 2014 came mostly from depreciation, salaries and wages of the Company's remaining employees, professional fees, directors' bonus and payment of real property tax on various real estate properties.

Other income (expenses)

The Company's other income of ₱1.61 million for the first quarter of 2014 came mainly from interest and accretion income pertaining to the Longos property sold to OCLP. This is lower than last year's figure of ₱2.09 million mostly due to the lower interest income received from the installment sale of the Longos property to OCLP.

Net income after tax

Operations for the first quarter of 2014 resulted in a net profit of ₱4.51 million after making provisions for income taxes. Net profit for the same period in 2013 was ₱2.77 million. As stated above, the increase was mostly due to royalty fees and other income of the Company.

Financial Condition

Cash

Cash balance in the amount of ₱105.75 million represents an increase of 7% compared to the Company's cash balance as of 31 December 2013 due to the collection of receivables from BAAC/LRAI.

Receivables
Receivables as of the end of the first quarter of 2014, net of allowances and provisions, amounted to ₱21.81 million which increased by 18% compared to the ₱18.42 million receivables as of 31 December 2013. The increase was caused by reclassification of the non-current portion of installment receivable to current portion net of the collection of receivables from BAAC/LRAI.

Land held for development and sale
In 2010, the Company started the development of its 9.7-hectare property in Sto. Tomas, Batangas. The balance of the account at March 31, 2014 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 March 31, 2014 decreased by 21% to ₱7.45 million compared to ₱9.42 million as of 31 December 2013 mainly due to the application of creditable withholding tax and amortization of prepaid real property tax for the first quarter of 2014.

Investment Properties
Investment properties as at March 31, 2014 amounted to ₱11.08 million representing a decrease of ₱0.01 million from the December 31, 2013 balance due to the depreciation for the first quarter of 2014.

Property, Plant and Equipment
Property, plant and equipment (net) as at March 31, 2014 amounted to ₱62.34 million representing a decrease of ₱0.22 million compared to the December 31, 2013 balance of ₱62.56 million basically due to depreciation for the first quarter of 2014.

Deferred Income Tax Assets
The Company's deferred income tax asset currently at ₱8.53 million was the result of the write-off of trade receivables.

Installment Receivable – Non-current portion
This pertains to the ₱42.39 million non-current portion of the installment receivable from the sale of the Longos to OCLP. The ₱3.45 million decrease as compared to December 31, 2013 was due to the reclassification of non-current portion to current portion net of the realized amortization of the Day 1 loss charged to retained earnings.

Other noncurrent assets
The Company's other noncurrent assets, currently at ₱9.77 million, are composed of Available for Sale Investments, Mine Rehabilitation Fund and other deposits.

Trade accounts payable
Trade accounts payable of ₱3.21 million represents outstanding payables as at March 31, 2014.

Accrued expenses and other liabilities
Accrued expenses and other liabilities amounting to ₱1.30 million decreased by ₱0.30 million from last year's figure of ₱1.60 million due to payment of various accruals in the first quarter of 2014.

Dividends payable
Dividends payable amounting to ₱4.71 million represents unclaimed dividend checks as of March 31, 2014.

Stockholders' Equity
Stockholders' equity as of the end of the first quarter of 2014 was ₱306.59 million. The ₱4.51 million increase in stockholders' equity from the amount as of December 31, 2013 came from the Company's net income after tax for the first quarter of 2014.

Book value per share was at ₱11.16 per share as at March 31, 2014 compared to ₱11.00 per share at December 31, 2013.

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

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

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

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

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

vi. The causes for any material changes in the unaudited financial statements from the first quarter of 2014 as compared to the first quarter of year 2013 and as of year ending 2013 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 31 March 2014	as of 31 March 2013	Increase (Decrease)	Remarks
Royalties	**9,424,794**	6,532,806	2,891,988	The increase was due to the higher revenue from aggregates sold by BAAC/LRAI
Other income (expense)	**1,607,063**	2,094,289	(487,226)	The decrease was due to the lower interest income received from the installment sale of the Longos property to OCLP.
Cash and cash equivalents	**105,748,931**	99,287,491	6,461,440	The increase was due to the collection of receivables from BAAC/LRAI.

Accounts	as of 31 March 2014	Audited as of 31 December 2013	Increase (Decrease)	Remarks
Receivables	**21,813,680**	18,424,379	3,389,301	The increase was caused by the reclassification of non-current portion of installment receivable to current portion net of the collection of receivables from BAAC/LRAI
Other current assets	**7,449,310**	9,416,962	(1,967,652)	The decrease was caused by the application of creditable withholding tax and the amortization of prepaid real property tax.
Installment receivable (non-current)	**42,388,018**	45,840,027	(3,452,009)	The decrease was caused by the reclassification of the current portion net of the realized amortization of the Day 1 loss charged to retained earnings
Accrued expenses and current liabilities	**1,299,945**	1,597,608	(297,663)	The decrease was caused by the settlement of various accruals.
Retained earnings	**30,282,990**	25,771,281	4,511,709	The increase represents the net income realized for the first quarter of the year.

