



CONCRETE AGGREGATES CORPORATION

16 November 2017

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 third quarter of 2017.

Thank you and best regards.

Very truly yours,

JOSE ANTONIO V. EVANGELISTA III
Corporate Secretary



111162017002174



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
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Company Information

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Company Type Stock Corporation

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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)

JOSE ANTONIO V. EVANGELISTA III

Contact Person

6311231

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

0 6 2 9

Month Day
Annual Meeting

S E C F O R M 1 7 - Q (3 R D 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

560

Total No. of Stockholders

Total Amount of Borrowings

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: 3rd Quarter 2017

(FORM TYPE)

(Amendment Designation if Applicable)

30 September 2017

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 **30 September 2017**
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** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code;
Incorporation or organization
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

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
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 30 September 2017
- Unaudited Statement of Income, as of 30 September 2017
- Unaudited Statement of Changes in Stockholder's Equity, as of 30 September 2017
- Unaudited Statement of Cash Flows, as of 30 September 2017
- Aging of Accounts Receivables, as of 30 September 2017
- 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). In 2015, LRAI once again changed its name to Lafarge Holcim Aggregates, Inc. (LHAI).

The Company recorded revenues of ₱33.77 million for the first three quarters of 2017 as compared to ₱27.07 million for the first three quarters of 2016 coming from the 2.5% royalty on the value of aggregates sold by BAAC/LHAI. Net income after tax for the first three quarters of 2017 was ₱21.11 million while net income after tax for the same period in 2016 was ₱14.13 million. The increase in revenue is attributed to the increase in aggregates extractions by BAAC/LHAI which resulted in higher royalty fees earned the Company.

The Company currently has no significant liquidity or credit risks. Its ₱179.86 million current assets are more than enough to cover its ₱11.84 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. The Company's Financial Risk Management Objectives and Policies are discussed in Note 19 of the Notes to the Financial Statements.

Operating Results

Revenues

The Company earned ₱33.77 million in royalties during the first three quarters of 2017. No revenues from aggregates sales were realized due to the transfer of the quarry operations to BAAC/LHAI beginning 1 June 2008.

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.

Cost and Expenses

The Company's operating expenses of ₱10.39 million for the first three quarters of 2017 decreased by 8% from last year's figure of ₱11.30 million mostly due to lower office supplies consumption, retirement of a consultant resulting in lower professional fees paid and cancellation of an office space rental in Ortigas, Pasig. Expenses incurred in 2017 came mostly from payment of real property tax on various real estate properties, depreciation, professional fees, management fees and transportation.

Other income (expenses)

The Company's other income of ₱2.85 million for the first three quarters of 2017 came mainly from income earned from bank placements and rental income from properties. Last year's figure of ₱3.89 million is higher due to sale of parking lot at Oranbo, Pasig City

Net income after tax

Operations for the first three quarters of 2017 resulted in a net profit of ₱21.11 million after making provisions for income taxes. Net profit for the same period in 2016 was ₱14.13 million. As stated above, the increase in net profit was due to the increase in revenue from royalties and the decrease in costs during the first three quarters of the year.

Financial Condition

Cash

Cash balance in the amount ₱170.38 of million represents an increase of 17% compared to the Company's cash balance as of 31 December 2016 due to the collection of installment receivable from OCLP as well as income from space rental by China Banking Corporation (CBC) for the Company's property located in Tektite Tower.

Receivables

Receivables as of the end of the first three quarters of 2017, net of allowances and provisions, amounted to ₱7.29 million which decreased by 73% compared to the ₱26.89 million receivables as of 31 December 2016. The decrease was mainly due to installment collection from OCLP.

Other current assets

The Company's other current assets as of September 30, 2017 decreased by 73% to ₱2.19 million compared to ₱8.14 million as of 31 December 2016 mainly due to the utilization of tax credit arising from 2016 income tax declaration.

Investment Properties

Investment properties as at September 30, 2017 amounted to ₱57.50 million representing a decrease of ₱0.02 million from the December 31, 2016 balance due to the depreciation for the first three quarters of 2017.

Property, Plant and Equipment

Property, plant and equipment (net) as at September 30, 2017 amounted to ₱60.85 million representing a decrease of ₱0.27 million compared to the December 31, 2016 balance of ₱61.11 million basically due to depreciation for the first three quarters of 2017.

Deferred Income Tax Assets

The Company's deferred income tax asset currently at ₱2.76 million was the result of the write-off of trade receivables.

Installment Receivable – Non-current portion

The non-current portion of installment receivable was re-classified to current receivable as of 31 December 2016, hence the account has no balance as of September 30, 2017.

Other noncurrent assets

The Company's other noncurrent assets, currently at ₱9.71 million, are composed of Available for Sale Investments, Mine Rehabilitation Fund and other deposits.

Trade and other payables

Trade and other payables of ₱5.31 million are composed of trade accounts payable of ₱3.34 million and other payables of ₱1.97 million. This is higher from last year's figure of ₱4.81 million due to refundable deposit received from CBC for Tektite rent.

Dividends payable

Dividends payable amounting to ₱6.53 million represents unclaimed dividend checks as of September 30, 2017.

Stockholders' Equity

Stockholders' equity as of the end of the first three quarters of 2017 was ₱298.84 million. The ₱2.11 million decrease in stockholders' equity from the amount as of December 31, 2016 came from the Company's dividends declaration last April 2017 net of net income after tax.

Book value per share was at ₱10.88 per share as at September 30, 2017 compared to ₱10.96 per share at December 31, 2016.

