CONCRETE AGGREGATES CORPORATION

15 May 2019

THE PHILIPPINE STOCK EXCHANGE, INC.
9th Floor, PSE Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig

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

Gentlemen:

In compliance with the Disclosure Rules of the Philippine Stock Exchange, we are submitting a copy of Concrete Aggregates Corporation's Quarterly Report for the first quarter of 2019.

Thank you and best regards.

Very truly yours,

JOSE ANTONIO V. EVANGELISTA III
Corporate Secretary

COVER SHEET

36140

S.E.C. Registration Number

CONCRETE AGGREGATES CORP.

(Company's Full Name)

9TH FLOOR ORTIGAS BUILDING ORTIGAS AVENUE, PASIG CITY

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

JOSE ANTONIO V. EVANGELISTA III

Contact Person

6311231

Company Telephone Number

Fiscal Year		Annual Meeting	
Month	Day	Month	Day
12	31	05	23

SEC FORM 17-Q (1ST QUARTER)

FORM TYPE

PERMIT TO OFFER SECURITIES

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

550

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

PSE Security Code ______
SEC Number 36140
File Number ______

CONCRETE AGGREGATES CORP.
(Company's Full Name)

9TH FLOOR, ORTIGAS BUILDING, ORTIGAS AVENUE, PASIG CITY
(Company's Address)

631-1231 / Fax no.: 631-6517
(Company's Telephone Number)

DECEMBER 31
(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-Q: 1st Quarter 2019
(FORM TYPE)

(Amendment Designation if Applicable)

31 March 2019
Period Ended Date

Permit to Offer Securities for Sale
(Secondary License Type, if any)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended 31 March 2019

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

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

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

6. (SEC Use Only)
Industry Classification Code;

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

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

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

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

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

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

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

12. Check whether the registrant:

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

Yes (x)   No ( )

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

Yes (x)   No ( )

FINANCIAL INFORMATION

Item 1. Financial Statements

- Unaudited Consolidated Statements of Financial Position as of 31 March 2019 and Audited Consolidated Balance Sheet as of 31 December 2018
- Unaudited Consolidated Statements of Income, for the period ended 31 March 2019 and 2018
- Unaudited Consolidated Statements of Changes in Stockholder's Equity as of 31 March 2019 and 2018
- Unaudited Consolidated Statements of Cash Flows, for the period ended 31 March 2019 and 2018
- Aging of Accounts Receivables, as of 31 March 2019
- Notes to Interim 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 ₱14.24 million for the first quarter of 2019 as compared to ₱10.39 million for the first quarter of 2018, coming from the 2.5% royalty on the value of aggregates sold by LHAI. Operations for the first quarter of 2019 resulted in a net profit of ₱9.47 million after provisions for income taxes. Net profit for the same period in 2018 was ₱6.46 million. The increase in net profit is attributable to the higher Royalties Revenue from LHAI during 2019.

The Company currently has no significant liquidity or credit risks. Its ₱203.21 million current assets are more than enough to cover its ₱13.31 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 properties.

Results of Operation

Revenues

The Company earned ₱14.24 million in royalties during the first quarter of 2019, which is higher than same period last year of ₱10.39 million. The increase is due to higher selling prices of aggregates and higher sales volume this first quarter of 2019.

Operating expenses

The Company had total operating expenses of ₱3.66 million in the first quarter of 2019, which is higher by 11% vs. last year mainly due to payment of real property tax on various real estate properties, other taxes and license fees, management fees and professional fees.

Other income (expenses)

The Company's other income of ₱1.05 million for the first quarter of 2019 came primarily from income earned from bank deposits and rental income from properties. This is higher than the ₱0.86 million posted in same period last year, mostly due to interest from deposits.

Net income after tax

Operations for the first quarter of 2019 resulted in a net profit of ₱9.47 million after provisions for income taxes. Net profit for the same period in 2018 was ₱6.46 million. The increase in net profit was largely due to higher royalties revenue.

Financial Condition

Cash

Cash balance in the amount of ₱182.52 million represents an increase of 3% compared to the balance as at 31 December 2018 due to the collection of royalty fees from LHAI as well as rental income from China Banking Corporation (CBC).

Receivables

Receivables as of the end of the first quarter of 2019, net of allowances and provisions, amounted to ₱14.69 million which increased by 69% compared to the ₱8.70 million receivables as of 31 December 2018. The increase was caused by accumulated royalty fees from LHAI at the end of the quarter.

Prepaid expenses

The Company's other current assets as at 31 March 2019 decreased to ₱6.00 million compared to ₱7.15 million as at 31 December 2018 mainly due to amortization of advance real property tax payment.

Investment Properties

Investment properties (net) as at 31 March 2019 slightly decreased to ₱57.47 million due to the depreciation for the first quarter of 2019.

Property, Plant and Equipment

Property, plant and equipment (net) as at 31 March 2019 amounted to ₱60.20 million representing a slight decrease of ₱0.11 million compared to 31 December 2018 balance of ₱60.31 million likewise due to depreciation for the first quarter of 2019.

Deferred Tax Assets
The Company's deferred income tax asset at ₱1.69 million is related to allowance for impairment of other receivables.

Other noncurrent assets
The Company's other noncurrent assets (net) at ₱22.97 million, are composed of Available for Sale Investment, Mine Rehabilitation Funds and other deposits.