Key Performance Indicators

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

Measures	31 March 2014	31 December 2013
Current Ratio	19.71	18.17
Debt/Equity Ratio	0.03	0.03
Return on Assets	6%	5%
Return on Equity	6%	5%

Measures	31 March 2014	31 March 2013
Net Income Rate	48%	42%

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

SIGNATURE

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

Janeth B. De Los Reyes
Acting Head of Finance/Authorized Officer
May 14, 2014

Concrete Aggregates Corp. and Subsidiaries

Consolidated Balance Sheet
31 March 2014
(With comparative figures at 31 December 2013)
(All amounts in Philippine Peso)

	Notes	**Unaudited March 2014**	Audited December 2013
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	105,748,931	99,287,491
Receivables, net	6	21,813,680	18,424,379
Land held for development and sale	7	46,693,487	46,693,487
Other current assets	8	7,449,310	9,416,962
Total current assets		181,705,408	173,822,319
NON-CURRENT ASSETS			
Property, plant and equipment, net	9	62,336,247	62,556,280
Investment property, net	10	11,084,172	11,128,891
Installment receivable, net of current portion	17	42,388,018	45,840,027
Deferred tax asset, net	16	8,531,836	8,531,837
Other non-current assets	11	9,765,589	9,767,870
Total non-current assets		134,105,862	137,824,905
Total assets		315,811,270	311,647,224
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables		3,206,315	3,256,315
Accrued expenses and other liabilities	12	1,299,945	1,597,608
Dividends payable	13	4,710,809	4,710,809
Total current liabilities		9,217,069	9,564,732
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		577,417	577,417
Retained earnings	13	30,282,990	25,771,281
Total equity		306,594,201	302,082,492
Total liabilities and equity		315,811,270	311,647,224

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Total Comprehensive Income
For the 1st Quarter ended 31 March 2014
(With comparative figures for the 1st Quarter ended 31 March 2013)
(All amounts in Philippine Peso)

	Notes	Unaudited January to March 2014	Unaudited January to March 2013
REVENUE			
Basic royalty fee	21	9,424,794	6,532,806
		9,424,794	6,532,806
COST AND EXPENSES			
General and administrative expenses	14	4,715,009	4,856,938
OPERATING INCOME		4,709,785	1,675,868
OTHER INCOME, net	16	1,607,063	2,094,289
INCOME BEFORE INCOME TAX		6,316,848	3,770,157
PROVISION FOR INCOME TAX	17	1,805,139	998,022
NET INCOME FOR THE YEAR		4,511,709	2,772,135
OTHER COMPREHENSIVE INCOME (LOSS)		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,511,709	2,772,135
Basic/Diluted earnings per share		0.16	0.10

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Changes in Equity
For the 1st Quarter ended 31 March 2014
(With comparative figures for the 1st Quarter ended 31 March 2013)

(All amounts in Philippine Peso)

	Share Capital (Note 13)	Share Premium	Fair Value Reserve on Available-for-Sale Financial Assets (Note 11)	Retained Earnings (Note 13)	Total
Balances, December 31, 2012	274,664,490	1,069,304	152,140	10,563,410	286,449,344
Comprehensive income					
Net income for the period	-	-	-	2,772,135	2,772,135
Other comprehensive income					
Total comprehensive income for the period	-	-	-	2,772,135	2,772,135
Balances, March 31, 2013	274,664,490	1,069,304	152,140	13,335,545	289,221,479
Balances, December 31, 2012	274,664,490	1,069,304	152,140	10,563,410	286,449,344
Comprehensive income					
Net income for the year	-	-	-	15,207,871	15,207,871
Other comprehensive income	-	-	425,277	-	425,277
Total comprehensive income for the year	-	-	425,277	15,207,871	15,633,148
Balances, December 31, 2013	274,664,490	1,069,304	577,417	25,771,281	302,082,492
Comprehensive income					
Net income for the period	-	-	-	4,511,709	4,511,709
Other comprehensive income					
Total comprehensive income for the period	-	-	-		
Balances, March 31, 2014	274,664,490	1,069,304	577,417	30,282,990	306,594,201

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Cash Flows
For the 1st Quarter ended 31 March 2014
(With comparative figures for the 1st Quarter ended 31 March 2013)
(All amounts in Philippine Peso)

	Notes	Unaudited January to March 2014	Unaudited January to March 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from (used in) operations	20	5,368,358	377.288
Interest received on:			
Installment receivable	18	902,519	1,096,507
Bank deposits	5	190,563	315,393
Net cash flows from operating activities		6,461,440	1,789,188
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Collections of installment receivable	18	-	3,161,284
Acquisitions of:			
Property, plant and equipment	9	-	(91,188)
Investment property	10	-	(208,000)
Net cash flows from investing activities		-	2,862,096
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	13	-	(8,017,392)
Net cash flows used in financing activities		-	(8,017,392)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		6,461,440	(3,366,108)
CASH AND CASH EQUIVALENTS			
At January 1	5	99,287,491	78,833,479
At March 31	5	105,748,931	75,467,371

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

CONCRETE AGGREGATES CORP.