- i. Due to the Company's sound financial condition, and the transfer of its quarry operations to BAAC/LHAI, 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 three quarters of 2017 as compared to the first three quarters of year 2016 and as of year ending 2016 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	Unaudited as of 30 September 2017	Unaudited as of 30 September 2016	Increase (Decrease)	Remarks
Royalties	33,770,264	27,065,854	6,704,410	The increase was attributable to the price increase and export sales of aggregates sold by BAAC/LHAI.
Cost and expenses	10,394,056	11,297,550	(903,495)	The decrease was the result of lower repair and maintenance cost, cancellation of an office space rental and retirement of a consultant.
Other income (expense)	2,847,489	3,890,866	(1,043,377)	The Company's Other Income in 2017 came mainly from the sale of fully depreciated vehicles, which is lesser than what was realized in 2016 from the sale of parking slots..

Accounts	Unaudited as of 30 September 2017	Audited as of 31 December 2016	Increase (Decrease)	Remarks
Cash	170,379,356	145,363,998	25,015,358	The increase was mostly due to the collection of receivables from OCLP pertaining to the Longos property and Royalty fee from BAAC/LHAI
Receivables, net	7,291,742	26,893,906	(19,602,164)	The decrease was mostly due to the lower receivables from OCLP pertaining to the Longos property.
Other current	2,189,359	8,141,007	(5,951,648)	The decrease was due to the

Accounts	Unaudited as of 30 September 2017	Audited as of 31 December 2016	Increase (Decrease)	Remarks
assets				utilization of tax credits as settlement for year 2017 income tax payable and the amortization of prepaid real property tax.
Trade and other payables	5,306,005	4,813,426	492,579	The increase was due to a refundable security deposit for space rental.
Dividends payable	6,534,310	5,740,093	794,217	The increase was due to additional unclaimed dividends declared to shareholders last April 2017
Retained earnings	22,327,162	24,441,491	(2,114,329)	The decrease was due to additional the declaration of dividends to shareholder, net of income after tax.

Key Performance Indicators

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

<u>Measures</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Current Ratio	15.19	17.09
Debt/Equity Ratio	0.04	0.04
Return on Assets	9%	5%
Return on Equity	9%	5%

<u>Measures</u>	<u>30 September 2017</u>	<u>30 September 2016</u>
Net Income Rate	62%	52%

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 Stockholders' Equity

Net Income Rate = Net Income ÷ Revenue

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.



Cesar D. Buenaventura
Head of Finance/Authorized Officer
10 November 2017

Concrete Aggregates Corp. and Subsidiaries

Consolidated Balance Sheet
 30 September 2017
 (With comparative figures at 31 December 2016)
 (All amounts in Philippine Peso)

	Notes	Unaudited September 2017	Audited December 2016
CURRENT ASSETS			
Cash and cash equivalents	2	170,379,356	145,363,998
Receivables, net	3	7,291,742	26,893,906
Prepaid expenses	4	2,189,359	8,141,007
Total current assets		179,860,457	180,398,911
NON-CURRENT ASSETS			
Property and equipment, net	5	60,847,716	61,114,267
Investment properties, net	6	57,505,004	57,524,436
Deferred tax assets, net	12	2,758,187	2,758,188
Other non-current assets, net	7	9,711,936	9,715,030
Total non-current assets		130,822,843	131,111,921
Total assets		310,683,300	311,510,832
CURRENT LIABILITIES			
Trade and other payables	8	5,306,005	4,813,426
Dividends payable	9	6,534,310	5,740,093
Total current liabilities		11,840,315	10,553,519
EQUITY			
Share capital	9	274,664,490	274,664,490
Share premium		1,069,304	1,069,304
Fair value reserve on available-for-sale securities		782,029	782,028
Retained earnings	9	22,327,162	24,441,491
Total equity		298,842,985	300,957,313
Total liabilities and equity		310,683,300	311,510,832

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Total Comprehensive Income
For the 3rd Quarter ended 30 September 2017
(With comparative figures for the 3rd Quarter ended 30 September 2016)
(All amounts in Philippine Peso)

	Notes	Unaudited July to September 2017	Unaudited July to September 2016	Unaudited January to September 2017	Unaudited January to September 2016
REVENUE	16	11,215,396	9,001,387	33,770,264	27,065,854
COST AND EXPENSES	10	3,771,306	3,781,724	10,394,056	11,297,550
OPERATING INCOME		7,444,090	5,219,663	23,376,208	15,768,305
OTHER INCOME (EXPENSE), net	11	1,242,405	1,505,284	2,847,489	3,890,866
INCOME BEFORE INCOME TAX		8,686,495	6,724,947	26,223,697	19,659,171
PROVISION FOR INCOME TAX	12	1,654,313	1,810,302	5,118,610	5,526,700
NET INCOME FOR THE YEAR		7,032,182	4,914,645	21,105,087	14,132,470
OTHER COMPREHENSIVE INCOME (LOSS)		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,032,182	4,914,645	21,105,087	14,132,470
Basic/Diluted earnings per share	14	0.26	0.18	0.77	0.51

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Changes in Equity
For the 3rd Quarter ended 30 September 2017
(With comparative figures for the 3rd Quarter ended 30 September 2016)

(All amounts in Philippine Peso)

