



CONCRETE AGGREGATES CORPORATION

Don Mariano Santos Avenue, San Isidro, Angono, Rizal
Tel. No.: 651-3211 to 15 Telefax No.: 451-0192



May 20, 2008

THE PHILIPPINE STOCK EXCHANGE, INC.

4/F Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City, Metro Manila

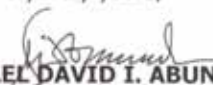
Attention: **Atty. Pete M. Malabanan**
Head, Disclosure Department

Gentlemen:

In compliance with Philippine Stock Exchanges' Rules on Disclosure, please find attached hereto a copy of the Preliminary Information Statement (SEC Form 20-15), which we filed with the Securities and Exchange Commission today, May 20, 2008.

Thank you and best regards.

Very truly yours,


MICHAEL DAVID I. ABUNDO III
Corporate Information Officer

PSE Security Code _____
SEC Number 36140
File Number _____

CONCRETE AGGREGATES CORP.

(Company's Full Name)

DON MARIANO SANTOS AVENUE, SAN ISIDRO, ANGONO, RIZAL

(Company's Address)

651-3211 to 15 / 451-1102
Fax no.: 651-3215

(Company's Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 20-IS
PRELIMINARY INFORMATION STATEMENT

(FORM TYPE)

(Amendment Designation if Applicable)

Period Ended Date

(Secondary License Type, if any)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. **CONCRETE AGGREGATES CORP.**
Name of Registrant as specified in its charter
3. **Philippines**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **36140**
5. BIR Tax Identification Code **000-201-881**
6. **Don Mariano Santos Avenue, Barrio San Isidro**
Angono, Rizal **1930**
Address of principal office Postal Code
7. **(02) 651-32-11 to 15 / 451-11-02 fax no.: 651-32-15**
Registrant's telephone number, including area code
8. **June 26, 2008, 8:30 am**
2nd floor of Ortigas Building, Ortigas Avenue, corner Meralco Avenue, Pasig
City
Date, time and place of the meeting of security holders
9. **June 4, 2008**
Approximate date on which the Definitive Information Statement is first to be sent or given to security holders
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<u>Common Shares</u>	<u>27,466,449</u>
11. Are all of registrant's securities listed in The Philippine Stock Exchange?
Yes No

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

The 2008 Annual Stockholders' Meeting of Concrete Aggregates Corporation (hereinafter referred to as "CAC", "the Corporation" or "the Company") will be held on June 26, 2008, 8:30 am at the 2nd Floor of Ortigas Building, Ortigas Avenue, corner Meralco Avenue, Pasig City.

The complete mailing address of the Corporation is 9th Floor, Ortigas Building, Ortigas Avenue cor. Meralco Avenue, Pasig City.

The date on which copies of the Definitive Information Statement will be sent to the stockholders of record is June 4, 2008.

Dissenters' Right of Appraisal

Any stockholder of the Corporation may exercise his/her appraisal right against any proposed corporate action which qualifies as an instance under Section 81 of the Corporation Code that gives rise to the exercise of such appraisal right pursuant to and in the manner provided in Section 82 of the Corporation Code, *to wit*:

"SEC. 81. *Instances of appraisal right.* – Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code; and
3. In case of merger or consolidation.

"SEC. 82. *How right is exercised.* – The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: *Provided*, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock

representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

"If within a period of sixty days (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraiser shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: *Provided*, That no payment shall be made to any dissenting stockholder unless the corporation had unrestricted retained earnings in its books to cover such payment; and *Provided, further*, That upon payment by the corporation of the agreed or awarded price, the stockholder shall for with transfer his shares to the corporation."

No matter shall be discussed during the 2008 Annual Stockholders' Meeting on June 26, 2008 that will give rise to the exercise of the dissenter's right of appraisal.

Proxy Form and Proxy Solicitation

The company does not intend to undertake any proxy solicitation activity for the 2007 Annual Stockholders' Meeting.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

None of the registrant's directors, officers or their respective associates for this year or for the last fiscal year have any substantial interest, direct or indirect, by security holdings or otherwise, on the matters to be acted upon during the Annual Stockholders' Meeting on June 26, 2008.

As of the filing of this Information Statement, no director of the registrant has given written notice to the Company that he/she intends to oppose the matters to be taken up for stockholders' approval during the Annual Stockholders' Meeting to be held on June 26, 2008.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

The following table indicates the number of shares outstanding for each class of shares of the Corporation. Each share is entitled to one vote.

Title of Each Class	Number of Outstanding Shares
Common	27,466,449 shares

The cut-off date for the information above-stated shall be May 26, 2008.

Only stockholders of record as of the set record date, May 26, 2008, shall be entitled to notice and to vote at the 2008 Annual Stockholders' Meeting.

Security Ownership of certain Beneficial Owners

Title of Class	Name & address of record owner and (Relationship with Issuer)	Name of Beneficial Owner and (Relationship with Record Owner)	Citizenship	No. of Shares Held	% of class
Class "A" and "B"	Ortigas & Company, Limited Partnership 9 th flr, Ortigas Bldg., Ortigas Ave., Pasig City (Security Holder)	Ortigas & Co. Ltd. Partnership, (Same Entity)	Filipino	21,007,588	76.48
Class "A"	Ramon E. Rodriguez, temple Drive, Greenmeadows, Quezon City (Security Holder)	Ramon E. Rodriguez (Same Person)	Filipino	2,309,939	8.41

Cut-off date for the determination of the above shall be May 26, 2008.

There has been no change in the control of the Corporation since the beginning of last fiscal year.

As a registered partnership with legal standing, Ortigas & Company, Limited Partnership (OCLP) acts through its General Partners composed of the following persons:

1. Atty. Rafael Ortigas, Jr.
2. Atty. Ignacio R. Ortigas
3. Mr. Francisco M. Ortigas III
4. Mr. Fernando M. Ortigas
5. Mr. Mark R.P. Watkinson
6. Mr. Suresh Nanoo

Because they are the General Partners of OCLP, the above-listed persons have indirect beneficial interest in the shares of the Corporation held by OCLP, and are the ones who direct the voting or disposition of said shares. Except for Atty. Rafael Ortigas, Jr., Mr. Fernando M.

Ortigas and Mr. Suresh Nanoo, the General Partners of OCLP are also incumbent Directors of the Corporation.

Security Ownership of Management

Class	Name of Beneficial Owner	Amount of Beneficial Ownership	Citizenship	% of Class
Class A	Ortigas, Francisco III M. (Director, President)	53,085	Filipino	Negligible
Class A	Ortigas, Ignacio R. (Chairman of the Board)	3,602	Filipino	Negligible
Class A	Rodriguez, Jose IV C. (Director, Treasurer)	319	Filipino	Negligible
Class A	Ortigas, Jaime M. (Director)	100	Filipino	Negligible
Class B	Watkinson, Mark R.P. (Director, Vice- President)	91	British National	Negligible
Class A	Montilla, Alberto M. (Director)	126	Filipino	Negligible
Class A	Ortigas, Rafael B. (Director)	44	Filipino	Negligible
Class A	Ortigas, Ma. Victoria B. (Director, Corporate Secretary)	100	Filipino	Negligible
Class A	Rex C. Drilon II (Director, Executive Vice-President)	81	Filipino	Negligible
Class A	Roberto M. Paterno (Independent Director)	01	Filipino	Negligible
Class A	Samson C. Lazo (Independent Director)	01	Filipino	Negligible
Total		57,550		Negligible

Cut-off date for the determination of the above shall be May 26, 2008.