ACCOUNTS RECEIVABLE AGING (Unaudited)
FOR THE 1ST QUARTER ENDING 31 MARCH 2014

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/LRAI	3,750,957	3,750,957	0	
Others	277,700	-	277,700	
C. Current Portion of Installment Receivables	17,785,023	3,862,003	13,923,020	
Total	21,813,680	7,612,960	14,200,720	

Note 1 - General information

Concrete Aggregates Corporation (the "Parent Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 23, 1968. The 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 is 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 Corporation (CIAC) and CAC Marketing and Services Corporation (CMSC), (collectively referred to as the "Group") are both incorporated in the Philippines and are currently dormant companies. The Company's immediate parent is Ortigas & Company, Limited Partnership (OCLP), and its ultimate parent is OCLP Holdings Incorporated (OHI), which are both domiciled in the Philippines.

The Parent Company has a management agreement with OCLP, its immediate parent company (Note 17).

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 Memorandum of Agreement with the Consortium dated January 18, 2008 and its Operating Agreement with BAAC dated January 23, 2008. In return, the Parent Company shall receive lump sum and basic royalty fees in accordance with the terms of its Operating Agreement with BAAC (Note 20). In 2013, BAAC changed its name to Lafarge Republic Aggregates, Inc. (LRAI).

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

These consolidated financial statements of the Group for the year ended December 31, 2013 were approved and authorized for issuance by the Board of Directors (BOD) on March 20, 2014. There are no material events that occurred subsequent to March 20, 2014 until April 1, 2014.

Note 2 - Summary of significant accounting policies

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

2.1 Basis of preparation

These 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.

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

The preparation of these consolidated 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.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group effective January 1, 2013:

- IAS 32 (Amendment), '*Financial Instruments: Presentation', on Asset and Liability Offsetting*: These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- IFRS 10, 12 and IAS 27 (Amendment) *'Consolidation for Investment Entities'*: These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

- IAS 36 (Amendment), *'Impairment of Assets on Recoverable Amount Disclosures*: This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- IAS 39 (Amendment in Financial Instruments: Recognition and Measurement) *'Novation of Derivatives':* This amendment provides relief from discontinuing hedge accounting when novation ot a hedging instrument to a central counter party meets specified criteria.

- IFRIC 21, *'Levies':* This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements, except for PFRS 9 as set out below:

- *PFRS 9, Financial Instruments: Recognition and Measurement* (effective January 1, 2015). This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of PAS 39, Financial Instruments: Recognition and

Measurement, that relate to the classification and measurement of financial instruments, and hedge accounting. PFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the PAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. PFRS 9 also details the changes in requirements to hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. The mandatory effective date of PFRS 9, which is for annual periods beginning January 1, 2015 has been deferred and left open pending the finalization of the impairment classification and measurement requirements. The Group has yet to assess the full impact of PFRS 9 and intends to adopt PFRS 9 upon completion of the IASB project.

There are no other standards, amendments or interpretations not yet effective that have a material impact on the Group.

2.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group as at March 31, 2014. 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 2014	% of ownership 2013
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 maturities of three months or less from the dates of acquisition and that are subject to insignificant risk of changes in value.

2.4 Receivables

Trade receivables arising from the 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 any provision for impairment. Fair value approximates invoice amount due to short-term nature of these financial assets.
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.

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 (Note 2.5.4). When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against provision for impairment losses recognized under General and administrative expenses in the consolidated statement of total comprehensive income.

Receivables are recognized, measured, impaired and derecognized using the same accounting policies applied to loans and receivables as discussed in Note 2.5.

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.

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.

As at March 31, 2014 and December 31, 2013, apart from loans and receivables and available-for-sale financial assets, the Group does not hold financial assets under the other categories. Also, 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. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as non-current assets. The Group's cash and cash equivalents (Note 2.3), receivables (Note 2.4), installment receivable and miscellaneous deposits included in other non-current assets 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. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months from the reporting date. The Group's available-for-sale financial assets, mainly representing equity securities and club shares, recognized as part of other non-current assets, are classified under this category.

(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. The Group's trade payables, accrued expenses and other liabilities (excluding payables to government agencies) (Note 2.10), and dividends payable are classified under this category.

2.5.2 Recognition and measurement

(a) Recognition

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 not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.

Trade receivables are recognized when the related revenue is recognized and a contractual right to receive cash is established. Other receivables are recognized when a contractual right to receive cash is established.

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.

(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.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of total comprehensive income as gains and losses from investment securities under other income.

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 Fair value measurement

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

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

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement. The fair value of financial instruments traded in active markets is based on their quoted market price at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required its fair value on instrument are observable, the asset or liability is included in Level 2. If one or more of the significant input is not based on observable market data, the asset or liability is included in Level 3.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. In valuing its investment properties, the Group uses market approach. Under this approach, observable inputs such as prices, broker quotes, and other relevant information generated by market transactions involving identical or comparable assets or group of assets are being utilized to come up with fair value.

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 a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'lost event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. 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 collectively for receivables 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 receivables are 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 a receivable is determined to be impaired, the amount of loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable'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 loss is recognized in profit or loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the receivable does not exceed the amortized cost that would have been at the reversal date had the impairment not been recognized.