	Share Capital (Note 9)	Share Premium	Fair Value Reserve on Available-for- Sale Financial Assets	Retained Earnings (Note 9)	Total
Balances, December 31, 2015	274,664,490	1,069,304	625,324	34,547,658	310,906,776
Comprehensive income					
Net income for the period	-	-	-	14,132,470	14,132,470
Other comprehensive income			-	-	-
Total comprehensive income for the period	-	-	-	14,132,470	14,132,470
Transaction with owners					
Cash dividends				(29,993,362)	(29,993,362)
Balances, September 30, 2016	274,664,490	1,069,304	625,324	18,686,765	295,045,884
Balances, December 31, 2015	274,664,490	1,069,304	625,324	34,547,658	310,906,776
Comprehensive income					
Net income for the year	-	-	-	19,887,195	19,887,195
Other comprehensive income	-	-	156,704	-	156,704
Total comprehensive income for the year	-	-	156,704	19,887,195	20,043,899
Transaction with owners					
Cash dividends			-	(29,993,362)	(29,993,362)
Balances, December 31, 2016	274,664,490	1,069,304	782,028	24,441,491	300,957,313
Comprehensive income					
Net income for the period	-	-	-	21,105,087	21,105,087
Other comprehensive income			-	-	-
Total comprehensive income for the period	-	-	-	-	-
Transaction with owners					
Cash dividends	-	-	-	(23,219,416)	(23,219,416)
Balances, September 30, 2017	274,664,490	1,069,304	782,029	22,327,162	298,842,985

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Cash Flows
For the 3rd Quarter ended 30 September 2017
(With comparative figures for the 3rd Quarter ended 30 September 2016)
(All amounts in Philippine Peso)

	Notes	Unaudited July to September 2017	Unaudited July to September 2016	Unaudited January to September 2017	Unaudited January to September 2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from (used in) operations	15	1,099,370	6,293,637	29,858,700	20,171,961
Interest received on:					
Installment receivable	11	124,913	363,862	557,077	1,263,371
Bank deposits	11	592,186	642,613	1,212,228	1,071,742
Net cash flows from operating activities		1,816,469	7,300,112	31,628,006	22,507,074
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from:					
Collections of installment receivable	13	17,031,164	-	17,031,164	-
Sale of property, plant and equipment		420,000	-	420,000	-
Acquisitions of:					
Property, plant and equipment	5	(50,179)	-	(50,179)	-
Investment property		-	-	-	-
Net cash flows from investing activities		17,400,985		17,400,985	
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of cash dividends		(367,639)	(29,034,637)	(24,013,633)	(29,761,238)
Net cash flows used in financing activities		(367,639)	(29,034,637)	(24,013,633)	(29,761,238)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS					
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		18,849,815	(21,734,525)	25,015,358	(7,254,164)
CASH AND CASH EQUIVALENTS					
At start of the period	2	151,529,541	156,240,881	145,363,998	141,760,520
At September 30	2	170,379,356	134,506,356	170,379,356	134,506,356

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

CONCRETE AGGREGATES CORP.**ACCOUNTS RECEIVABLE AGING (Unaudited)
FOR THE 3rd QUARTER ENDING 30 SEPTEMBER 2017**

Description	Total	1-120 days	Over 120 days	Under Litigation
A. Trade Receivables				
Angono Aggregates	7,991,044		7,991,044	
Subtotal	7,991,044		7,991,044	
Less: Allowance for Doubtful Accounts	(7,991,044)		(7,991,044)	
Net Trade Receivables	-	-	-	
B. Other Receivables				
BAAC/LHAI	3,232,150	3,232,150		
Others	219,476		219,476	
C. Current Portion of Installment Receivables	3,840,116	3,840,116		
Total	7,291,742	7,072,266	219,476	

Concrete Aggregates Corporation and Subsidiaries

Notes to Consolidated Financial Statements

As at and for the 1st three quarters ended 30 September 2017

(In the Notes, all amounts are shown in Philippine Peso unless otherwise stated)

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 Parent Company is listed in the Philippine Stock Exchange and is primarily engaged in quarrying, crushing and selling basalt concrete aggregates. As its secondary purpose, the Parent Company is permitted to engage in real estate business and purchase, own, subdivide, sell, lease, rent, mortgage, take option or otherwise deal in real property, improved or unimproved, be it residential, commercial, or agricultural, insofar as may be permitted by law.

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

The Parent 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.

Details of the Parent Company's wholly-owned subsidiaries, which are currently dormant companies, follow:

Name of Subsidiary	Country of incorporation	Principal activities	% of ownership	
			2016	2015
CAC Insurance Agency Corp. (CIAC)	Philippines	General insurance	100.00	100.00
CAC Marketing and Services Corp. (CMSC)	Philippines	Marketing	100.00	100.00

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 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 16).

Pursuant to the Operating Agreement, the Parent Company's quarrying operations, including its employees, were transferred to BAAC in 2008, which company was eventually renamed LHAJ in 2015. Consequently, the Parent Company settled its retirement obligation to almost all of its employees and the remaining retirement plan assets were returned to the Parent Company in 2009 (Note 10). The Company has only 2 employees as at September 30, 2017 whereas it had 3 employees as at December 31, 2016.

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

These consolidated financial statements as at December 31, 2016 were approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on March 23, 2017.

Note 2 - Cash and cash equivalents

The account consists of:

	Unaudited September 2017	Audited December 2016
Cash in banks	13,074,950	23,141,788
Cash on hand	50,000	50,000
Short-term placements	157,254,406	122,172,210
	170,379,356	145,363,998

Cash in banks consist of current and savings deposits 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 one month depending on the immediate cash requirements of the Group and earn interest ranging 2.07% per annum in 2017 and 1.50% to 1.60% in 2016.

Interest income arising from savings and time deposits amounted to P1.21 million in the first the quarters of 2017 (2016 – P1.07 million) (Note 11).