Trade and other payables
Trade and other payables decreased to ₱4.15 million due to payments made during the first quarter of 2019.

Dividends payable
Dividends payable increased to ₱37.90 million due to dividends declared during first quarter of 2019.

Income tax payable
Income tax payable as of 31 March 2019 increased to ₱2.85 million due to income tax payable for the first quarter of 2019.

Rental deposits
Rental deposit pertains to security deposit from the lease of CAC's office unit in Tektite Building last 2017 which was vacant during 2016.

Decommissioning liability
Decommissioning liability was established in 2018 to ensure availability of funds for the satisfactory compliance with the commitments and performance of the activities stipulated in the Environmental Protection and Enhancement Program or EPEP.

Stockholders' Equity
Stockholders' equity decreased to ₱287.03 million due to declaration of dividends last March 2019.

Book value per share was at ₱10.45 per share as at 31 March 2019 compared to ₱11.26 per share at 31 December 2018.

i. Due to the Company's sound financial condition, and the transfer of its quarry operations to 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 quarter of 2019 as compared to the first quarter of year 2018 and as of year ending 2018 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 31 March 2019	Unaudited as of 31 March 2018	Increase (Decrease)	Remarks
Royalties	14,236,481	10,386,071	3,850,410	The increase of 37% attributable to the increase in selling price and volume of aggregates sold by LHAI.
Operating expenses	3,662,079	3,297,719	364,360	Higher by 11% mainly due to payment of real property tax on various real estate properties, taxes and licenses, management fees and professional fees.
Other income (expense)	1,050,146	861,143	189,003	Increase of 22% mostly due to higher interest income from bank deposits.

Accounts	Unaudited as of 31 March 2019	Audited as of 31 December 2018	Increase (Decrease)	Remarks
Receivables, net	14,692,859	8,695,375	5,997,484	Up by 69% due to accumulated royalty fees from LHAI at the end of the quarter.
Prepaid expenses	5,996,582	7,151,284	(1,154,702)	Decrease of 16% caused by amortization of advance real property tax payments.
Trade and other payables	4,150,785	6,082,393	(1,931,608)	Lower by 32% due to payments made during the 1st quarter of 2019.
Dividends payable	37,900,684	6,314,271	31,586,413	Increase of 500% due to dividends declared during the 1st quarter of 2019.
Income tax payable	2,848,455	716,966	2,131,489	Up by 297% due to income tax payable for the 1st quarter of 2019.
Retained earnings	10,618,349	32,734,639	(22,116,290)	Lower by 68% due to declaration of dividends during the 1st quarter.

Key Performance Indicators

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

Measures	31 March 2019	31 December 2018
Current Ratio	4.53	14.75
Liability/Equity Ratio	0.20	0.09
Return on Assets	11%	9%

Return on Equity	13%	10%

Measures	31 March 2019	31 March 2018
Net Income Rate	67%	62%

Current Ratio = Current Assets ÷ Current Liabilities
Liability/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.

Davee M. Zuñiga
15 May 2019

Concrete Aggregates Corp. and Subsidiaries

Unaudited Consolidated Balance Sheet
31 March 2019
(With comparative figures at 31 December 2018)
(All amounts in Philippine Peso)

	Notes	Unaudited March 2019	Audited December 2018
CURRENT ASSETS			
Cash and cash equivalents	2	182,525,282	177,581,764
Receivables, net	3	14,692,859	8,695,374
Prepaid expenses	4	5,996,582	7,151,284
Total current assets		203,214,723	193,428,423
NON-CURRENT ASSETS			
Property and equipment, net	5	60,205,781	60,315,599
Investment properties, net	6	57,466,139	57,472,617
Deferred income tax assets, net	12	1,686,921	1,686,921
Other non-current assets, net	7	22,966,445	22,966,445
Total non-current assets		142,325,286	142,441,582
Total assets		345,540,009	335,870,005
CURRENT LIABILITIES			
Trade and other payables	8	4,150,785	6,082,393
Dividends payable	9	37,900,684	6,314,271
Income tax payable		2,848,455	716,966
Total current liabilities		44,899,924	13,113,630
NON-CURRENT LIABILITIES			
Rental deposit		473,700	473,700
Decommissioning liability	7	13,133,654	13,133,654
Total non-current liabilities		13,607,354	13,607,354
Total liabilities		58,507,278	26,720,984
EQUITY			
Share capital	9	274,664,490	274,664,490
Share premium		1,069,304	1,069,304
Fair value reserve on financial assets at fair value through other comprehensive income (FVOCI)		680,588	680,588
Retained earnings	9	10,618,349	32,734,639
Total equity		287,032,731	309,149,021
Total liabilities and equity		345,540,009	335,870,005

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

Concrete Aggregates Corp. and Subsidiaries

Unaudited Consolidated Statements of Total Comprehensive Income
For the 1st Quarter ended 31 March 2019
(With comparative figures for the 1st Quarter ended 31 March 2018)
(All amounts in Philippine Peso)