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 of security below its cost shall indicate impairment. The Group treats 'significant' as 20% or more and 'prolonged' as greater than twelve months. 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 flows from the investment 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 derecognized when the obligation is discharged or is cancelled or expires.

2.5.6 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated 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 methods are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

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) 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 that will be carried at cost do not result in gain or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. 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, investments in subsidiaries, land held for development and sale 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 impairment at each reporting date.

2.10 Trade payables and accrued expenses and other liabilities

Trade payables and accrued expenses and other liabilities (excluding payables to government agencies) are recognized, measured and derecognized using the accounting policies for financial liabilities at amortized cost as discussed in Note 2.5. Payables to government agencies are recognized in the period 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, and Share premium

Common shares are classified as share capital.

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

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

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 consolidated financial statements in the period in which the dividends are approved by the BOD of the Parent.

Stock dividends are recognized in the consolidated 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.

Royalty income

Royalty income is earned and calculated as a fixed percentage of the monthly sales and volume report as stated in the Memorandum of Agreement with BAAC/LRAI (Note 20).

(a) 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.

There were no sale of real estate properties that occurred for the periods ended March 31, 2014 and December 31, 2013.

(b) Interest income

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

(c) Costs and expenses

Cost and 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 probable that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are derecognized when the corresponding obligation is settled, cancelled or has expired.

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.

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 recognized 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.

2.16 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.

2.17 Foreign currency transactions and translations

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The financial

statements are presented in Philippine Peso, which is the Group'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.

2.18 Leases (the Group as the lessor)

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

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

2.19 Related party relationships and transactions

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

2.20 Subsequent events (or Events after the reporting date)

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

2.21 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 periods ended March 31, 2014 and December 31, 2013, 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, 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 BOD, 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 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 consolidated statement of financial position is as follows:

	Notes	2014	2013
Cash and cash equivalents (excluding cash on hand)	**5**	105,632,307	99,167,682
Receivables	**6**		
Trade receivables		3,750,957	4,813,971
Installment receivable	**17**	60,173,041	59,161,368
Other receivables, net	**6**	277,700	289,065
Other non-current assets	**11**		
Miscellaneous deposits		2,386,252	2,388,536
		172,220,257	165,820,622

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		
	High Grade	Standard Grade	But Not Impaired	Impaired	Total
2014					
Cash and cash equivalents	105,632,307	-	-	-	105,632,307
Receivables					
Trade receivables	3,750,957	-	-	-	3,750,957
Installment receivable	60,173,041	-	-	-	60,173,041
Other receivables, gross	277,700	-	-	26,390,525	26,668,225
Other non-current assets					
Miscellaneous deposits	2,386,252	-	-	-	2,386,252
	172,220,257	-	-	26,390,525	198,610,782

	Neither Past Due nor Impaired		Past Due		
	High Grade	Standard Grade	But Not Impaired	Impaired	Total
2013					
Cash and cash equivalents	99,167,682	-	-	-	99,167,682
Receivables					
Trade receivables	4,813,971	-	-	-	4,813,973
Installment receivable	59,161,368	-	-	-	59,161,368
Other receivables, gross	289,065	-	-	26,390,525	26,679,590
Other non-current assets					
Miscellaneous deposits	2,388,536	-	-	-	2,388,533
	165,820,622	-	-	26,390,525	192,211,147

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

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

As at March 31, 2014, the Group's cash and cash equivalents amounting to P105.63 million (2013 - P99.17 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 Company (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. 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 March 31, 2014 and December 31, 2013 based on contractual undiscounted payments:

	Less than 3 months	3 to 12 months	Total
2014			
Trade payables		3,206,315	3,206,315
Accrued expenses and other liabilities			
Dividends payable		4,710,809	4,710,809
Accrued expenses	617,328	-	617,328
Other payables		148,000	148,000
	617,328	8,065,124	8,682,452
2013			
Trade payables	-	3,256,315	3,256,315
Accrued expenses and other liabilities			
Dividends payable	-	4,710,809	4,710,809
Accrued expenses	645,974	-	645,974
Other payables	-	546,338	546,338
	645,974	8,513,462	9,159,436

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

3.2 Fair value estimation

The fair values of available-for-sale securities are based on quoted market prices at the reporting date and are classified under Level 1 of fair value hierarchy.

The Group uses market approach in determining the fair values of its investment properties which uses observable inputs, such as prices, broker quotes and other relevant information generated by market transactions involving identical or comparable assets or group of assets. The fair values of the Group's investment properties as disclosed in Note 10 fall under Level 2 of the fair value hierarchy. The Group does not have non-financial assets or liabilities classified under Level 3 at the reporting date.

The following table presents the Group's financial assets that are measured at fair value at March 31, 2014 and December 31, 2013 following the fair value hierarchy definition as described in Note 2.5.3 - Fair value measurement.

2014	Level 1	Level 2	Total
Recurring measurements			
Available-for-sale securities			
Listed equity securities	1,108,958	-	1,108,958
Proprietary shares	490,000	-	490,000
	1,598,958	-	1,598,958

2013	Level 1	Level 2	Total
Recurring measurements			
Available-for-sale securities			
Listed equity securities	1,108,958		1,108,958
Proprietary shares	490,000		490,000
	1,598,958		1,598,958

There are no financial instruments classified as Level 2 or 3 as at March 31, 2014 and December 31, 2013. There were also no transfers between the levels in the fair value hierarchy during the periods ended March 31, 2014 and December 31, 2013.