Note 3 - Receivables

The account consists of:

	Notes	Unaudited September 2017	Audited December 2016
Trade receivables	16	3,232,150	6,437,481
Current portion of installment receivable	13	3,840,116	20,238,949
Other receivables		9,493,570	9,491,571
		16,565,836	36,168,001
Less allowance for impairment of other receivables		(9,274,094)	(9,274,095)
		7,291,742	26,893,906

Other receivables pertain to receivable from customers of the Group's discontinued Engineering and Construction Division, advances from officers and employees and advances to suppliers and contractors.

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

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

	Unaudited September 2017	Audited December 2016
At January 1	9,274,094	26,390,525
Write-offs	-	(17,116,431)
	9,274,094	9,274,094

The Group has written off uncollected receivables which were previously provided with allowance, nil for the period ended September 30, 2017 (2016 – P17,116,431).

Note 4 – Prepaid expenses

The account consists of:

	Unaudited September 2017	Audited December 2016
Prepaid expenses	1,273,512	4,616,507
Tax credits	915,847	3,524,500
	2,189,359	8,141,007

Note 5 - Property and equipment

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

	Land	Buildings and Improvements	Plant Site Improvements	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Total
Gross carrying amount							
At January 1, 2016	58,494,228	8,290,541	258,929	2,564,067	6,452,783	1,232,997	77,293,545
Additions	-	-	60,000	-	-	-	60,000
Disposal	-	-	-	-	-	-	-
At December 31, 2016	58,494,228	8,290,541	318,929	2,564,067	6,452,783	1,232,997	77,353,545
Additions	-	-	-	-	-	-	-
Disposal	-	-	-	-	(53,790)	50,179	(3,611)
At September 30, 2017	58,494,228	8,290,541	318,929	2,564,067	6,398,994	1,283,176	77,349,934
Accumulated depreciation and amortization							
At January 1, 2016	-	5,339,263	258,929	2,564,067	6,452,783	1,195,670	15,810,712
Depreciation and amortization (Note 10)	-	394,181	5,000	-	-	29,385	428,566
Disposal	-	-	-	-	-	-	-
At December 31, 2016	-	5,733,444	263,929	2,564,067	6,452,783	1,225,055	16,239,278
Depreciation and amortization (Note 10)	-	295,636	15,000	-	-	6,093	316,729
Disposal	-	-	-	-	(53,790)	-	(53,790)
At September 30, 2017	-	6,029,080	278,929	2,564,067	6,398,994	1,231,148	16,502,117
Net carrying amount							
At December 31, 2016	58,494,228	2,557,097	55,000	-	-	7,942	61,114,267
At September 30, 2017	58,494,228	2,261,461	40,000	-	-	52,028	60,847,716

The Group estimates the useful life of each of its property and equipment and investment properties 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.

The Group likewise determines whether there are indicators of impairment on its property and equipment and investment properties at least on an annual basis. This includes considering certain factors such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If indicators of impairment have been identified, the Group determines the recoverable amount of the asset which is the higher of the asset's fair value less cost to sell and value in use.

Given historical profitable operations and sustained profit projection, the Group has assessed that there are no impairment indicators with respect to the above non-financial assets as at September 30, 2017 and December 31, 2016.

Note 6 - Investment properties

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

	Land	Land Improvements	Condominium Unit	Total
Gross carrying amount				
At January 1, 2016	57,077,135	16,070,133	18,666,883	91,814,151
Disposal	-	-	(675,000)	(675,000)
At December 31, 2016	57,077,135	16,070,133	17,991,883	91,139,151
Additions	-	-	-	-
At September 30, 2017	57,077,135	16,070,133	17,991,883	91,139,151
Accumulated depreciation and amortization				
At January 1, 2016	-	15,553,050	18,666,883	34,219,933
Depreciation and amortization (Note 10)	-	69,781	-	69,781
Disposal	-	-	(675,000)	(675,000)
At December 31, 2016	-	15,622,831	17,991,883	33,614,714
Depreciation and amortization (Note 10)	-	19,433	-	19,433
At September 30, 2017	-	15,642,264	17,991,883	33,634,147
Net carrying amount				
At December 31, 2016	57,077,135	447,302	-	57,524,436
At September 30, 2016	57,077,135	427,869	-	57,505,004

As at September 30, 2017, the fair value of the Group's land and land improvements is P293.80 million (2016 – P293.80 million). The fair value of the Group's investment properties was determined by management using the market approach. Under this approach, fair value is based on management's information about the actual sales prices of comparable properties within the vicinity.

In the first three quarters of 2017 rent income from investment properties amounted to P0.61 million (2016 - P0.04 million) (Note.11), while expenses consist mostly of real property taxes and security services amounted to P2.32 million (2016 – P4.37 million) (Note 10).

In 2016, the Group disposed of certain parking slots for P1.5 million (2015 – P1.5 million), resulting in a gain amounting to P.65 million 2016 (2015 – P.68 million).

Note 7 - Other non-current assets

The account consists of:

	Unaudited September 2017	Audited December 2016
Mine rehabilitation fund	5,953,010	5,917,913
Miscellaneous deposits	2,350,031	2,388,222
Available-for-sale financial assets	1,408,894	1,408,895
	<u>9,711,935</u>	<u>9,715,030</u>

Pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as “The Philippine Mining Act of 1995”, the Group maintains a mine rehabilitation fund (MRF) with the Land Bank of the Philippines. The MRF shall be used for the physical and social rehabilitation of areas affected by the Group’s quarrying activities, and for research in the social, technical and preventive aspects of the mine rehabilitation. Under the Group’s Operating Agreement with BAAC/LHAI (see Note 16), BAAC shall have the exclusive right to manage, operate and provide additional MRF as may be required by applicable laws and regulations provided that the MRF will remain in the name of the Group as the contracting party to the MPSA.