	Notes	Unaudited January to March 2019	Unaudited January to March 2018
Revenue	16	14,236,481	10,386,071
Operating expenses	10	(3,662,079)	(3,297,719)
Operating income		10,574,402	7,088,352
Other income, net	11	1,050,146	861,143
Income before income tax		11,624,548	7,949,495
Income tax expense	12	(2,154,425)	(1,485,512)
Net income for the year		9,470,123	6,463,983
Other comprehensive income			
Item that may not be subsequently reclassified to profit or loss			
Fair value loss on financial assets at FVOCI, net of tax		-	-
Total comprehensive income for the year		9,470,123	6,463,983
Basic and diluted earnings per share	14	0.34	0.24

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

Concrete Aggregates Corp. and Subsidiaries

Unaudited Consolidated Statements of Changes in Equity
For the 1st Quarter ended 31 March 2019
(With comparative figures for the 1st Quarter ended 31 March 2018)

(All amounts in Philippine Peso)

	Share Capital (Note 9)	Share Premium	Fair value reserve on financial assets at FVOCI	Fair Value Reserve on Available-for-Sale Financial Assets	Retained Earnings (Note 9)	Total
Balances, December 31, 2017	274,664,490	1,069,304	-	966,260	26,904,564	303,604,618
Comprehensive income						
Net income for the period	-	-	-	-	6,463,983	6,463,983
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-
Transaction with owners						
Cash dividends	-	-	-	-	(25,543,798)	(25,543,798)
Balances, March 31, 2018	274,664,490	1,069,304	-	966,260	7,824,750	284,524,804
Balances, December 31, 2017	274,664,490	1,069,304	-	966,260	26,904,564	303,604,618
Effect of adoption of new accounting standards (Note 20)	-	-	966,260	(966,260)	-	-
	274,664,490	1,069,304	966,260	-	26,904,564	303,604,618
Net income for the year	-	-	-	-	31,373,871	31,373,871
Other comprehensive - income	-	-	(285,672)	-	-	(285,672)
Total comprehensive income for the year	-	-	(285,672)	-	31,373,871	31,088,199
Transaction with owners						
Cash dividends	-	-	-	-	(25,543,796)	(25,543,796)
Balances, December 31, 2018	274,664,490	1,069,304	680,588	-	32,734,639	309,149,021
Comprehensive income						
Net income for the period	-	-	-	-	9,470,123	9,470,123
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	42,204,762	42,204,762
Transaction with owners						
Cash dividends	-	-	-	-	(31,586,413)	(31,586,413)
Balances, March 31, 2019	274,664,490	1,069,304	680,588	-	10,618,349	287,032,731

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

Concrete Aggregates Corp. and Subsidiaries

Unaudited Consolidated Statements of Cash Flows
For the 1st Quarter ended 31 March 2019
(With comparative figures for the 1st Quarter ended 31 March 2018)
(All amounts in Philippine Peso)

	Notes	Unaudited January to March 2019	Unaudited January to March 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from (used in) operations	15	6,506,498	12,566,484
Income taxes paid		(2,154,425)	(1,485,512)
Interest received	11	591,446	444,742
Net cash flows from operating activities		4,943,519	11,525,714
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(8,634)
Net cash flows used in financing activities		-	(8,635)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,943,519	11,517,080
CASH AND CASH EQUIVALENTS			
At January 1	2	177,581,764	169,099,517
At March 31	2	182,525,283	180,616,597

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

CONCRETE AGGREGATES CORP.

ACCOUNTS RECEIVABLE AGING (Unaudited)
FOR THE 1st Quarter ENDING 31 March 2019

Description	Total	1-120 days	Over 120 days	Under Litigation
A. Trade Receivables	9,274,094	-	9,274,094	-
Subtotal	9,274,094	-	9,274,094	-
Less: Allowance for Doubtful Accounts	(9,274,094)	-	(9,274,094)	-
Net Trade Receivables	-	-	-	-
B. Other Receivables				
Others	14,692,859	14,236,483	456,376	-
Total	14,692,859	14,236,483	456,376	-

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 (PSE) 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. On March 15, 2018, the Board of Directors (BOD) of the Parent Company approved the amendment of Article IV of its Amended Articles of Incorporated extending the corporate life of the Parent Company, which will expire on August 23, 2018, for another 50 years or up to August 23, 2068.

On April 2, 1973, the Parent Company became a "public company" and had its shares listed in the PSE. As a public company, it is covered by the Security Regulation Code (SRC) Rule 68. There are no other listing or follow on offering thereafter.

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 2019	% of ownership 2018
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 LHAI 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. The **Parent** Company has only 2 employees as at March 31, 2019 and December 31, 2018.

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

Note 2 – Cash and cash equivalents

The account consists of:

	Unaudited March 2019	Audited December 2018
Cash in banks	27,491,380	30,525,461
Cash on hand	60,000	60,000
Short-term placements	154,973,902	146,996,303
	182,525,282	177,581,764

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 from 3.25% to 5.75% per annum in 2019 (2018 – 1.125% - 3.50%)

Interest income arising from savings and time deposits amounted to P0.59 million in the first quarter of 2019 (2018 – P0.44 million) (Note 11).