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 consolidated statement of financial position.

As part of the reforms of the Philippine Stock Exchange (PSE) to expand capital market and improve transparency among listed firms, the PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

Note 4 - Critical accounting estimates, assumptions and judgments

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates 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. It is reasonably possible that the outcomes within the next financial year could differ

from assumptions made at reporting date and could result in the adjustment to the carrying amount of affected assets or liabilities.

4.1 Critical accounting estimates and assumptions

(a) 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.

Property and equipment have a net carrying amount of P62.34 million at March 31, 2014 (2013 - P62.56 million). Investment properties have a net carrying amount of P11.08 million at March 31, 2014 (2013 - P11.13 million).

There is no change in the estimated useful lives of property and equipment and investment properties for the periods ended March 31, 2014 and December 31, 2013.

4.2 Critical judgments in applying the Group's accounting policies

(a) Impairment loss on receivables (Notes 6 and 17)

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.

As at March 31, 2014, allowance for impairment loss on receivables amounted to P26.39 million (2013 - P26.39 million).

(b) Valuation of land held for development and sale (Note 7)

The Group provides an allowance for decline in value of real properties held for sale and development whenever the net realizable value becomes lower than cost, which is generally when the total costs incurred for the project becomes higher than the total contract price less estimated costs to complete the construction and the estimated selling expenses. The allowance account is reviewed periodically to reflect the net realizable value of inventories in the financial statements.

As at March 31, 2014 and December 31, 2013, management has assessed that the cost of land held for development and sale is higher than its net realizable value.

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

The Group determines whether there are indicators of impairment on its property and equipment and investment properties 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 March 31, 2014 and December 31, 2013, management has not identified any impairment indicators for its long-lived assets.

(d) Recognition of deferred tax assets (Note 16)

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 net deferred tax assets amounting to P8.53 million as at March 31, 2014 (2013 - P8.53 million).

Note 5 - Cash and cash equivalents

The account consists of:

	Unaudited March 2014	Audited December 2013
Cash in banks	28,727,926	49,753,864
Cash on hand	116,624	119,809
Short-term placements	76,904,381	49,413,818
	105,748,931	99,287,491

Cash in banks consist of current and savings deposits with with universal and thrift 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 two months depending on the immediate cash requirements of the Group and earn interest ranging from 1.25% to 3% per annum in 2014 (2013 - 1.25 % to 3%).

Interest income arising from savings and time deposits amounted to P0.19 million in the first quarter of 2014 (2013 – P0.32 million) (Note 15).

Note 6 - Receivables

The account at consists of:

	Notes	Unaudited March 2014	Audited December 2013
Trade receivables	20	3,750,957	4,813,971
Current portion of installment receivable	17	17,785,023	13,321,341
Due from subsidiaries	17		
Due from CMSC		-	-
Due from CIAC		-	-
Other receivables		26,668,225	26,679,592
		48,204,205	44,814,906
Less Allowance for impairment loss		(26,390,525)	(26,390,525)
		21,813,680	18,424,379

As at March 31, 2014 and December 31, 2013, other receivables include P17.2 million pertaining to receivables from customers of the Group’s discontinued Engineering and Construction Division and P9.4 million receivables from officers and employees and miscellaneous advances to suppliers and contractors.

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

	Notes	Unaudited March 2014	Audited December 2013
At January 1		26,390,525	28,417,398
Provisions	14	-	-
Reversals of provisions	14	-	-
Write-offs		-	(2,026,873)
		26,390,525	26,390,525

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 March 31, 2014 and December 31, 2013 represents the cost of the land and the development costs incurred to date.

The movements in the account for the periods ended as follows:

	Unaudited March 2014	Audited December 2013
At January 1	46,693,487	46,184,598
Development costs incurred during the year	-	508,889
	46,693,487	46,693,487

There were no disposals or sales made as of March 31, 2014 and December 31, 2013.

Note 8 - Other current assets

The account at consists of:

	Unaudited March 2014	Audited December 2013
Creditable income tax	4,495,957	5,977,049
Prepaid expenses	2,918,127	3,290,313
Input value-added tax	35,226	149,600
	7,449,310	9,416,962

The movements in creditable income tax are presented below:

	Unaudited March 2014	Audited December 2013
At January 1	5,977,049	10,263,810
Tax withheld by customers	324,047	1,587,564
Applied to income tax payable	(1,805,139)	(5,874,325)
	4,495,957	5,977,049

Prepaid expenses consist of real property tax paid in advance.