The aggregate ownership of all the Directors as a group would total 57,550 shares, considered negligible as compared with the total amount of outstanding shares.

The voting powers of OCLP reside with the duly authorized person (usually one of its General Partners) who is designated to attend the Stockholders' Meeting. The Corporation will only know who will represent OCLP at the Stockholders' Meeting when said representative attends the meeting.

Voting Trust Holders of 5% or more

No voting trust arrangements exist with respect to the Special Stockholders' Meeting.

Directors and Executive Officers

The following are the Board of Directors of the Corporation from June 2007 up until June 2008:

Ignacio R. Ortigas (Chairman of the Board)

67 years old

Filipino

Positions and offices held for the present and past five (5) years:

Chairman of the Board/Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to present

General Partner/Secretary, Ortigas & Company, Limited Partnership

Director, Itogon Suyoc Mines Inc.

Director, Sagitro, Inc.

Director, Igmar Holdings, Inc.

Director, Philtread Tire & Rubber Corporation

Director, Columbian Carbon Philippines, Inc.

Francisco M. Ortigas III (President)

62 years old

Filipino

Positions and offices held for the present and past five (5) years:

President/Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

General Partner/Treasurer: Ortigas & Company, Limited Partnership

President & CEO, Rotary Golfing Foundation of the Philippines

Chairman of the Board, Philam Bond Fund, Inc.

Chairman of the Board, Philam Strategic Growth Fund, Inc.

Chairman of the Board, Philam Management Asset, Inc.

Chairman of the Board, Philam Fund, Inc.

Chairman of the Board, Bayer (Phils.), Inc.

Chairman of the Board, Orica Explosives, Inc.

Corporate Nominee/Director, Francisco Ortigas Securities, Inc.

Director/Treasurer, Philippine Golf Foundation

Director, Commonwealth Foods Corporation

Director, J. Romero & Associates

Director, Valle Verde Country Club

Mark R. P. Watkinson (Vice President)

45 years old

British National

Positions and offices held for the present and past five (5) years:

Director/Vice President, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 up to the present

CEO, Hongkong & Shanghai Banking Corporation Limited, Philippines

General Partner, Ortigas & Company, Ltd. Partnership
Senior Vice-President/Group Executive of Commercial Banking for Upstate New York,
Hongkong & Shanghai Banking Corporation, New York, USA

Rex C. Drilon II (Executive Vice-President)

61 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director/Executive Vice-President, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Chief Operating Officer, Ortigas & Company, Limited Partnership

Vice-President, Ayala Land, Inc.

President, Cebu Holdings, Inc.

Jose C. Rodriguez IV (Treasurer)

39 years old

Positions and offices held for the present and past five (5) years:

Director/Treasurer, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Vice-President, Goodah Foodhouse Corporation

Managing Director, Rod Taylor Sports Co., Inc.

Treasurer, Rod Taylor Sports Co., Inc.

Ma. Victoria B. Ortigas (Corporate Secretary)

37 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Jaime M. Ortigas

63 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Managing Director, Francisco Ortigas Securities, Inc.

Director/Treasurer, Xaviera Holdings, Inc.

Director/Treasurer, FOSI Realty, Inc.

Director/Treasurer, Susana Commercial Corporation

Rafael B. Ortigas

36 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Alberto M. Montilla

72 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

President, Itogon-Suyoc Mines

Vice President/Secretary, Sagitro, Inc.

Assistant General Manager, Creative Trade Center (Metal Manufacturing)

Roberto M. Paterno

71 years old

Filipino

Positions and offices held for the present and past five (5) years:

Independent Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Chairman of the Board of Directors, Philippine Cancer Society

Consultant, Manila Electric Company

Director, MCO Foundation

Senior Vice President for Administration, Manila Electric Company

Director, Meralco Industrial Engineering Services Corporation

Director, Software Breakthroughs, Inc.

Director, Computer Information Systems, Inc.

Samson C. Lazo

63 years old

Filipino

Positions and offices held for the present and past five (5) years:

Independent Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

President, Chief Operating Officer, EEI Corporation (up to 2005)

Commissioner, Construction Industry Arbitration Commission

Board Member, Philippine Overseas Construction Board

Director, 1st Vice-President, Philippine Construction Association

Chairman, Philippine Institute of Steel Construction (1997)

Member, Rotary Club of Pasig

Family Relationships

Family relationships among the Board of Directors are as follows: Atty. Ignacio R. Ortigas, Mr. Francisco M. Ortigas III and Mr. Jaime M. Ortigas are cousins. Mr. Rafael B. Ortigas is the nephew of Atty. Ignacio R. Ortigas, while Atty. Ma. Victoria B. Ortigas is the daughter of Mr. Francisco M. Ortigas III.

Independent Directors

An independent director is a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. Mr. Roberto M. Paterno and Mr. Samson C. Lazo were elected to serve as independent directors, pursuant to Section 38 of the Securities Regulation Code during the 2007 Annual Stockholders' Meeting of the Company held last June 28, 2007.

The above Directors had no involvement in any legal proceedings for the last five (5) years.

Procedure for Electing Independent Directors

The Charter of the Nomination Committee of the Corporation and Rule 38 of the Securities and Regulation Code (SRC) govern the procedure for the nomination of the independent directors and will govern the actual elections as follows:

Nomination

Nomination of independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

The Nomination Committee shall pre-screen the qualifications and prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with SRC Rule 17.1(b) or SRC Rule 20, respectively, or in such other reports the company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report, including any relationship with the nominee.

Only nominees whose names appear in the Final List of Candidates shall be eligible for election as Independent Directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual Annual Stockholders' Meeting.

Election

Except as those required under SEC Memorandum Circular No. 16 dated November 2002, and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Corporation or its By-Laws.

It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the Stockholders' Meeting.

Specific slots for independent directors shall not be filled-up by unqualified nominees. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

In the past five (5) years up to this date, no nominee for Director or executive officer has been involved in any bankruptcy petition, nor has been convicted by final judgment in a criminal proceeding, nor has been subject to a pending criminal proceeding, nor has been permanently or temporarily enjoined, barred, suspended or otherwise limited in his involvement in any type of business, securities, commodities or banking activities; nor has been found to have violated a securities or commodities law or regulation.

Significant Employees

Emmanuel A. Rapadas

(seconded by virtue of the Management Agreement between OCLP and CAC)

48 years old

Filipino

Positions and offices held for the present and past five (5) years:

General Manager, Concrete Aggregates Corporation

Chief Financial Officer, Ortigas & Company Limited Partnership

Head, Corporate Resources Division, Ortigas & Company Limited Partnership

Joven G. Layug

53 years old

Filipino

Positions and offices held for the present and past five (5) years:

Plant Manager, Concrete Aggregates Corporation

Project Manager, Citimax Group, Inc.