Note 3 – Receivables, net

The account consists of:

	Notes	Unaudited March 2019	Audited December 2018
Trade receivables	16	14,236,483	8,256,999
Other receivables		9,730,471	9,712,471
		23,966,954	17,969,470
Allowance for impairment of other receivables		(9,274,095)	(9,274,095)
		14,692,859	8,695,375

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

The movements in the allowance impairment of other receivables follow:

	2019	2018
At January 1	9,274,095	9,274,095
Write-offs	-	-
	9,274,095	9,274,095

For the year ended December 31, 2016, the Group has written-off uncollected receivable amounting to P17.12 million which was previously provided with allowance.

Expected credit loss (ECL) are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, including significant changes in external market indicators which involved estimated and judgements.

The Group has only 1 customer, LHAI under the existing operating agreement as discussed in Note 1. There has been no historical of credit loss or default in the past10 years and there are no expected changes in the macroeconomics factor, hence, ECL arising from trade receivables is assessed to be zero.

The allowance for impairment pertains to other receivables, which is substantially impaired.

Prior to January 1, 2018, the Group sets up a provision for the impairment of receivable 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 receivables 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.

Management believes, based on its assessment that the carrying amount of receivables is recoverable.

Note 4 – Prepaid expenses

The account consists of:

	Unaudited March 2019	Audited December 2018
Prepaid expenses	5,996,582	7,151,284
	5,996,582	7,151,284

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

Note 5 – Property and equipment

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

	Land	Building and improvements	Plant site Improvements	Machinery and equipment	Transportation, furniture and equipment	Total
Gross carrying amount						
At January 1, 2018	58,494,228	8,290,541	318,929	2,564,067	7,352,019	77,019,784
Additions	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
At December 31, 2018	58,494,228	8,290,541	318,929	2,564,067	7,352,019	77,019,784
Additions	-	-	-	-	-	-
At March 31, 2019	58,494,228	8,290,541	318,929	2,564,067	7,352,019	77,019,784
Accumulated depreciation and amortization						
At January 1, 2018	-	6,127,625	283,929	2,564,067	7,307,294	16,282,915
Depreciation and amortization (Note 10)	-	394,181	20,000	-	7,089	421,270
Disposal	-	-	-	-	-	-
At December 31, 2018	-	6,521,806	303,929	2,564,067	7,314,383	16,704,185
Depreciation and amortization (Note 10)	-	98,546	5,000	-	6,272	109,818
At March 31, 2019	-	6,620,352	308,929	2,564,067	7,320,655	16,814,001
Net carrying amount						
At December 31, 2018	58,494,228	1,768,735	15,000	-	37,636	60,315,599
At March 31, 2019	58,494,228	1,670,189	10,000	-	31,364	60,205,781

In 2017, the Group disposed of certain transportation equipment for P0.38 million, resulting in a gain amounting to P0.38 million.

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 March 31, 2019 and December 31, 2018.

Note 6 – Investment properties, net

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

	Land	Land Improvements	Condominium Unit and parking slots	Total
Gross carrying amount				
At January 1, 2018	57,077,135	16,070,132	17,991,883	91,139,151
Disposal	-	-	-	-
At December 31, 2018 and March 31, 2019	57,077,135	16,070,132	17,991,883	91,139,151
Accumulated depreciation and amortization				
At January 1, 2018	-	15,648,742	17,991,883	33,640,625
Depreciation and amortization (Note 10)	-	25,909	-	25,909
At December 31, 2018	-	15,674,651	17,991,883	33,666,534
Depreciation and amortization (Note 10)	-	6,477	-	6,477
At March 31, 2019	-	15,681,128	17,991,883	33,673,011
Net carrying amount				
At December 31, 2018	57,077,135	395,482	-	57,472,617
At March 31, 2019	57,077,135	389,004	-	57,466,139

As at March 31, 2019 and December 31, 2018, the fair value of the Group's land and land improvements is 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 adjusted based on size.

In first quarter of 2019, rent income from investment properties amounted to P0.46 (2018 – P0.41 million) (Note 11), while expenses incurred for investment properties consisting mostly of real property taxes and security services amounted to P2.16 (2018 – 2.20 million) (Note 10)

Note 7 – Other non-current assets

The account consists of:

	Unaudited March 2019	Audited December 2018
Mine rehabilitation fund	19,145,315	19,145,315
Miscellaneous deposits	2,590,960	2,590,960
Financial assets at FVOCI/available-for-sale financial assets	1,230,170	1,230,170
	22,966,445	22,966,445

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 LHAI (see Note 16), LHAI 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. In 2018, the final mine rehabilitation and decommissioning plan was approved by DENR. As a result, the Group recognized a decommissioning liability amounting to P13.13 million representing funds received in 2018.

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

Note 8 – Trade and other payables

The account consists of:

	Unaudited March 2019	Audited December 2018
Trade payables	3,256,720	3,581,383
Accrued expenses	524,411	1,232,203
Other payables	187,813	126,707
Payable to government agencies	181,841	1,142,100
	4,150,785	6,082,393

Accrued expenses consist mainly of professional fees, contracted services and utilities.

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 March 31, 2019, issued and outstanding share capital of the Parent Company is held by 551 shareholders (2018 – 555) of which 396 shareholders (2018 – 400) 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 March 31, 2019, 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 March 31, 2019 was recorded at 72.00 per share (2018 – 72.25 per share), while Class B common shares closed at P74.10 per share (2018 – 97.00).