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

Available-for-sale financial assets include investments in golf club shares and equity securities of which P1.41 million is carried at cost as at September 30, 2017 and December 31, 2016.

Note 8 - Trade and other payables

The account consists of:

	Note	Unaudited September 2017	Audited December 2016
Trade payables		3,271,889	3,286,040
Accrued expenses		300,952	707,918
Payables to government agencies		1,111,405	438,386
Due to a related party	13	68,561	254,382
Other payables		553,198	126,700
		<u>5,306,005</u>	<u>4,813,426</u>

Other payables consist of deposit received from lease of investment property and advances made by BAAC on behalf of the Company.

Note 9 – Equity

Details of the Parent Company's share capital 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

As at September 30, 2017, issued and outstanding share capital of the Parent Company is held by 561 shareholders (2016 - 555) of which 406 shareholders (2016 - 401) each own 100 or more shares.

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 September 30, 2017, there are 22,077,771 issued and outstanding Class A common shares, of which 6,048,671 are floating 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 November 10, 2017 was recorded at P67.80 per share (2016 – P109.00 per share), while Class B common shares closed at P83.00 per share (2016 - no trading activity yet).

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
23 March 2017	6 April 2017	28 April 2017	.845373803	23,219,416
17 March 2016	4 April 2016	14 April 2016	1.092	29,993,362
20 March 2014	3 April 2014	11 April 2014	0.90	24,719,804

As at September 30, 2017, unclaimed dividends amount to P6.53 million (2016 – P5.74 million).

Note 10 - Cost and expenses

The account for the periods ended consists of:

	Notes	Unaudited September 2017	Unaudited September 2016
Taxes and licenses		3,756,078	4,372,019
Security, janitorial and other services		2,277,928	1,854,302
Professional fees		2,057,846	2,682,098
Personnel costs		1,063,134	836,168
Depreciation and amortization	5,6	336,162	380,724
Meetings		222,574	86,497
Insurance		191,226	254,220
Power, light and water		91,906	96,623
Directors' fees		45,000	105,000
Transportation and communication		29,297	71,674
Repairs and maintenance		28,677	86,760
Rentals		1,835	50,163
Others		292,392	421,302
		10,394,055	11,297,550

Depreciation and amortization shown above are attributable to the following:

	Notes	Unaudited September 2017	Unaudited September 2016
Property and equipment	5	316,729	317,420
Investment property	6	19,433	63,304
		336,162	380,724

Details of the personnel costs shown above are as follows:

		Unaudited September 2017	Unaudited September 2016
Salaries and wages		860,845	685,382
Other benefits		202,289	150,786
		1,063,134	836,168

Note 11 - Other income, net

Details of other income and charges are as follows:

	Notes	Unaudited September 2017	Unaudited September 2016
Interest income on installment receivable	13	632,332	1,428,466
Interest income on bank deposits, net of final tax	2	1,212,228	1,071,742
Rent income	6	606,123	40,800
Others, net		396,806	1,349,858
		2,847,489	3,890,866

Note 12 - Income taxes

Income tax expense for the periods ended consists of:

	Unaudited September 2017	Unaudited September 2016
Current	5,118,610	5,526,700
	5,118,610	5,526,700

DIT assets, net for the periods ended are as follows:

	Unaudited September 2017	Audited December 2016
DIT asset		
Allowance for impairment of other receivables	2,758,188	2,869,124
DIT liability		
Unrealized fair value gain on available-for-sale Securities		(110,936)
	2,758,188	2,758,188

DIT asset and liability are expected to be realized/settled beyond 12 months from the reporting date.

The movements in DIT assets, net for the periods ended are as follows:

	Unaudited September 2017	Audited December 2016
At January 1	2,758,188	7,940,127
Charged to profit or loss	-	(5,134,929)
Charged to other comprehensive income	-	(47,010)
	2,758,188	2,758,188

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income 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 Parent Company availed the Optional Standard Deduction (OSD) for entire taxable year ended December 31, 2017. 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 September 2017	Unaudited September 2016
Income tax computed 30% of profit before tax	7,867,109	5,897,751
Adjustments to income tax resulting from:		
Availment of OSD	(2,362,254)	
Interest income subjected to final tax	(363,669)	(321,522)
Accretion income	(22,576)	(49,529)
Income tax expense	5,118,610	5,526,700

Note 13 - Related party transactions

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

Description		Unaudited September 2017	Audited December 2016
Collection of installment contract receivable			
Parent company	Refer to (a) below.	17,031,164	11,139,172
Management fees			
Parent company	Refer to (b) below.	1,232,265	1,713,205
Dividends			
Parent company	Refer to Note 9	17,759,263	22,940,284
Salaries and other short-term benefits			
Key management personnel	Refer to (c) below.	300,000	430,000

Outstanding balances of due to related parties are as follows:

Terms and conditions		Unaudited September 2017	Audited December 2016
Parent company	Due on demand, unsecured and non-interest bearing	(68,561)	(254,382)
OCLP			

Due to OCLP pertains to expenses advanced on behalf of the Group and presented under trade and other payables (Note 8).

(a) Sale of properties

In November 2007, OCLP purchased the Group's 12 hectares of land located in Longos, Bagumbayan, Quezon City for P1.13 billion, with P260 million down payment 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 September 2017	Audited December 2016
At January 1	83,918	289,651
Accretion income during the year	(75,255)	(205,733)
	8,663	83,918

The movements in installment receivable for the periods ended are presented below:

	Note	Unaudited September 2017	Audited December 2016
At January 1		20,238,949	31,583,854
Collections of installment due		(17,031,164)	(11,139,172)
Interest Income (Others)		-	-
Accretion income		(75,255)	(205,733)
		3,132,530	20,238,949

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

	Note	Unaudited September 2017	Unaudited September 2016
Nominal interest income		557,077	1,263,371

Accretion income		75,255	165,095
	11	632,332	1,428,466

(b) Management agreement with OCLP

In 2005, the Group entered into a Management Agreement with OCLP, which was amended in 2009. The agreement provides that the Group shall pay OCLP the following:

- A monthly fee of P0.10 million effective June 1, 2008, 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.