Plant Manager, Rockworks, Inc.

Eleanor B. Trumata

(seconded by virtue of the Management Agreement between OCLP and CAC)

32 years old

Filipino

Positions and offices held for the present and past five (5) years:

Accounting Manager, Concrete Aggregates Corporation

Treasury Officer, Ortigas & Company Limited Partnership

Michael David I. Abundo III

(seconded by virtue of the Management Agreement between OCLP and CAC)

38 years old

Filipino

Positions and offices held for the present and past five (5) years:

Asst. Corporate Secretary, Concrete Aggregates Corporation

Legal Manager, Ortigas & Co., Limited Partnership

Dolores N. Dollaga

53 years old

Filipino

Positions and offices held for the present and past five (5) years:

Technical Auditor, Concrete Aggregates Corporation

Quality Management Representative, Concrete Aggregates Corporation

Management Consultant, Concrete Aggregates Corporation

Alberto Felix C. Villadelgado

48 years old

Filipino

Positions and offices held for the present and past five (5) years:

Sales and Marketing Manager, Concrete Aggregates Corporation

Sales Manager, Philmetal Products, Inc.

Sales and Marketing Manager, CPAC–Monier Phils., Inc

Assistant Vice-President – Marketing, First Lepanto Ceramic, Inc.

Apollo L. Alinea

38 years old

Filipino

Positions and offices held for the present and past five (5) years:

Human Resources Department Officer, Concrete Aggregates Corporation

Human Resources Department Officer, Forest Hills Golf and Country Club

Involvement in Certain Legal Proceedings

The above directors and executive officers had no involvement in any legal proceedings for the last five (5) years. No director declined to stand for re-election to the Board of Directors since the date of the last annual meeting.

Compensation of Directors and Executive Officers

Since October 2001, in view of the continuing economic crisis, the directors of the registrant received a negligible amount by way of per diem allowance per each board meeting scheduled. A regular Board meeting is scheduled once a month, and each director receives a token sum of ₱7,500 per regular meeting and a ₱5,000 per diem allowance for each special board meeting attended. The total annual per diem and allowance for 2007 is ₱1.79 million. Committee meetings are held in accordance with the specific committee's charter with additional meetings held as needed.

None of the incumbent directors of the company serve in any other capacity whether as consultant or otherwise. Neither is there any contract, employment or compensatory plan between the company and any director or named executive officer.

For the executive officers such as the Chairman of the Board, President, Executive Vice-President, Vice President, Corporate Secretary, and Treasurer, there is absolutely no compensation given for whatever service they provide to the company.

Herein below is the disclosure of the compensation received by the company's senior management for the last three (3) fiscal years, to wit:

Summary Compensation Table

Annual Compensation for year 2004

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	₱2,573,537	₱643,384	-
All officers and directors as a group unnamed.	₱4,605,318	₱800,256	-

Annual Compensation for year 2005

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	₱2,653,553	₱968,384	-
All officers and directors as a group unnamed	₱4,810,914	₱1,164,739	-

Annual Compensation for year 2006

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	₱1,966,730	₱472,367	-
All officers and directors as a group unnamed	₱4,789,815	₱830,539	-

Annual Compensation for year 2007

Particulars	Salary (Aggregate)	Bonus (Aggregate)	Other Annual Compensation
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	Amount)	Amount)	
Key management personnel	₱2,803,580	₱897,761	-
All officers and directors as a group unnamed	₱3,442,325	₱1,029,199	-

Estimated Annual Compensation for year 2008

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	₱2,257,000	₱188,000	-

The following benefits apply to key management personnel:

Benefit	Criteria
Trainings and seminars	₱70,000 per senior manager and ₱50,000 per manager
Financial assistance	Equivalent to one month salary - given only if financial condition warrants
Vacation and sick leaves	Equivalent to 15 days for vacation leaves and another 15 days for sick leaves, convertible to cash per year
Birthday leave	One day with pay
Bereavement leave	Three days with pay
Medicines	₱3,500 per person
Rice subsidy	One sack of rice per month
Health insurance	Up to ₱300,000 coverage
Life and accident insurance	₱2.5 million coverage per senior manager and ₱1 million per manager
Accident insurance	₱500,000 coverage per senior manager and ₱300,000 per manager
Retirement benefits	Equivalent to the following: <ul style="list-style-type: none"> ▪ 10 – 15 years = 50% of rate ▪ over 15 years = 70% of rate ▪ over 20 years or employee over 50 years old = 115% of rate

Compensation of Directors

Members of Board of Directors are entitled to a small monthly per diem allowance for every regular Board meeting and Board committee meeting attended, plus a yearly management bonus. The amount of the same shall be determined based on the company's net profit, if any.

Certain Relationships and Related Transactions

Other than those already disclosed in previous disclosures, there existed no transactions, actual or proposed, in which the company and any of its directors, executive officers, nominees for election as directors, security holder and their relatives to the second civil degree by consanguinity or affinity, were parties for the last two years.

Independent Public Accountants

SyCip Gorres Velayo & Co. (a member practice of Ernst & Young Global) was the company's independent auditor for the fiscal year ending December 31, 2007 and 2006 in lieu of Laya Mananghaya (KPMG) whose five (5) years of audit engagement which ended after the completion of the audit of the company for the 2005 fiscal year.

SGV is likewise the independent auditor recommended for election, approval and ratification for the current fiscal year. SGV or its authorized representative is not expected to be present at the Annual Stockholder's Meeting.

External Audit Fees

	2007	2006
(a) The aggregate fees, net of VAT, billed for professional services rendered by SGV in year 2007 & 2005 for: 1. The audit of the company's annual financial statements for the years ended December 31, 2007 and December 31, 2006. 2. Other assurance and related services rendered by SGV in year 2007 and 2006 that are reasonably related to the performance of the audit of the company's financial statements.	₱500,000	₱500,000
(b) Tax Fees The aggregate fees, net of VAT, billed for professional services rendered by SGV and Punong Bayan for tax accounting, compliance, advice, planning and any other form of tax services.	2,322,007	350,000
(c) All Other Fees The aggregate fees, net of VAT, billed for products and services provided by SGV in year 2007 and 2006 by KPMG in year 2005, other than the services reported under items (a) and (b) above. The nature of which includes out of pocket expenses such as transportation, meals, postage, printing and documentation.	100,000	42,275

Audit Committee's Approval Policies and Procedures

The following are the Audit Committee's policies and procedures with regard to the company's External Auditors (as enunciated in its Charter):

- The Audit Committee shall review and evaluate the effectiveness of the company's processes for assessing significant risks or exposures and the steps management has taken to minimize such risks.
- The Audit Committee shall consider and review the effectiveness of or weaknesses in the company's overall control environment, and any related significant findings and recommendations of the independent accountants, together with management's responses thereto.
- The Audit Committee shall review the coordination of the audit effort to assure completeness of coverage of key business controls and risk areas, reduction of redundant efforts, and the effective use of audit resources.
- The Audit Committee shall discuss the status and adequacy of management information systems and other information technology.
- The Audit Committee shall review filings with the SEC and other agencies, and other published documents containing the company's financial statements, and consider whether the information contained in these documents is consistent with the information contained in the financial statements.
- The Audit Committee shall recommend to the Board of Directors the External Auditor to be nominated, approved.