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	0.845373803	23,219,416
15 March 2018	2 April 2018	06 April 2018	0.93	25,543,798
21 March 2019	4 April 2019	26 April 2019	1.15	31,586,413

As at March 31, 2019, unclaimed dividends amount to P37.90 million (2018 – P6.31 million).

Note 10 – Cost and expenses

The account for the periods ended consists of:

	Notes	Unaudited March 2019	Unaudited March 2018
Taxes and licenses		1,561,140	1,479,124
Contracted services		823,498	802,703
Professional fees		723,296	452,929
Personnel costs		231,455	282,157
Depreciation and amortization	5,6	116,295	110,839
Directors' fees		65,000	60,000
Insurance		55,165	49,319
Utilities		28,854	18,098
Repairs and maintenance		7,950	12,975
Meetings		7,841	14,675
Transportation and communication		4,717	13,228
Others		36,868	1,672
Total		3,662,079	3,297,719

Depreciation and amortization shown above are attributable to the following:

	Notes	Unaudited March 2019	Unaudited March 2018
Property and equipment	5	109,818	104,362
Investment property	6	6,477	6,477
		116,295	110,839

Details of the personnel costs shown above are as follows:

	Unaudited March 2019	Unaudited March 2018
Salaries and wages	199,403	196,800
Other benefits	32,052	85,357
	231,455	282,157

Note 11 - Other income, net

Details of other income and charges are as follows:

	Notes	Unaudited March 2019	Unaudited March 2018
Interest income on bank deposits, net of final tax	2	591,446	444,742
Rent income	6	458,700	408,505
Others, net		-	7,896
		1,050,146	861,143

Note 12 - Income taxes

Income tax expense for the periods ended consists of:

	Unaudited March 2019	Unaudited March 2018
Current	2,154,425	1,485,512
	2,154,425	1,485,512

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

	Unaudited March 2019	Audited December 2018
DIT asset and liability		
Allowance for impairment of other receivables	1,721,474	1,721,474
DIT liability		
Unrealized fair value loss on financial assets at FVOCI/AFS securities	(34,553)	(34,553)
	1,686,921	1,686,921

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 March 2019	Audited December 2018
At January 1	1,624,213	1,624,213
Charged to profit or loss	-	-
Charged to other comprehensive income	62,708	62,708
	1,686,921	1,686,921

The Group reviews the carrying amounts of DIT assets at each reporting date and reduces DIT 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 DIT assets to be utilized.

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

	Unaudited March 2019	Unaudited March 2018
Income tax computed at statutory income tax rate	3,487,364	2,384,848
Adjustments to income tax resulting from:		
Availment of OSD	(1,155,446)	(765,915)
Interest income subjected to final tax	(177,494)	(133,421)
Income tax expense	2,154,425	1,485,512

Note 13 - Related party transactions

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

	Description	Unaudited March 2019	Unaudited March 2018
Management fees			
Immediate parent company	Refer to (a) below.	477,796	454,179
Dividends			
Immediate parent company	Refer to Note 9	24,158,724	19,537,055

The outstanding balance at March 31, 2019 arising from above related party transactions are as follows:

	Unaudited March 2019	Audited December 2018	Terms and conditions
Management fee payable			
Immediate parent company (Note 8)	61,106	-	Due on demand, unsecured and non-interest bearing

Eliminations

There are no balances or transactions eliminated in preparing the financial statements since the investments are fully impaired. Moreover, the subsidiaries have no balances and transactions.

(a) Key management personnel

In 2005, the Group entered into a Management Agreement with OCLP, which was most recently amended in 2015. The agreement is effective until October 31, 2020 and it provides that the Group shall pay OCLP a monthly fee of P0.15 million effective November 01, 2015, subject to an annual escalation. Under the agreement, OCLP is engaged to manage the Group's operations.

Total management fee recognized is included as part of professional fees in profit or loss (Note 10). Invoices for management fee carry a 30-days term, interest and collateral free.

Note 14 - Basic/diluted earnings per share

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

	Unaudited March 2019	Audited December 2018
Net income for the period	9,470,123	31,373,871
Divided by weighted average number of common shares outstanding during the year	27,466,449	27,466,449
Basic/diluted earnings per share	0.34	1.14

The basic and diluted earnings per share are the same for the periods as the Group does not have dilutive potential common shares as at March 31, 2019 and December 31, 2018.

Note 15 - Cash generated from operations

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

	Notes	Unaudited March 2019	Unaudited March 2018
Income before income tax		11,624,548	7,949,495
Adjustments for:			
Interest income on:			
Bank deposits	2, 7, 11	(591,446)	(444,742)
Depreciation and amortization		116,295	110,839
Operating income (loss) before changes in operating assets and liabilities		11,149,397	7,615,592
Changes in operating assets and liabilities			
(Increase) decrease in:			
Receivables		(5,997,484)	5,208,171
Prepaid expenses		1,154,702	(8,789)
(Decrease) increase in:			
Trade and other payables		(1,931,608)	(933,864)
Income tax payable		2,131,490	685,374
Cash generated from operations		6,506,498	12,566,484

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 P14.24 million in the first quarter of 2019 (2018 – P10.39 million). Outstanding receivable arising from royalty fee amounted to P14.24 million as at March 31, 2019 (2018 – P6.99 million) (Note 3).

(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.