On October 29, 2015, the Management Agreement was once again renewed by the parties for another five years beginning November 1, 2015 under the same terms and conditions, namely an annual escalation fee of 5% with respect to the monthly fee of P161,485.87 and a supervision fee of 12.5% of the proceeds in case OCLP actively participates in the development of real property owned by the Group.

Total management fee recognized in the first three quarters of 2017 amounted to P1.23 million (2016 – P1.18 million), included as part of professional fees in profit or loss (Note 10). The outstanding balance due to OCLP, which was recorded under trade and other payables account (Note 8) as at September 30, 2017 (2016 - P0.16 million). Invoices for management fee carry a 30-day term.

There were no supervision fees incurred in for the period ended September 30, 2017 and December 31, 2016.

(c) Key management compensation

The compensation of key management personnel, which includes salaries and short-term benefits, amounted to P0.30 million for the first three quarters of 2017 (2016 – P0.34 million). Directors' fees amount to P0.05 million in the first three quarters of 2017 (2016 - P0.11 million). There are no long-term employee benefits granted to key management personnel.

Note 14 - Basic/diluted earnings per share

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

	Unaudited September 2017	Audited December 2016
Net income for the period	21,105,087	19,887,195
Divided by weighted average number of common shares outstanding during the year	27,466,449	27,466,449
Basic/diluted earnings per share	0.77	0.72

The basic and diluted earnings per share are the same for the periods as the Company does not have dilutive potential common shares as at September 30, 2017 and December 31, 2016.

Note 15 - Cash generated from operations

Details of cash generated from operations for the periods ended as follow:

	Notes	Unaudited July to September 2017	Unaudited July to September 2016	Unaudited January to September 2017	Unaudited January to September 2016
Income after income tax		7,032,182	4,914,645	21,105,087	14,132,470
Adjustments for:					
Interest income on:					
Installment receivable	3, 13	(141,967)	(411,857)	(632,331)	(1,428,466)
Bank deposits	2, 11	(592,186)	(642,613)	(1,212,228)	(1,071,742)
Depreciation and amortization	10	111,052	117,044	336,162	380,725
Operating income (loss) before changes in operating assets and liabilities		6,409,081	3,977,219	19,596,690	12,012,988
Changes in operating assets and liabilities					
(Increase) decrease in:					
Receivables		(7,476,424)	(676,924)	3,814,690	2,783,183
Other current assets		2,064,849	(2,066,940)	5,951,648	2,270,179
Non-current assets		(35,097)	5,033	3,094	405,033
(Decrease) increase in:					
Trade and other payables		136,961	(716,798)	492,579	(251,310)
Income tax payable		-	786,939	-	2,951,888
Cash generated from operations		1,099,370	6,796,257	29,858,700	20,171,961

Note 16 - 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.

In 2008 and 2009, the Group had recognized the lump sum amount as royalty fee due to the fulfillment of the conditions contained in an Amendment to the Agreement dated January 18, 2008 executed by the Group. As at December 31, 2010, the Group had received the full settlement of P300 million lump sum amount in accordance with the agreed payment terms.

Basic royalty fee of 2.5% of the value of the aggregates sold amounted to P33.77 million in the first three quarters of 2017 (2016 – P27.07 million). Outstanding receivable arising from royalty fee amounted to P3.21 million as at September 30, 2017.

(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 service marks 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.

BAAC underwent several changes in its company name the latest of which was in 2015 wherein it changed its name to LHAI.

Note 17 - 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. The detailed information of these legal proceedings were not disclosed as it might prejudice the ongoing litigations.

Note 18 - Critical accounting estimates, assumptions and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) *Critical accounting estimates and assumptions*

Useful lives of long-lived assets (Notes 5 and 6)

b) *Critical judgments in applying the Group's accounting policies*

Impairment loss on receivables (Notes 3 and 13)
Impairment of long-lived assets (Notes 5 and 6)
Impairment of investments in subsidiaries (Note 7)
Recognition of deferred income tax assets (Note 12)

Note 19 - Financial risk and capital management

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

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

The President and General Manager, under the direction of the 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.

The most important types of risk the Group manages are: credit risk and liquidity risk.

The Group has no significant assets and liabilities exposed to significant market risks such as foreign currency risks, cash flow and fair value interest rate risks and price risks.

Financial risk management

Credit risk

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

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

	Notes	2017	2016
Cash and cash equivalents	2	170,329,356	145,313,998
Receivables			
Trade receivables	3	3,232,150	6,437,481
Installment receivable	3	3,840,116	20,238,949
Other receivables, net	3	219,476	217,476
Other non-current assets			
Mine rehabilitation fund		5,953,011	5,917,913
Miscellaneous deposit		2,350,031	2,388,222
		185,924,140	180,514,039

Cash and cash equivalents excludes cash on hand as at September 30, 2017 amounting to P50,000 (2016 – P50,000) (Note 2).