ISSUANCE AND EXCHANGE OF SECURITIES

There are no actions relating to the issuance and exchange of any of the Corporation's securities that will be presented to the stockholders during the 2008 Annual Stockholders' Meeting on June 26, 2008.

OTHER MATTERS

Proposed Change in the Principal Place of Business

The proposal to change the principal place of business of the Company from "Don Mariano Santos Avenue, Barangay San Isidro, Angono, Rizal" to the "9th Floor, Ortigas Avenue, Pasig City" will be presented to the stockholders during the 2008 Annual Stockholders' Meeting on June 26, 2008 for approval.

The change in the principal place of business by the Company was the result of the Company's execution of an Agreement with the Consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. whereby the latter shall, through a new corporation created for the said purpose, operate CAC's quarry in Angono, Rizal for a period of fifteen years. This transaction has been the subject of previous disclosures before the SEC and the PSE.

Action with Respect to Reports

Other actions or matters intended to be presented for approval of the shareholders are as follows:

- a. Minutes of the previous Annual Stockholders' Meeting held last June 28, 2007;
- b. Minutes of the Special Stockholders' Meeting held last October 03, 2007 and January 18, 2008;
- c. Audited Financial Statements for 2007
- d. The acts, resolutions and decisions of the Board of Directors and Management.

Below is a brief summary of the Minutes of the previous Annual Stockholders' Meeting held on June 28, 2007:

2007 Annual Stockholders' Meeting
June 28, 2007

OCLP Boardroom, 9th floor of Ortigas Building, Ortigas Center, Pasig City

1. The Minutes of the Annual Stockholders' Meeting held on June 29, 2006 were approved by the stockholders present.
2. In the absence of the President, Mr. Francisco M. Ortigas III, Mr. Emmanuel A. Rapadas rendered a report on the operating and financial performance for the year 2006 and the outlook or forecast for year 2007.
3. The Audited Financial Statements for 2006 were presented to and ratified by the stockholders.
4. The acts, resolutions and decisions of the Board of Directors and of Management for 2006, were presented, unanimously approved and ratified by the stockholders.
5. The auditing firm of SyCip Gorres Velayo & Co. (SGV) was elected as the Corporation's independent auditor for the year 2006.
6. The following were elected as members of the Board of Directors for 2007 to 2008:
 - a. Atty. Ignacio R. Ortigas
 - b. Mr. Francisco M. Ortigas III
 - c. Mr. Mark R.P. Watkinson
 - d. Atty. Ma. Victoria B. Ortigas
 - e. Mr. Jose C. Rodriguez IV
 - f. Mr. Jaime M. Ortigas
 - g. Mr. Alberto M. Montilla
 - h. Mr. Rafael B. Ortigas
 - i. Mr. Rex C. Drilon II
 - j. Mr. Roberto M. Paterno
 - k. Mr. Samson C. Lazo

Listed below are the acts and resolutions of the Board of Directors for the past fiscal year that will be submitted for the approval and ratification of the stockholders:

During the Board meeting held on June 28, 2007:

Authority of Management to Negotiate with Union regarding a possible wage increase. The Board authorized Management to negotiate with the rank-and-file union of CAC's employees regarding a possible wage increase as well the range of such increase.

During the Board meeting held on July 26, 2007:

Opening of an account with UnionBank Ortigas Branch. The Board approved the opening of an account in the name of CAC with UnionBank Ortigas to utilize the bank's collection pickup in Angono and their one-hub.gov facilities. In relation thereto, the Board also approved the closure of CAC's PNB CASA Account (#245-8306802) and to discontinue the bank's cash collection pickup in Angono as well as their EFPS/BIR electronic payment facilities.

Closure of dormant accounts. The Board authorized the closure of several dormant accounts of CAC with Landbank and Maybank.

Additional Class "C" Signatories. The Board approved the proposal to appoint Mr. Ceasar Buenaventura, Ms. Marybeth Monis, Mr. Ronilo Quiat and Mr. Michael David I. Abundo as additional Class "C" signatories for the company's bank accounts.

Replacement of Mr. Warner Manning with Mr. Mark R.P. Watkinson as a Class "A" Signatory. The Board approved the replacement by Mr. Mark R.P. Watkinson of Mr. Warner G.N. Manning as a Class "A" signatory for its bank accounts.

During the Special Board meeting held on August 15, 2007:

Extension of the period for Due Diligence Review. The Board authorized the extension of the period of the due diligence review of the bidders up to September 26, 2007 as well as to move the date of submission of the bids to October 08, 2007.

During the Board meeting held on September 27, 2007:

Authority to enter into a contract with Vinnell-Belvoir Corporation. The Board approved management's recommendation of entering into a contract with Vinnell-Belvoir Corporation for the latter to become the company's quarry contractor and authorized Mr. Rex C. Drilon II as the authorized signatory for the company regarding this matter.

Negotiations and transactions involving company importations. The Board authorized Mr. Emmanuel A. Rapadas to represent the company in all matters relating to company importations, including signing any and all relevant and necessary Bureau of Customs documents and forms.

Authority of Mr. Francisco M. Ortigas III to represent CAC in the sale of the Longos Property. The Board authorized its President, Mr. Francisco M. Ortigas III to represent the company in the execution of the Contract to Sell for its Longos Property upon the approval by the company's stockholders of the said transaction.

Execution of a 15-Year Lease Contract with the Municipality of Angono. The Board approved the execution of a 15-year Lease Contract with the Municipality of Angono for 1,500 square meters of land owned by the company to be used by the Municipality in constructing a Materials Recovery Facility. The Board approved a lease rate of P1.00 per year and authorized Mr. Emmanuel A. Rapadas to represent the company in this matter.

Authority of OCLP to apply for all permits and licenses in connection with the development of the Longos Property. The Board authorized OCLP to apply for any and all permits and licenses of whatever nature and type necessary in connection with development works and the construction project on the company's Longos Property, including but not limited to the locational clearance, Mayor's clearance, development permit, environmental compliance certificate, building permit, and license to sell. The Board likewise authorized OCLP to obtain the necessary zoning reclassification. The said authority shall be effective upon the approval by the company's stockholders of the sale of the Longos Property.

During the Board meeting held on October 25, 2007:

Inclusion of Mr. Alberto M. Montilla as a Class "A" Signatory. The Board approved the inclusion of Mr. Alberto M. Montilla as a Class "A" Signatory of the company.

Authority of OCLP to apply for the consolidation and/or subdivision of the lots comprising the Longos Property. The Board authorized OCLP to apply for the consolidation and/or subdivision of the lots comprising its Longos Property, which may be necessary in connection with the development works and construction project thereon, including but not limited to signing any and all relevant plans, applications and documents required to carry out such consolidation and/or subdivision.