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

Expected credit loss (ECL) on receivables (Notes 3)
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	2019	2018
Cash and cash equivalents	2	182,465,282	177,521,764
Receivables			
Trade receivables	3	14,236,483	8,256,999
Other receivables, net	3	456,376	438,376
Other non-current assets			
Mine rehabilitation fund	7	19,145,315	19,145,315
Miscellaneous deposit	7	2,590,960	2,590,960
		218,894,416	207,953,414

Cash and cash equivalents exclude cash on hand as at March 31, 2019 and December 31, 2018 amounting to P60,000 (Note 2).

The Group does not hold any collateral as security for receivables noted above. There were no financial assets whose terms were renegotiated during the first quarter of 2019.

Credit quality of financial assets

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

	Neither Past Due nor Impaired		Past Due		
	High Grade	Standard Grade	but Not Impaired	Impaired	Total
2019					
Cash and cash equivalents	182,465,282	-	-	-	182,465,282
Receivables					
Trade receivables	14,236,483	-	-	-	14,236,483
Other receivables, gross	456,376	-	-	9,274,095	9,730,471
Other non-current assets					
Mine rehabilitation	19,145,315	-	-	-	19,145,315
Miscellaneous deposits	2,590,960	-	-	-	2,590,960
	218,894,416	-	-	9,274,095	228,168,511
2018					
Cash and cash equivalents	177,521,764	-	-	-	177,521,764
Receivables					
Trade receivables	8,256,999	-	-	-	8,256,999
Other receivables, gross	438,376	-	-	9,274,095	9,712,471
Other non-current assets					
Mine rehabilitation	19,145,315	-	-	-	19,145,315
Miscellaneous deposits	2,590,960	-	-	-	2,590,960
	207,953,414	-	-	9,274,095	217,227,509

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

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

As at March 31, 2019, the Group's cash and cash equivalents amounting to P182.47 million (2018 – P177.52 million) are maintained in universal and commercial banks (Note 2).

Trade receivables are accounts with LHAI assessed to be high grade. Hence, there is no expected credit loss from the Group's receivables.

The balance of impaired other receivables in 2019 and 2018 pertains to receivables from customers of discontinued Engineering and Construction Division of the Group amounting to P9.27 million (Note 3), which has been outstanding for more than 5 years.

Market risks

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

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

(a) Interest rate risk

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

(b) Price risk

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

Liquidity risk

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

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

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

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

The table below summarizes the maturity profile of the Group's financial liabilities as at March 31, 2019 and December 31, 2018 based on contractual undiscounted payments:

	Less than 3 months	3 to 12 Months	More than one year	Total
2019				
Trade payables	-	3,256,727	-	3,256,727
Dividends payable	6,314,271	-	-	6,314,271
Accrued expenses	524,411	-	-	524,411
Rental deposit	-	-	473,700	473,700
Decommissioning liability	-	-	13,133,654	13,133,654
Other payables	-	187,813	-	187,813
	6,838,682	3,444,540	13,607,354	23,890,576
2018				
Trade payables	-	3,581,383	-	3,581,383
Dividends payable	6,314,271	-	-	6,314,271
Accrued expenses	1,232,203	-	-	1,232,203
Rental deposits	-	-	473,700	473,700

Decommissioning liability	-	-	13,133,654	13,133,654
Other payables	-	126,707	-	126,707
	7,546,474	3,708,090	13,607,354	24,861,918

As at March 31, 2019, payables to government agencies amounting to P0.18 million (2018 – P1.14 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 Group uses market approach in determining the fair values of its investment properties which uses observable inputs, such as prices, broker quotes and other relevant information generated by market transactions involving identical or comparable assets or group of assets. The fair values of the Group's investment properties as disclosed in Note 6 fall under Level 2 of the fair value hierarchy. The Group does not have non-financial assets or liabilities classified under Level 3 at the reporting date.

The following table presents the Group's financial assets that are measured at fair value at March 31, 2019 and December 31, 2018 following the fair value hierarchy definition as described in Note 20.10 - Fair value measurement.

	Level 1	Level 2	Total
2019			
Recurring measurements			
Available-for-sale securities			
Listed equity securities	1,230,170	-	1,230,170
2018			
Recurring measurements			
Available-for-sale securities			
Listed equity securities	1,230,170	-	1,230,170

There are no financial instruments classified as Level 2 or 3 as at March 31, 2019 and December 31, 2018. There were also no transfers between the levels in the fair value hierarchy during the periods ended March 31, 2019 and December 31, 2018.

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 March 2019	Audited December 2018
Share capital	274,664,490	274,664,490
Share premium	1,069,304	1,069,304
Retained earnings	10,618,349	32,734,639
	286,352,143	308,468,433

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. On May 31, 2017, the SEC issued a Memorandum Circular to increase the minimum percentage requirement to at least fifteen percent (15%) on or before end of 2018 and then to at least twenty percent (20%) on or before end of 2020. The Parent Company has fully complied with this requirement.

There are no changes in the Group's capital management policies as at March 31, 2019 and December 31, 2018.