Note 9 - Property and equipment

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

	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, 2013	42,285,255	16,208,973	8,052,282	258,929	2,564,067	7,164,495	1,032,260	77,566,261
Additions	-	-	238,259	-	-	-	130,241	368,500
Disposals	-	-	-	-	-	-	-	-
At December 31, 2013	42,285,255	16,208,973	8,290,541	258,929	2,564,067	7,164,495	1,162,501	77,934,761
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At March 31, 2014	42,285,255	16,208,973	8,290,541	258,929	2,564,067	7,164,495	1,162,501	77,934,761
Accumulated depreciation and amortization								
At January 1, 2013	-	-	4,164,662	258,929	2,540,704	6,521,804	1,030,089	14,516,188
Depreciation and amortization (Note 14)	-	-	386,239	-	23,363	398,496	54,195	862,293
Disposals	-	-	-	-	-	-	-	-
At December 31, 2013	-	-	4,550,901	258,929	2,564,067	6,920,300	1,084,284	15,378,481
Depreciation and amortization (Note 14)	-	-	98,545	-	-	105,208	16,280	220,033
Disposals	-	-	-	-	-	-	-	-
At March 31, 2014	-	-	4,649,446	258,929	2,564,067	7,025,508	1,100,564	15,598,514
Net carrying amount								
At December 31, 2013	42,285,255	16,208,973	3,739,640	-	-	244,195	78,217	62,556,280
At March 31, 2014	42,285,255	16,208,973	3,641,095	-	-	138,987	61,937	62,336,247

There were no disposals made as of March 31, 2014.

Note 10 - Investment properties

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

	Land	Land Improvements	Condominium Unit	Total
Gross carrying amount				
At January 1, 2013	10,383,648	16,070,133	19,341,883	45,795,664
Additions	-	-	-	-
At December 31, 2013	10,383,648	16,070,133	19,341,883	45,795,664
Additions	-	-	-	-
At March 31, 2014	10,383,648	16,070,133	19,341,883	45,795,664
Accumulated depreciation and amortization				
At January 1, 2013	-	15,146,015	19,341,883	34,487,898
Depreciation and amortization (Note 14)	-	178,875	-	178,875
At December 31, 2013	-	15,324,890	19,341,883	34,666,773
Depreciation and amortization (Note 14)	-	44,719	-	44,719
At March 31, 2014	-	15,369,609	19,341,883	34,711,492
Net carrying amount				
At December 31, 2013	10,383,648	745,243	-	11,128,891
At March 31, 2014	10,383,648	700,524	-	11,084,172

As at March 31, 2014 and December 31, 2013, 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 valuation in comparison with pricing for comparable assets is P6.2 million. The fair value of the investment properties falls within Level 2 of the fair value hierarchy.

For the first quarter of 2014, rent income from investment properties amounted to P0.41 million (2013 – P0.54 million) (Note 15), while expenses consisting mostly of real property taxes and security services amounted to P1.61 million (2013 - P1.63 million) (Note 14).

Note 11 - Other non-current assets

The account at consists of:

	Unaudited March 2014	Audited December 2013
Mine rehabilitation fund	5,780,376	5,780,376
Miscellaneous deposits	2,386,255	2,388,536
Available-for-sale financial assets	1,598,958	1,598,958
	9,765,589	9,767,870

Following 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/LRAI (see Note 20), BAAC/LRAI 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, listed equity securities and investments in the Group's subsidiaries amounting to P1,375,000 which are fully provided for as at March 31, 2014 and December 31, 2013.

Note 12 - Accrued expenses and other liabilities

The account at consists of:

	Unaudited March 2014	Audited December 2013
Payables to government agencies	534,617	405,296
Accrued expenses	617,328	645,974
Other payables	148,000	546,338
	1,299,945	1,597,608

Other payables consist of customer's deposits and advances made by BAAC/LRAI on behalf of the Group.

Note 13 - Equity

Details of the Group's share capital as at March 31, 2014 and December 31, 2013 are as follows:

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

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 March 31, 2014, there are 22,077,771 (2013 - 22,077,771) issued and outstanding Class A common shares, of which 4,909,640 are floating shares (2013 - 4,909,640 shares), whereas there are 5,388,678 issued and outstanding Class B common shares, of which 403,066 are floating shares. The latest closing price for Class A common shares as at March 27, 2014 was recorded at P60 per share (2013 - P39 per share), while Class B common shares did not have trading activity since their listing date.

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

Date declared	Shareholders of record as at	Paid on	Amount per share	Amount
March 20, 2014	April 3, 2014	starting April 11, 2014	0.90	24,719,804.10

On March 25, 2010, the Parent Company's BOD authorized the appropriation of P70.00 million from unappropriated retained earnings for the development of land located in Sto. Tomas, Batangas (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 BOD the reversal of P46.53 million appropriated retained earnings back to unappropriated retained earnings. The BOD approved the recommendation at its meeting held on June 30, 2011.

As at March 31, 2014, unclaimed dividends amount to P4.70 million (2013 - P4.70 million).