Authority of Mr. Emmanuel A. Rapadas to apply for a refund with the Manila Electric Company. The Board authorized Mr. Emmanuel A. Rapadas to apply for a Meralco refund with the Manila Electric Company.

During the Special Board meeting held on November 12, 2007:

Submission of Lafarge Bid through a Consortium. The Board approved the request of Lafarge to submit a bid through a Consortium between Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. and to allow the winning bidder to operate a ready-mix/asphalt plant within the Angono quarry premises.

During the Board meeting held on November 29, 2007:

Authority of Mr. Jose Rodriguez IV and/or Mr. Roberto M. Paterno to represent the company in the execution of the Deed of Sale with OCLP. The Board authorized Mr. Jose Rodriguez IV and/or Mr. Roberto M. Paterno to represent the company in the execution of the Deed of Sale with OCLP over the company's Longos Property.

Declaration of the Consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. as the winner in the bidding conducted by the company. The Board declared

that the Consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. is the winner in the bidding conducted by the company to select a third-party to operate its quarry in Angono, Rizal.

Authority to enter into a Memorandum of Agreement as well as all other implementing agreements with the winning bidder. The Board gave the authority for the company to enter into a Memorandum of Agreement, Operating Agreement, Share Purchase Agreement, Asset Purchase Agreement, Transition Services Agreement, Trademark License Agreement and all other implementing agreements to effect the award in favor of the Consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. In this regard, the Board authorized Mr. Francisco M. Ortigas III, Atty. Ignacio R. Ortigas and/or Mr. Rex C. Drilon II to sign all transaction documents and contracts and all other necessary documents on the company's behalf with the Consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. in connection with the latter's choice as the third party operator of CAC's Angono quarry.

Additional Christmas Bonus for CAC employees. The Board approved the grant of an additional Christmas Bonus equivalent to two (2) months pay.

During the Board meeting held on December 30, 2007:

Registration of "NewCo" with the Securities and Exchange Commission. The Board authorized the incorporation and registration with the Securities and Exchange Commission (SEC) of a new corporation to be tentatively called "Blue Sand Aggregates Corp.". The Board authorized its President, Mr. Francisco M. Ortigas III to choose an alternative name in case the proposed name is disallowed by the SEC. The new corporation shall have eleven (11) incorporators from CAC's Board of Directors who will be assigned one (1) share each. The new corporation shall have an authorized capital stock of P260 million and a paid-up capital of P16.25 million.

Nomination of Nemesio "Nemiranda" Reyes Miranda, Jr. for the National Artist Award. The Board authorized the nomination by the company of Mr. Nemesio "Nemiranda" Reyes Miranda, Jr. for the National Artist Award.

During the Special Board meeting held on January 18, 2008:

Appointment of Proxy for Stockholders' Meeting of Batong Angono Aggregates Corp. The Board appointed Mr. Jose C. Rodriguez IV as the company's proxy to represent the company and to vote all of its shares in the capital stock of Batong Angono Aggregates Corp. (BAAC) at the meetings of the latter's stockholders to be held on January 18, 2008 and February 28, 2008. The Board likewise ratified and confirmed all acts of Mr. Jose C. Rodriguez IV during the stockholders' meeting of BAAC.

During the Board meeting held on February 28, 2008:

Authority of Mr. Emmanuel A. Rapadas to appoint counsel in the appeal of the case of Felixberto Santos v. CAC et. al. The Board authorized Mr. Emmanuel A. Rapadas to represent the company and Mr. Francisco M. Ortigas III in its appeal of the case of Felixberto Santos v.

CAC et. al. before the Court of Appeals and appoint a counsel to represent the company and Mr. Ortigas III in the said case.

Extension of Credit Line of BSP Construction. The Board approved the recommendation to extend the credit line of BSP Construction from P3 million to P5 million to accommodate the increase in orders by the said company.

During the Special Board meeting held on April 1, 2008:

Approval of the separation package to be given to CAC employees in the event of the conclusion of the Lafarge transaction. The Board approved a separation package, to be given to CAC employees in the event of the conclusion of the Lafarge transaction, at the rate of 200% of the employees' latest salary per year of service. The Board likewise authorized the issuance of an additional two-month bonus to all employees of the company with those employees having served for less than a year receiving a pro-rated amount.

During the Board meeting held on April 11, 2008:

Date of the 2008 Annual Stockholders' Meeting of CAC. The Board set the date of the 2008 Annual Stockholders' Meeting of the company on June 26, 2008 and the record date on May 26, 2008.

Proposed Change in the Principal Place of Business of CAC. The Board decided to present the proposal to change the principal place of business of the Company from "Don Mariano Santos Avenue, Barangay San Isidro, Angono, Rizal" to the "9th Floor, Ortigas Avenue, Pasig City" to the stockholders during the 2008 Annual Stockholders' Meeting on June 26, 2008 for approval.

Authority of Mr. Emmanuel A. Rapadas to deal with the Department of Environment and Natural Resources or the Mines and Geosciences Bureau. The Board confirmed the authority of Mr. Emmanuel A. Rapadas to sign, submit and deliver documents, reports, certifications and/or requests for approval to the Department of Environment and Natural Resources or the Mines and Geosciences Bureau on behalf of the company as may be necessary in its business and operations.

Approval of the Audited Financial Statements for 2007. The Board approved the company's Audited Financial Statements for 2007 and authorized Mr. Francisco M. Ortigas III to sign any and all documents relating to the company's Audited Financial Statements for 2007 as President of the Company and on behalf of the Chairman, Atty. Ignacio R. Ortigas.

Voting Procedures

Generally, a vote by stockholders, present in person or by proxy and entitled to vote, representing a majority of the Corporation's outstanding capital stock is required for the approval of any corporate act. The exception is when the law provides for a higher vote requirement.


Votes of stockholders present are counted by identifying raised hands for yes or no on certain matters brought to the attention of, for a vote of approval/ratification or otherwise, by the stockholders in person or by proxy, or if in the case of a corporate stockholder, through its duly designated representative. Prior to the Annual Stockholders' Meeting, proxy forms are sent along with the Notices with Agenda and are required to be submitted to the Corporate Secretary or the Assistant Corporate Secretary for validation and for authorization set forth on certain items included in the proxy form. During the registration and before the meeting commences, the attendees sign up on a list where their respective shares are displayed so a determination can be made right away as to quorum purposes and what percentage of the total and outstanding shares was in favor or not with respect to a certain matter discussed.

SIGNATURE

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

CONCRETE AGGREGATES CORPORATION
May 20, 2008

By:


MICHAEL DAVID I. ABUNDO III
Assistant Corporate Secretary
(In the absence of the Corporate Secretary)

_____ 2008

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE is hereby given that the Annual Meeting of the Stockholders of CONCRETE AGGREGATES CORPORATION will be held on **June 26, 2008**, Thursday, at 8:30am at the 2nd Floor of Ortigas Building, Ortigas Avenue, Pasig City, Metro Manila.