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 FVOCI/AFS 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) New and amended standards adopted by the Group

The following standards, amendment to standards, and interpretations have been adopted by the Group effective January 1, 2018:

- *PFRS 9, Financial Instruments (effective January 1, 2018), addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.*

The Group has applied PFRS 9 retrospectively to items that existed at January 1, 2018 in accordance with the transition requirements:

- The Group applied PFRS 9 using modified retrospective approach, with an initial application date of January 1, 2018. The Group has not restated the comparative information, which continues to be reported under PAS 39.
- The determination of the business model within which a financial asset is held, has been made on the basis of the facts and circumstances that existed at January 1, 2018 (the date of initial application of PFRS 9 by the Group).
- If a financial asset has low credit risk at the date of initial application of PFRS 9, then the Group assumed that the credit risk on the asset had not increased significantly since initial recognition.
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognized for that financial instrument.

The classification and measurement requirements of PFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under PAS 39. The financial assets held by the Group previously measured at amortized cost under PAS 39 (Cash and cash equivalents, Trade and other receivables, and deposit and fund balances presented within Other non-current assets) have met the conditions for continuous measurement at amortized cost under PFRS 9. These are now classified and measured as financial assets at amortized cost beginning January 1, 2018.

Equity investments in local country club and preferred shares previously classified as AFS financial assets are now classified and measured as financial assets designated at FVOCI. The Group elected to classify irrevocably its equity investments under this category as it intends to hold these investments for the foreseeable future. As a result of the change in classification of the Group's investments, the fair value reserve on AFS financial assets within equity have been renamed as fair value reserve on financial assets at FVOCI.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking ECL approach. PFRS 9 requires the Group to record an allowance for impairment losses for all debt financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group has applied the standard's simplified approach and has calculated ECLs based on lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Based on management's assessment, there is no transition adjustment in relation to the impairment allowance as of January 1, 2018.

- *PFRS 15, 'Revenue from contracts with customers' (effective January 1, 2018), deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.*

The Group has adopted the new standard using the modified retrospective approach with the cumulative impact of the adoption recognized in the opening retained earnings at 1 January 2018. Comparative information for 2017 are not restated.

Adoption had no impact in the Group's financial statements.

The accounting policies for revenue from contracts with customers are disclosed in Note 20.15.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018, and have not been applied in preparing these consolidated financial statements:

- *PFRS 16, Leases, specifies how the Group will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as either operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17. The standard is effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted. Upon adoption, the Group will record in its books right-of-use asset and corresponding lease liability, measured at the present value of the discounted lease payments payable over the lease term, relating to the Group's long-term lease. The standard is not expected to have a material impact to the Group's financial statements.*

There are no other applicable and relevant standards, amendments to standards or interpretations which are issued and effective after January 1, 2018 that have or are expected to have a significant 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 March 31, 2019 and December 31, 2018. 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 subsidiaries have no balance and operations. Moreover, investment balance is reduced to zero.

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

Trade receivables arising from royalty agreement and other operations with normal credit term of 30 days, are recorded initially at fair value and subsequently measured at amortized cost less any allowance for impairment. Fair value approximates invoice amount due to the short-term nature of these receivables.

Receivables from officers and employees are recognized when the contractual right to receive cash from the officer or employee is established. These are measured at nominal amount (due to their generally short-term maturity), less any provision for impairment, if any.

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

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Expected credit losses (ECL) on trade and other receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The relevant policies on classification, recognition, measurement, impairment and derecognition are further disclosed in Note 20.5.

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.

A financial asset is any asset that is (a) cash; (b) an equity instrument of another entity; or (c) a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group.

The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information as allowed by the standard. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Accounting policies applied beginning January 1, 2018

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income (OCI) or through profit or loss], and,
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when, and only when, its business model for managing those assets changes.

The financial liabilities are classified by the Group in the following categories: (a) at fair value through profit or loss ("FVTPL"), and (b) at amortized cost. The Group does not hold financial liabilities at FVTPL as at December 31, 2018.

(ii) Recognition

The Group recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the financial asset. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Loans are recognized when cash is received by the Group or advanced to the borrowers.

(iii) Measurement

At initial recognition, the Group measures a financial asset or liability at its fair value plus, in the case of a financial asset or liability not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset or liability. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. As at December 31, 2018 and 2017, the Group does not hold financial assets with embedded derivatives.

(a) Financial assets - debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or

loss and presented in “Other income (charges)” account together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

This financial asset classification applies primarily to the Group’s Cash and cash equivalents (Note 2), Trade and other receivables, net (Note 3) and other non-current assets (Note 7).

- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in “Other income” account. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within “Other income” account in the period in which it arises.

As at December 31, 2018, the Group does not hold any debt instruments that are measured at FVTPL.

(b) *Financial assets* - equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(c) *Financial liabilities*

The Group’s financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

This accounting policy applies to the Group’s Trade and other payables (Note 8).

(iv) *Impairment*

Effective January 1, 2018, the Group measures loss allowances at an amount equal to expected credit losses (ECL) over a 12-month period. The ECL on trade and other receivable balances is estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions as at the reporting date.

The 12-month ECL is the portion of ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12

months). The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

At each reporting date, the Group assesses whether the trade and other receivable balances are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Prior to January 1, 2018, a provision for impairment of trade and other receivables is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of 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 original 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.

From January 1, 2018, the Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortized cost. The Group recognizes a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and,
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group applied the simplified approach permitted by PFRS 9 for its receivables, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical profiles of receivable balances and the corresponding historical credit losses experienced for these balances. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment losses on receivables are presented as a separate line item within operating profit. Subsequent recoveries of amounts previously written off are credited on "Other income" account in the statement of profit or loss.