Note 14 - General and administrative expenses

The account for the periods ended consists of:

	Notes	Unaudited March 2014	Unaudited March 2013
Professional fees	17	1,635,754	995,269
Taxes and licenses		942,936	1,192,187
Security, janitorial and other services		869,397	862,270
Personnel costs		518,754	446,231
Depreciation and amortization		264,752	315,154
Directors' fees		112,500	592,500
Repairs and maintenance		82,379	122,313
Insurance		65,786	67,593
Power, light and water		48,516	34,999
Rentals		46,435	46,435
Entertainment, amusement and recreation		10,001	23,003
Transportation and communication		7,147	39,720
Others		110,652	119,264
		4,715,009	4,856,938

Depreciation and amortization shown above are attributable to the following:

	Notes	Unaudited March 2014	Unaudited March 2013
Property and equipment	9	220,033	270,436
Investment property	10	44,719	44,718
		264,752	315,154

Details of the personnel costs shown above are as follows:

	Unaudited March 2014	Unaudited March 2013
Salaries and wages	368,063	336,203
Other benefits	150,691	110,028
	518,754	446,231

As disclosed in Note 20, the Group entered into an Operating Agreement, constituting the transfer of quarrying operations, including employees, to BAAC/LRAI in 2008. Consequently, the Group settled its retirement obligation to almost all of its employees amounting to P29.95 million. In addition, the Group's retirement plan assets amounting to P3.68 million were returned to the Group in 2009. The Group has only 2 employees as at March 31, 2014 and December 31, 2013 in addition to engaging several consultants.

Note 15 - Other income (expenses)

Details of other income and charges are as follows:

	Notes	Unaudited March 2014	Unaudited March 2013
Interest income on installment receivable	17	1,011,673	1,224,534
Interest income on bank deposits, net of final tax	5	190,563	315,393
Rent income	10	405,227	542,330
Others, net		(400)	12,032
		1,607,063	2,094,289

Note 16 - Income taxes

Income tax expense for the periods ended consists of:

	Unaudited March 2014	Unaudited March 2013
Current	1,805,139	998,022
	1,805,139	998,022

As at March 31, 2014 and December 31, 2013 the Group's deferred tax asset amounting to P8.59 million represents the tax effect of deductible temporary difference on allowance for impairment of assets. Deferred income tax assets, net as at March 31, 2014 and December 31, 2013 both amounts to P8,531,837.

The movements in deferred income tax asset for the periods ended are as follows:

	Unaudited March 2014	Audited December 2013
At January 1	8,590,438	8,590,438
Charged to profit or loss	-	-
	8,590,438	8,590,438

Deferred tax asset was not recognized in respect of provisions for impairment losses on investments in and receivables from subsidiaries as the temporary differences are not expected to reverse in the foreseeable future. Deferred tax asset is expected to be recovered beyond 12 months from the reporting date.

The movement in deferred income tax liability for the periods ended follows:

	Unaudited March 2014	Audited December 2013
At January 1	52,601	-
Charged to other comprehensive income	-	58,601
	58,601	58,601

Deferred tax liability pertains to the tax effect of unrealized fair value gain on available-for-sale securities.

Deferred tax liability is expected to be realized beyond 12 months from the reporting date.

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 March 2014	Unaudited March 2013
Income tax computed at statutory income tax rate	1,895,054	1,131,047
Adjustments to income tax resulting from:		
Accretion income	(32,746)	(38,408)
Interest income subjected to final tax	(57,169)	(94,618)
Income tax expense	1,805,139	988,021

Note 17 - Related party transactions

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

	Description	Unaudited March 2014	Audited December 2013
Collection of installment contract receivable			
Parent company	Refer to (a) below.	-	22,215,137
Management fees			
Parent company	Refer to (b) below.	373,654	1,423,686
Advances			
Parent company	Refer to (c) below.	89,961	98,279
Salaries and other short-term benefits			
Key management personnel	Refer to (d) below.	278,100	1,280,800

(a) Sale of properties

In November 2007, OCLP purchased the Group's 12-hectare 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 March 2014	Unaudited March 2013
At January 1	1,006,603	1,491,301
Accretion income during the year	(109,154)	(484,698)
	897,449	1,006,603

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 with 6% interest per annum on the principal.

The movements in installment receivable for the years ended December 31 are presented below: Interest earned and collected on installment receivable in 2013 amounted to P5.14 million (2012 - P5.96 million; 2011 - P7.22 million).

	Note	Unaudited March 2014	Unaudited March 2013
At January 1		59,161,368	80,891,807
Collections of installment due		-	(22,215,137)
Unpaid interest		902,519	-

Accretion income		109,154	484,698
		60,173,041	59,161,368
Less Current portion	6	17,785,023	13,321,341
Non-current portion		42,388,018	45,840,027

Interest income on installment receivable recognized for the years ended December 31 includes:

	Note	Unaudited March 2014	Unaudited March 2013
Nominal interest income		902,519	4,655,615
Accretion income		109,154	484,698
	15	1,011,673	5,140,313

(b) Management agreement with OCLP

On 24 January 2006, the Group entered into a Management Agreement with OCLP. The monthly management fee is P0.10 million, inclusive of VAT, plus an additional fee of 5% of incremental audited net income after tax. The parties then amended the Management Agreement on 4 December 2009 to take into consideration the Operating Agreement entered into by the Group with BAAC that resulted in the scaling down of its business operations.

Thereafter, on 28 October 2010, the Group and OCLP renewed the Management Agreement, which renewal shall be for a period of five years beginning 1 November 2010. Under the renewed Management Agreement, the Group shall pay the following:

- A monthly fee of P114,765.00 subject to annual escalation fee 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 Group.