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

Credit quality of financial assets

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

	Neither Past Due nor Impaired		Past Due But Not Impaired	Total
	High Grade	Standard Grade		
2017				
Cash and cash equivalents	170,329,356	-	-	170,329,356
Receivables				
Trade receivables	3,232,150	-	-	3,232,150
Installment receivable	3,840,116	-	-	3,840,116
Other receivables, gross	219,476	-	9,274,094	9,493,570
Other non-current assets				
Mine rehabilitation	5,953,011	-	-	5,953,011
Miscellaneous deposits	2,350,031	-	-	2,350,031
	185,924,140	-	9,274,094	195,198,234
2016				
Cash and cash equivalents	145,313,998	-	-	145,313,998
Receivables				
Trade receivables	6,437,481	-	-	6,437,481
Installment receivable	20,238,949	-	-	20,238,949
Other receivables, gross	217,476	-	9,274,095	9,491,571
Other non-current assets				
Mine rehabilitation	5,917,913	-	-	5,827,867
Miscellaneous deposits	2,388,222	-	-	2,393,255
	180,514,039	-	9,274,095	189,788,134

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 September 30, 2017, the Group's cash and cash equivalents amounting to P170.33 million (2016 – P134.51 million) are maintained in universal and commercial banks (Note 2).

Installment and trade receivables are accounts with OCLP and BAAC/LHAI, both assessed to be high grade.

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.

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.

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.

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 September 30, 2017 and December 31, 2016 based on contractual undiscounted payments:

	Less than 3 months	3 to 12 Months	Total
2017			
Trade payables		3,271,889	3,271,889
Dividends payable	-	6,534,310	6,534,310
Accrued expenses	300,952		300,952
Due to related parties	68,561		68,561
Other payables		553,198	553,198
	369,513	10,359,397	10,728,910
2016			
Trade payables	-	3,286,040	3,286,040
Dividends payable	5,740,093	-	5,740,093
Accrued expenses	707,918	-	707,918
Due to related parties	254,382	-	254,382
Other payables	-	126,700	126,700
	6,702,393	3,412,740	10,115,133

As at September 30, 2017, payables to government agencies amounting to P1.09 million (2016 – P.44 million) (Note 8) are considered non-financial liabilities.

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

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 Company 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 Company's investment properties as disclosed in Note 6 fall under Level 2 of the fair value hierarchy. The Company does not have non-financial assets or liabilities classified under Level 3 at the reporting date.

The following table presents the Company's financial assets that are measured at fair value at September 30, 2017 and December 31, 2016 following the fair value hierarchy definition as described in Note 20.8 - Fair value measurement.

	Level 1	Level 2	Total
2017			
Recurring measurements			
Available-for-sale securities			
Listed equity securities	1,133,383	-	1,133,383
2016			
Recurring measurements			
Available-for-sale securities			
Listed equity securities	1,133,383	-	1,133,383

There are no financial instruments classified as Level 2 or 3 as at September 30, 2017 and December 31, 2016. There were also no transfers between the levels in the fair value hierarchy during the periods ended September 30, 2017 and December 31, 2016.

Capital management

The primary objective of the Group's capital management is to safeguard its 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 (less any reserves) as shown in the consolidated statement of financial position which is calculated as follow:

	Unaudited September 2017	Audited December 2016
Share capital	274,664,490	274,664,490
Share premium	1,069,304	1,069,304
Retained earnings	22,327,162	24,441,491
	<u>298,060,956</u>	<u>300,175,285</u>

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.

There are no changes in the Group's capital management policies as at September 30, 2017 and December 31, 2016.

Note 20 - 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.

20.1 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 7).

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 consolidated financial statements are disclosed in Note 18.

Changes in accounting policies and disclosures

(a) Amendments and improvements to standards adopted by the Group

There are no amendments or improvements to standards that are relevant and have a significant impact on the Group.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017, and have not been applied in preparing these financial statements. The following are the more relevant standards and amendments to the Group's financial statements:

- *Amendment to IAS 12, 'Income taxes', regarding recognition of deferred tax assets for unrealized losses* clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax based.
- *Amendment to IAS 7, 'Cash flow statements', regarding the Disclosure initiative* introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- *Annual improvements 2014-2016 IFRS 12, 'Disclosure of interests in other entities'* clarifies that the disclosure requirement is applicable to interest in entities classified as held for sale except for summarised financial information.

There are no other relevant standards, amendments or interpretations that are effective beginning on or after January 1, 2017 that are relevant or expected to have a material impact on the Group's financial statements.

20.2 Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiaries, CIAC and CMSC (Note 1) as at September 30, 2017 and December 31, 2016. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies. Details of the subsidiaries are presented in Note 1.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that 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.

Intercompany 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.

20.3 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.

Cash and cash equivalents are recognized at face value or nominal amount.

20.4 Receivables

Receivables arising from the Group's operations, particularly from the royalty agreement, with normal credit terms of 30 days, are recorded initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost less any provision for impairment.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method, less any provision for impairment.

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 20.5.3).

When a receivable is uncollectible, it is written off against the allowance account for receivables. Receivables and its related provision for impairment are written off when the Group has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified by the Group's marketing department after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to debtors), and is approved by the respective product manager and subsequently by the Board of Directors. Write offs represent the release of previously recorded provision from the allowance account and credited to the related receivable account following the Group's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

Subsequent recoveries of amounts previously written-off are credited in profit or loss. Reversals of previously recorded impairment provision are recognized in profit or loss based on the result of management's update assessments, considering available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivable at reporting date.

20.5 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.

20.5.1 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 September 30, 2017 and December 31, 2016, 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 20.3), receivables (Note 20.4), 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.

(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 and other payables (excluding payables to government agencies) (Note 20.10), and dividends payable are classified under this category.

20.5.2 Recognition and measurement

(a) Recognition

Regular purchases and sales of financial assets are recognized on trade date (the date on which the Group commits to purchase or sell the asset).

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 and other payables 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.