The agenda for the said meeting shall be as follows:

1. Call to Order;
2. Proof of Notice and Determination of Quorum;
3. Approval of the Minutes of the Special Stockholders' Meeting held last October 03, 2007 and January 18, 2008;
4. Approval of the Minutes of the Annual Stockholders' Meeting held last June 28, 2007;
5. Annual Report of the President;
6. Approval for the Amendment of the Company's Articles of Incorporation and By-Laws to reflect the change in the Company's Principal Office to the 9th floor, Ortigas Building, Ortigas Avenue, Pasig City;
7. Approval of the Audited Financial Statements for the year 2007;
8. Ratification of Acts, Resolutions and Decisions of the Incumbent Board of Directors and Management;
9. Appointment of Independent Auditors;
10. Election of Directors;
11. Other Matters;
12. Adjournment

The close of business on May 26, 2008 has been fixed as the record date for the determination of the stockholders entitled to notice of such meeting and any adjournment thereof, and to attend and vote thereat. All stockholders who will not, are unable, or do not expect to attend the meeting in person may choose to execute and send a valid proxy to the company's office at the 9th floor of Ortigas Building, Ortigas Avenue, Pasig City. Proxies should be submitted at least ten (10) days prior to the scheduled date of the meeting.

Please note that Management is not asking you for a proxy nor is it requesting you to send a proxy in its favor.

Very truly yours,

MICHAEL DAVID I. ABUNDO III
Assistant Corporate Secretary



CONCRETE AGGREGATES CORPORATION

Don Mariano Santos Avenue, San Isidro, Angono, Rizal
Tel. No.: 651-3211 to 15 Telefax No.: 451-0192



11 April 2008

THE PHILIPPINE STOCK EXCHANGE, INC.

4/F Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City, Metro Manila

Attention : **Atty. Pete M. Malabanan**
Head, Disclosure Department

Gentlemen:

In compliance with the Philippine Stock Exchanges' Rules on Disclosure, please find attached hereto a copy of the Annual Report of Concrete Aggregates Corporation (CAC) for the year 2007 (SEC Form 17-A).

Thank you and best regards.

Very truly yours,


MICHAEL DAVID T. ABUNDO III
Corporate Information Officer

PSE Security Code _____
SEC Number 36140
File Number _____

CONCRETE AGGREGATES CORP.

(Company's Full Name)

DON MARIANO SANTOS AVENUE, SAN ISIDRO, ANGONO, RIZAL

(Company's Address)

651-3211 to 15 / 451-1102
Fax no.: 651-3215

(Company's Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17- A (Year 2007)

(FORM TYPE)

Annual Report for 2007

(Amendment Designation if Applicable)

Period Ended Date

(Secondary License Type, if any)

PART I – BUSINESS AND GENERAL INFORMATION

BUSINESS

1. Business Development

From the time it was organized in 1959 as CONCRETE AGGREGATES, INC., the company has supplied the construction industry with quality processed aggregates, ready mix concrete, bituminous concrete mix and pre-stressed/pre-cast concrete for over four decades.

A merger with BUILD-ON AGGREGATES CORPORATION in 1973 gave rise to a new entity, CONCRETE AGGREGATES CORPORATION (CAC) with a quarrying operation in Angono, Rizal and a source of the best aggregates for the construction industry.

In 1978, Ortigas & Company, Limited Partnership (OCLP) took over the management of CAC with the purchase of the controlling interest. The direction of the company was then geared towards the acquisition of additional equipment and installation of new plants to enhance service facilities. A prestressed/precast plant was set up in 1980 and a Construction Services Division was formed in 1982. Ramrod Blocks was purchased in 1980 and was eventually renamed CAC Power Blocks. Stressworld, which is situated in Antipolo City, was acquired in 1989 and a Ready Mix Concrete (RMC) Plant was installed to complement the prestressed/precast plant.

By 1995, in order to keep in step with the demands of the industry, significant efforts were made to beef up CAC's resources. Towards the end of the year, purchases of vital equipment, machineries and capital expenditures (like setting up of satellite plants in strategic locations and various improvements in plant facilities) were done. This was necessary in the light of the massive development expected in the long term.

In the succeeding years, the equipment and facilities of CAC came to a total of two RMC plants, three Bituminous Concrete Mix (BCM) plants, four Aggregates quarry/crushing plants and three prestressed/precast concrete plants. These provided jobs and opportunities to many employees.

However, the economic crisis that hit the country in 1998 was tough on CAC's business. Financial forecasts which perceived a steady path towards economic boom burst with the currency turmoil and debilitating high interest rates that have prevailed for the past several years.

Amidst this precarious scenario, CAC took a calculated stance, whereby sales were limited to controllable levels. The volume of transactions dropped and this cut profitability, but receivables were maintained at a safe level. Moreover, the continuing slump in the construction and real estate industry which occurred at the end of 1997 impelled the company to adopt cost-shortening actions, cutback policies, short and medium term objective re-evaluations and other fiscal measures to ensure stability and endurance.

The worsening economic crisis had inevitably slowed down the construction industry and continued to bleed the company. This compelled the company to take drastic business decisions and measures. Despite efforts to reduce operational costs and maintain viability of operations during these difficult times, these efforts remained insufficient to sustain the company's workforce at that time.

After a series of careful deliberations and considerations, the Board of Directors of CAC, in an emergency meeting held on September 14, 1999 wherein a quorum was present, unanimously passed and approved the resolution authorizing the company to undertake, due to heavy financial losses, the total and complete closure of the Engineering and Construction Division, composed of the following: RMC, BCM, Concrete Products Group and Construction; without prejudice to any existing contracts and commitments and the reorganization and restructuring of the remaining divisions to conform with the level of efficiency necessary to maintain the company's viability and survival.

Thus, to date, mining is the sole focus of business of the company. Due to this development, efforts are being made to continually upgrade, enhance and further make productive and profitable the mining operations, in order to maintain the viability and survival of the company.

Business development for the last four (4) years devolved and focused on the proper maintenance, repair and rehabilitation of the company's four (4) crushing plants for more efficient production activities at the optimum level possible, where breakdown/downtime will be minimized if not totally eliminated; retooling to increase production hours; development of the quarry area to ensure availability of materials or reserves for continuous processing by the crushing plants for the production of aggregates and its by-products. Special attention was given to intensify and pursue aggressive marketing campaigns, with the company attaining ISO certification to ensure quality of products and services and customer satisfaction. Environmental enhancement and protection were likewise meticulously advocated to ensure smooth and continuous operations. For 2006, in addition to continuing its efforts in the above-discussed areas, the company also intensified its research and development activities with the goal of introducing new products to the market.

A significant event in the history of the company was the execution of a Management Agreement between the company and OCLP. In a regular meeting of the Board of Directors held on August 30, 2005, the Board of Directors of the company approved the execution of a Management Agreement with OCLP. Pursuant to the requirements of Article 44 of the Corporation Code, the company called a Special Stockholders' Meeting on January 24, 2006 for the purpose of approving the proposed Management Agreement. On that date, all the proposed terms and conditions of the Management Agreement were approved unanimously by the stockholders present, representing more than 92% of the company's outstanding capital stock. Thus, in 2006, the implementation of the terms and conditions of the Management Agreement began in earnest.