Total management fee recognized as of March 31, 2014 amounted to P0.37 million (2013 - P0.36 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 consolidated statement of financial position, amounted to P0.09 million as at March 31, 2014 (2013 - P0.10 million). Invoices for management fee carry a 30-day term.

(c) Advances

In the normal course of business, OCLP grants advances to nits related parties and vice versa. These advances are non-interest bearing, unsecured and due on demand.

(d) Key management compensation

The compensation of key management personnel, which includes salaries and short-term benefits, amounted to P0.28 million for the period ended March 31, 2014 (2013 – P0.27 million). Directors' fees amount to P0.13 million as of March 31, 2014 (2013 - P0.59 million). There are no long-term employee benefits granted to key management personnel.

Outstanding related party balances including those eliminated at consolidation are as follows:

	Terms and conditions	Unaudited March 2014	Audited December 2013
Parent company	Due on demand,		

OCLP	unsecured and non-interest bearing	(89,961)	(98,279)
Subsidiaries			
CMSC	Unsecured, non-interest bearing and fully provided for	-	-
CIAC		-	-
		-	-
Less Allowance for impairment		-	-
		(89,961)	(98,279)

Due to OCLP pertains to expenses advanced on behalf of the Group and presented under trade payables in the consolidated statement of financial position. The amounts due from subsidiaries which have been previously fully provided for were written off in 2013.

Note 18 - Basic/diluted earnings per share

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

	Unaudited March 2014	Audited December 2013
Net income for the period	4,511,709	15,207,871
Divided by weighted average number of common shares outstanding during the year	27,466,449	27,466,449
Basic/diluted earnings per share	0.16	0.55

The basic and diluted earnings per share are the same for the years as the Group does not have dilutive potential common shares as at March 31, 2014 and December 31, 2013.

Note 19 - Cash generated from (used in) operations

Details of cash generated from (used in) operations for the periods ended as follows:

	Notes	Unaudited March 2014	Unaudited March 2013
Income before income tax		4,511,709	2,772,135
Adjustments for:			
Interest income on:			
Installment receivable	15, 17	(1,011,673)	(1,224,534)
Bank deposits	5, 15	(190,563)	(315,393)
Depreciation and amortization	14	264,753	315,154
Operating income (loss) before changes in operating assets and liabilities		3,574,226	1,547,362
Changes in operating assets and liabilities			
(Increase) decrease in:			
Receivables		171,761	(516,633)
Other current assets		1,967,652	1,990,889
Other non-current assets		2,282	(100,000)
(Decrease) increase in:			
Trade payables		(50,000)	(110,000)
Accrued expenses and other liabilities		(297,663)	(2,434,330)
		5,368,358	377,288

Note 20 - 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.

(a) 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 5.25 MMT (or 3.6 million cubic meters), means 2.6 MMT per annum (or 1.74 million cubic meters).

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

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

- Pay the Group royalty with the following terms:

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

  (ii) a lump-sum amount of 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

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 P9.42 million as of March 31, 2014 (2013 - P27.59 million). Outstanding receivable arising from royalty fee amounted to P3.75 million as at March 31, 2014 (2013 - P4.81 million) (Note 6).

(b) 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 Device".

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

As mentioned previously, BAAC changed its name in 2013 and is now known as Lafarge Republic Aggregates, Inc. (LRAI).

Note 21 - 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 31 March 2014

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	-	105,748,931		190,563
Receivables	-	21,813,680		
Installment receivable	-	42,388,018		902,519
Other non-current assets				
Miscellaneous deposits	-	2,386,252		
Available-for-sale financial assets		1,598,958		
Total		173,935,839		1,093,082

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	76,367	23,500	(34,866)		65,001		65,001
OCLP installment receivable – current	13,321,341	902,519	3,561,163	-	17,785,023		17,785,023
OCLP installment receivable – non-current	45,840,027	109,154	(3,561,163)			42,388,018	42,388,018
	59,237,735	1,035,173	(34,866)		17,850,024	42,388,018	60,238,042

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
Ortigas and Company, Limited Partnership	98,279	89,961
	98,279	89,961

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	1,146,155	4,909,640
Common Class "B" at P10 par value each	10,000,000	5,388,678	Not Applicable	4,985,612	-	403,066
	50,000,000	27,466,449		21,007,588	1,146,155	5,312,706

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 March 31, 2014, there are 22,077,771 listed and outstanding Class A common shares of which 4,909,640 are floating shares whereas there are 5,388,678 listed and outstanding Class B common shares of which 403,066 are floating shares. The latest closing price for Class A common shares was recorded at ₱60 (as of March 27, 2014) while Class B common shares have never been traded since their listing date.

Concrete Aggregates Corp.

Financial Soundness Indicators
As at 31 March 2014

	March 31, 2014	December 31, 2013
Current Ratio	19.71	18.17
Debt to Equity Ratio	0.03	0.03
Asset to Equity Ratio	1.03	1.03

	March 31, 2014	March 31, 2013
Interest Rate Coverage Ratio	-	-
Net Income Ratio	0.48	0.42