Accounting policies applied until December 31, 2017

(i) Classification

Until December 31, 2017, 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 December 31, 2019, 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.

(ii) 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.

Financial liabilities are recognized in the statements of financial position when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities at amortized cost are initially recognized at fair value plus transaction costs.

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.

(iii) Subsequent measurement

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

Available-for-sale financial assets are subsequently measured 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 measured 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 measured at invoice amounts as the impact of discounting is immaterial.

(iv) Impairment

The Group assesses at each financial reporting date whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

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.

Available-for-sale financial assets

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.

Accounting policies for both periods presented

The following policies were not affected by the adoption of PFRS 9 and continues to be applicable for both periods ended December 31, 2018 and 2017.

Determination of fair value

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

transaction. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

Derecognition of Financial Assets and Liabilities

(a) Financial asset

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

- the right to receive cash flows from the asset has expired;
- the right to receive cash flows from the asset has expired;
  the Group has transferred its rights to receive cash flows from the asset and has assumed as obligation to pay them in full without material delay to a third party under a "passthrough" arrangement; or either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

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

(b) Financial liability

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

20.6 Prepaid expenses

Prepaid expenses mainly consist of real property tax and business tax paid in advance. These will be amortized and charged to expense in the next 12 months.

Prepaid expenses are recognized in the event that payments have been made in advance of obtaining right of access to good or receipt of services and measured at normal amounts. These are derecognized from the statement of financial position upon delivery of goods or services, through amortization over a period of time and use of consumption.

Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve (12) months after the reporting period, which are then classified as non-current assets.

20.7 Property and equipment

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

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

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

20.8 Investment property

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

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

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

Subsequent to initial recognition, investment property, except land, is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is carried at cost less any impairment losses.

Subsequent expenditure should demonstrably enhance the original asset to qualify for asset recognition. Repairs and maintenance costs are charged to profit or loss during the year in which they are incurred.

Depreciation and amortization on investment property, except land, is recognized in profit or loss on a straight-line basis over 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.

20.9 Mine rehabilitation fund/Decommissioning liability

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). 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 LHAI (Note 16), LHAI 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 of MPSA. In addition, LHAI shall have the responsibility to rehabilitate the mine site and provide the funds for the final mine rehabilitation and decommissioning plan. The funds received by the Group are restricted for the sole purpose of rehabilitating the mine site. These are presented as mine rehabilitation fund in other non-current assets and a related decommissioning liability is recognized.

20.10 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 March 31, 2019 and December 31, 2018, there are no material assets and liabilities carried at fair value.

20.11 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.

20.12 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.

20.13 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.

20.14 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.

20.15 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.

20.16 Revenue and expense recognition

The Group has applied PFRS 15 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

<u>Accounting policy applied for both periods</u>

(a) Royalty fees

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 LHAI (Note 16) and are recognized at a point in time.

(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.

(d) Other income and expenses

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

20.17 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.

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.

20.18 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences 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.

20.19 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.

20.20 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 Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the 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.

20.21 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.

20.22 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.

20.23 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.

20.24 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.

For the period ended March 31, 2019 and the year ended December 31, 2018, 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 31 March 2019

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	-	182,465,283	-	591,446
Receivable				
Receivables	-	14,236,483	-	-
Other receivables, net	-	456,376	-	-
Other non-current assets				
Mine rehabilitation	-	19,145,315	-	-
Miscellaneous deposits	-	2,590,960	-	-
Total	-	218,894,417	-	591,446

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 reclassified	Current	Not current	Balance at end of period
Various employees	210,584	25,815	(7,815)	228,584	-	228,584
Ortigas & Company Limited Partnership	-	-	-	-	-	-
TOTAL	210,584	25,815	(7,815)	228,584	-	228,584

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 for/ 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
Rental deposit	473,700	-	473,700
Decommissioning liability	13,133,654	-	13,133,654
Total	13,607,354	-	13,607,354

Schedule F - Indebtedness to Related Parties

Name of related party	Balance at beginning of period	Balance at end of period
Ortigas and Company, Limited Partnership	-	61,106
Total	-	61,106

Schedule G - Guarantees of Securities of Other Issuers

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

Schedule H - Capital Stock

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

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors, officers and employees	Others
Common Class "A" at P10 par value each	40,000,000	22,077,771	Not Applicable	16,021,974	7,126	6,048,671
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 March 31, 2019, 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 March 31, 2019, the latest closing price for Class A common shares was recorded at 72.00 while Class B common shares closed at 74.10.

Concrete Aggregates Corp.

Financial Soundness Indicators
As at 31 March 2019

	March 31, 2019	December 31, 2018
Current Ratio	4.53	14.75
Liability to Equity Ratio	0.20	0.09
Asset to Equity Ratio	1.20	1.09
Return on Asset	11%	9%
Return on Equity	13%	10%

	March 31, 2019	March 31, 2018
Net Income Ratio	67%	62%

Current Ratio = Current Assets ÷ Current Liabilities
Liability to Equity Ratio = Total Liabilities ÷ Total Stockholders' Equity
Asset to Equity Ratio = Total Assets ÷ 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