2. Business of Issuer

Principal Products

CAC's aggregates plants – the source of the company's quality aggregates – are nestled at the foot of the mountains in the outskirts of Barangays San Isidro and San Roque, Angono, Rizal. Optimum workability is guaranteed because only well-graded aggregates, specifically, crushed and processed basalt rocks, are passed on to customers. The centralized in-pit crushing facilities are capable of feeding crushed materials to four plants and the combined output of these plants reach approximately 7,700 cubic meters per day. Rigid quality control plays a hand in every aspect of the Angono operations. Aggregates are carefully screened to secure the desired specifications, and are thoroughly washed to remove any traces of organic impurities, which can affect and reduce the strength of concrete. Available aggregates size are 3/4, 3/8, G-1, and S-1, which meet the standards set by the Department of Public Works and Highways

(DPWH) and the American Society for Testings and Materials (ASTM). CAC follows the guidelines set by the government to help ensure adequate supply of aggregates, while maintaining the best balance between social, environmental and economic considerations.

The quarry site located in both barangays incurred an amount of ₱7,267,082 in compliance with the environmental laws in year 2007. Each year, CAC endeavors to comply with the applicable environmental laws and promote environmental protection.

The Company's name and logo have its own trademark, duly patented at the Bureau of Domestic Trade. Likewise, existing governmental regulations have no significant effect on the business as any orders/directives issued were manageable.

The following table shows the company's principal products distributed or sold to customers within a one hundred (100) kilometer radius from the principal business site, the corresponding volume sold, and its contribution to sales or revenues as follows:

Products	Volume	%	Sales	%
Aggregate G-1/G-2	144,716	12%	₱34,804,189	10%
Aggregate 3/4	506,529	42%	170,662,750	49%
Aggregate 3/8	210,120	18%	58,981,687	17%
Coarse sand S-1/S-2	188,804	16%	51,357,844	14%
Base course & sub-base	130,486	11%	29,683,735	9%
Other materials	16,056	1%	4,258,271	1%
TOTAL	1,196,711	100%	₱349,748,476	100%

Distribution Methods of Products

The products of the company are distributed two ways: (1) ex-plant or pick-up by customers of the products from the plant site in Angono, Rizal, and (2) by delivery by CAC's contracted haulers or by its own trucks to the customers' project sites.

Foreign Sales

Set forth below is a summary of the export sales of the company in the last three (3) years. These sales represent a very minor portion of the total sales volume and revenue of the company for the period.

Year	Customer & Customer's Area	Volume (in cu.m.)	Peso Value
2007	Nishimatsu-Nippon Road JV-Palau	16,339	12,216,246
2006	Anderson Pavement Inc. - Marshall Islands	17,599	9,624,550
	Daewoo Engineering & Construction Corporation - Palau	12,898	7,942,974
	Polycarp International – Palau	12,665	8,518,923
2005	Daewoo Engineering & Construction Corporation - Palau	12,157	₱9,701,470
	Anderson Pavement Corporation - Marshall Islands	4,493	2,580,480

New Product or Service

For the year 2006, the company has stepped up its research and development activities which were geared towards developing additional variations of its aggregates products that may be introduced in the market. In 2007 Blue sand vibro, a product likewise made from basalt, was introduced and was very much accepted with great enthusiasm in the market.

Aggregates Industry

CAC belongs to a sector falling under the mining industry that produces aggregates stones from quarries, either from mountain rocks or river stones. The company supplies aggregates for use in the production of ready-mix concrete and asphalt products.

Aggregates are a major component of concrete, and are used in the mixing of asphalt in road construction. Ready-mix concrete and asphalt are extensively used in the construction of buildings, roads, and other infrastructure projects.

Geographic Area

The market for the company's product is defined largely by distance from the company's plant. The limit of the area of delivery is about 100 kms. from the quarry site in Angono, Rizal.

Competition

There are approximately 10 to 15 competitive quarry operators within the National Capital Region. However, only about 6 of these are the major operators that give CAC significant competition.

Some of the notable competitors are Pacific Concrete Aggregates, Blue Rock, Oxford Aggregates Corporation, Rapid City Aggregates, AC Equities, Rockworks, Viva Aggregates, Vulcan Aggregates and Hard Rock Aggregates.

Majority of the company's main competitors do not possess adequate mining and quarrying assets, and therefore, are not seen as serious and long term threats.

Principal Methods of Competition

The following are employed by CAC as methods of competition, to wit: maintenance of product performance conforming to accepted standards, volume discounts, credit extensions, comprehensive marketing and promotions activities, and giving technical assistance and support.

CAC Strength

CAC quarries basalt rock and produces quality aggregates known in the construction industry for their strength, consistency and durability. The products pass the rigid local and international standards. CAC is ISO 9001 certified, the only aggregates company that bears this distinction.

CAC also draws competitive advantage from its proximity to the market which it serves, a team of competent and committed professionals and technical knowledge drawn from more than 48 years of experience.

Civil construction in the greater Metro Manila area favors the company because of its proximity to their construction sites and better availability of aggregates. Also, being first in the quarrying and rock aggregates process, its competitive pricing and rock quality gives it a very distinct advantage.

Major Business Risks

Risk management involves identification, assessment and mitigation of risks that threaten the company's corporate objectives. Risk management is a regular management accountability and is a key function to manage crisis, comply with good corporate governance standards, minimize business uncertainty, and exploit opportunities. Among the many risks that an ordinary going concern faces, the following have been identified as major business risks based on the impact of the event, action or inaction thereto would have on the company, to wit:

1. Ageing crushing plants, the breakdown of which may lead to downtime and lessen production days.
2. Availability of plant and spare parts sourced from outside the country.
3. Haulers' or truckers' inefficiency.
4. Availability of the extraction contractor's heavy equipment for the extraction process.
5. Sourcing and availability of explosives.
6. Compliance with environmental requirements under CAC's Environmental Compliance Certificate (ECC), its Environmental Protection and Enhancement Program (EPEP), etc.
7. Compliance with listing disclosure requirements.
8. Availability of developed quarry areas for extraction of materials.
9. Customer satisfaction issues.

For purposes of risk identification and management, major risks are defined as critical events but, with proper management monitoring, can be endured by the company.

CAC does its risk management by going through the following processes:

1. The identification of risks is undertaken by each department of the company.
2. An analysis is made as to how and why the identified risks may impact on the company, based on severity or level of gravity of the event and the likelihood of the event happening, using a provided risk matrix.
3. Mitigation measures are formulated to address the risk.
4. The effectivity of the mitigation measures is monitored.
5. A report is then made on how the risk was handled and how the company fared.