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

(b) Measurement

Loans and receivables are subsequently carried at amortized cost using the effective interest method, less allowance for impairment, if any.

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. However, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost.

Dividend income from available-for-sale equity securities is recognized in profit or loss when the right to receive payment is established.

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

Short-term receivables and payables are carried at invoice amounts as the impact of discounting is immaterial.

20.5.3 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.

(b) Assets classified as available-for-sale

The Group assesses at each reporting date whether there is evidence that an asset classified as available-for-sale is impaired. In the case of available-for-sale debt instruments, objective evidence of impairment is assessed in the same manner as for assets carried at amortized cost. For available-for-sale equity instruments, a significant or prolonged decline in the fair value of security below its cost shall indicate impairment. The Group treats a decline in the fair value of the instrument of 20% or more as significant as and greater than twelve months as prolonged. 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. The accumulated fair value adjustments recognized in equity are transferred 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.

For unquoted equity instruments that are not carried at fair value because their fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

20.5.4 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 has expired.

20.5.5 Offsetting

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

20.6 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 the carrying amount of the replaced part is derecognized. 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:

	In 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.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. 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 (Note 20.9).

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.

20.7 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 10 years.

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. A transfer is made to investment property when owner-occupation has ended and/or an operating lease to another party has commenced. A transfer is made from investment property to property and equipment when owner-occupation has commenced. A transfer is made from investment property to real estate inventory when development with a view to sale has begun. A transfer between investment property, property and equipment and real estate inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes. Transfers to investment property 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 (Note 20.9).

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.

20.8 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 fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

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.

(a) Financial assets and financial liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices 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. The quoted market price within the bid-ask spread that is most representative of fair value is used. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using 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 to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(b) Non-financial assets

The fair value of a non-financial asset is measured based on its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

As at September 30, 2017 and December 31, 2016, there are no material assets and liabilities carried at fair value.

20.9 Impairment of non-financial assets

Property and equipment, investment property, land held for development and sale and other non-financial assets that have finite useful lives are reviewed for impairment annually or 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.

20.10 Trade and other payables

Trade and other payables (excluding payables to government agencies) are recognized, measured and derecognized using the accounting policies for financial liabilities at amortized cost as discussed in Note 20.5. Payables to government agencies are recognized in the period when a legally enforceable claim against the Group is established.

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

20.11 Share capital and Share premium

Common shares, which are stated at par value, 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.

20.12 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 period in which the dividends are approved by the BOD.

20.13 Earnings per share (EPS)

Basic EPS is calculated by dividing net income for the year attributable to the common shareholders of the Group 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.

20.14 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.

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

(a) Royalty income

Royalty income is earned and calculated as a fixed percentage of the monthly sales and volume report as stated in the Memorandum of Agreement with BAAC (Note 16).

(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 in profit or loss as they are incurred.

Other operating income/expenses are recognized in profit or loss when earned/incurred.

20.15 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.

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.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized.

Contingent liabilities are not recognized in the consolidated 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 consolidated financial statements unless realization of income is virtually certain. It is disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

20.16 Income taxes

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

(a) Current income tax

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

(b) Deferred income tax

Deferred income tax (DIT) is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, DIT is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by 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.

DIT 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 DIT asset.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

DIT 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 on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

DIT assets and liabilities are derecognized when the related temporary difference are realized or settled.

20.17 Employee benefits

(a) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave when it is probable that settlement will be required and these are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(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 that is there is 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.

20.18 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 each entity in the Group operates (the functional currency). The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transaction or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of foreign currency 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.

For income tax purposes, foreign exchange gains and losses are treated as taxable income or deductible expense in the period such are realized.

20.19 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.

20.20 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, 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.

20.21 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 consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

20.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who allocates resources to and assesses the performance of the operating segments of the Group. The Group has determined its President as its chief operating decision maker. All transactions between business segments and intra-segment revenue and costs are eliminated upon consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

For the period ended September 30, 2017 and the year ended December 31, 2016, 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 not necessary.

Concrete Aggregates Corp.
SCHEDULES
As at 30 September 2017

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 statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
Cash and cash equivalents	-	170,379,356	-	1,212,228
Receivables (BAAC)	-	3,232,150	-	-
Installment receivable (current)	-	3,840,116	-	632,331
Other non-current assets			-	
Miscellaneous deposits	-	2,350,031	-	-
Available-for-sale financial assets		1,408,894	-	-
	-	181,210,547	-	1,844,559

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	46,184	-	(24,000)		24,184		24,184
OCLP	-	-	-	-	-	-	-
OCLP installment receivable – current	7,955,940	632,331	(4,748,155)	-	3,840,116	-	3,840,116
TOTAL	8,002,124	632,331	(4,772,155)	-	3,864,300	-	3,864,300

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	174,973	68,561
	174,973	68,561

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	40,000,000	22,077,771	Not	16,021,974	7,126	6,048,671

"A" at P10 par value each			Applicable			
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		21,007,586	7,126	6,451,737

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 September 30, 2017, there are 22,077,771 listed and outstanding Class A common shares, of which 6,048,671 are floating shares; whereas, there are 5,388,678 listed and outstanding Class B common shares, of which 403,066 are floating shares. As of November 10, 2017, the latest closing price for Class A common shares was recorded at ₱67.80 while Class B common shares closed at ₱83.00.

Concrete Aggregates Corp.

**Financial Soundness Indicators
As at 30 September 2017**

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Current Ratio	15.19	17.09
Debt to Equity Ratio	0.04	0.04
Asset to Equity Ratio	1.04	1.04

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Interest Rate Coverage Ratio	-	-
Net Income Ratio	0.62	0.52