Suppliers

The company is the owner of the land where it conducts its quarrying activities, and sources the materials for production of different sizes of aggregates and its by-products therefrom. The nature of the business of the company is such that the materials produced are the raw materials used in the construction activities both by the public and private sectors. Thus, CAC is not dependent on any supplier for raw materials. However, the spare parts, lubricants, power and technical service requirements of the company are supplied by the following major suppliers, to wit:

- Crusher parts:
 - Process Machinery Company, Inc.
 - Sandvik Tamrock, Inc.
 - Scan Pacific Process Equipment

- Jican Trading & General Merchandise
- Woven Wire Screens and Conveyor Belts:
 - Westrac Industrial Corporation
 - Deslate Steel Weaving
 - Synchronesh Asia
 - Tokai Rubber Products
 - Tomerson Philippines Corporation
 - Royal Jade Machinery Philippines
- Vibrating Bearings for Screens, Crusher and Motors:
 - Bearing Center Machinery, Inc.
 - Universal Bearing Corporation
 - Wincorp Enterprises, Inc.
- Fabricator of Internal and External Main Parts of Crushing Plants:
 - M.S. Machinery & Metal Fabricator
 - Exec Engineering Works
 - Universal Automotive Machine Shop
 - Solar Venture Builders & Machinery
- Machining, Fabrication and Casting Jobs:
 - Grand Engineering & Foundry Corporation
 - Tiger Machinery & Industrial Corporation
- Hardware and Construction Materials for Maintenance or Repairs:
 - Marsian International Sales
 - Clarkson Industrial Supply
 - Excelsior General Merchandising
- Diesel and Special Lubrication for Crushing Plants:
 - Chevron (Caltex) Philippines, Inc.
- Light and Heavy Equipment Spare Parts:
 - Achievers Sales Corporation
 - Pacific Parts Corporation
 - Johnco Commercial
 - Glennwood Commercial, Inc.
 - Capital Industries, Inc
- Conveyor Rollers, Frames, and Fabrication Jobs:
 - Cathay Industrial Sales
 - Tokai Rubber Products
 - NTPI International, Inc.
- Electricity or Power:
 - Manila Electric Company

Contracts

Management Agreement

In a regular meeting held on August 30, 2005, the Board of Directors of the company approved the execution of a Management Agreement with OCLP. The Management Agreement calls for the general management of and overall supervision of the affairs and business operations of the company, such as but not limited to the following: strategic planning; domestic and international sales; marketing and distribution; real property management and development; accounting; finance; employee care and human resources development; information technology and information systems; audit and business process systems and controls; legal; and administrative services, including, without limitation, to advisory and consulting services in relation to the supervision of independent auditors; the selection, retention and supervision of external legal counsel; the selection, retention and supervision of investment bankers or other

financial advisors and such other consultants as OCLP may deem necessary in the conduct of its role as General Managers of CAC. The term of the Agreement is five (5) years commencing on November 1, 2005 and ending on October 31, 2010.

Pursuant to the requirements of Article 44 of the Corporation Code, the company called a Special Stockholders' Meeting on January 24, 2006 for the purpose of approving the proposed Management Agreement. On that date, all the proposed terms and conditions of the Management Agreement were approved unanimously by the stockholders present, representing more than 92% of the company's outstanding capital stock. The favorable vote obtained was more than the 2/3 requirement of the law in cases of management contracts such as the subject contract. Pursuant to the Management Agreement, managerial personnel of OCLP were seconded to the company to perform the obligations and undertakings stipulated in the Agreement. In particular, OCLP managerial personnel began taking over management of several key departments such as finance, legal, information systems and information technology, and human resources during the year 2006.

During the year 2007, the company's Board of Directors accepted the proposal by OCLP to purchase CAC's property in Longos, Bagumbayan, Quezon City with an approximate area of 12.47 hectares for a purchase price of ₱1.13 billion subject to terms and conditions to be agreed upon by the parties. The acceptance of the Board of Directors of OCLP's proposal was ratified by the company's stockholders during a Special Meeting of the Stockholders held on October 03, 2007. The parties executed the Deed of Sale on February 01, 2008.

In 2007, the Management likewise decided to engage a third party to operate its quarry in Angono, Rizal via a bidding process. Pursuant thereto, the company engaged the services of BPI Capital Corporation to conduct the bidding on its behalf. In November 29, 2007, the company's Board of Directors declared the Consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (LHPI) (the Consortium) as the winner of the bidding. In a Special Meeting of the Stockholders held last January 18, 2008, the company's shareholders ratified the Board of Directors' declaration of the Consortium as the winning bidder. In addition, the company's shareholders likewise gave its approval for the company to enter in all agreements necessary to carry out its intent to engage the Consortium as the operator of its quarry. Pursuant to the approval given by the stockholders, the company executed a Memorandum of Agreement dated January 18, 2008 with the winning bidder, which outlined the transactions to be implemented by the parties.

Under the Memorandum of Agreement, the disposition of assets shall be through an Asset Purchase Agreement between CAC and a new corporation (NewCo), the shares of which shall be acquired by the Consortium from CAC through a Share Purchase Agreement. Subject to the fulfillment of various conditions precedent, the Asset Purchase Agreement and the Share Purchase Agreement shall be executed by the parties ninety (90) days after the execution of the Memorandum of Agreement or at such other time and place as the parties may agree upon in writing. NewCo shall pay CAC a total of ₱260 million as purchase price for the assets, while the Consortium will pay CAC ₱670 million as purchase price for the shares in NewCo. The parties are currently working to obtain the necessary approvals, permits and other requirements to be able to fulfill the various conditions that are necessary to conclude this transaction.

Transaction with and/or dependence on related parties

In terms of management, the company is dependent on the managers seconded by OCLP pursuant to the Management Agreement entered into by the company with OCLP (see discussion above).

One significant transaction involving related parties which was approved in 2007 was the sale by CAC of its approximately 12.47 hectare property in Longos, Bagumbayan Quezon City in favor of OCLP. This transaction was ratified by the company's stockholders during the October 3, 2007 Special Stockholders' Meeting, and the parties executed the Deed of Sale on February 1, 2008.

Customer Dependence

CAC has almost seven hundred twenty (720) customers, local and international combined, where some have existing credit lines in accordance with the company's policies. Thus, CAC is not at all dependent on any single customer for continued operations.

Permits to Operate

CAC's properties in Barangays San Isidro and San Roque, Angono, Rizal are legitimately owned by the company and covered by a number of transfer certificates of title (TCT), corresponding to an aggregate area of 212 hectares. Quarrying is allowed by virtue of two Mineral Production Sharing Agreements (MPSAs) entered into with the government, particularly: MPSA No. 032-95-IV and MPSA No. 055-96-IV.

MPSA No. 032-95-IV, which has an effectivity date of June 15, 1995 and amended in January 15, 1996, authorizing mining activities on three (3) mining claims, namely Basalt 1, Basalt 2 and Basalt 3 for 25 years from effectivity. This MPSA covers an area of 192 hectares. MPSA No. 055-96-IV has an effectivity date of November 15, 1996 and warrants mining in the mining claim Basalt 8 for the next 25 years therefrom. This MPSA covers an area of 19.99 hectares.

Quarrying operations have already covered a total of 50.25 hectares since it began in the early 1970's up to the present. The company's quarrying operations now cover areas under the Basalt 1 and Basalt 2 mining claims.

Present quarrying operations in Basalt 2 is further permitted under present law by a Certification from the Department of Environment and Natural Resources (DENR) issued in January 1994. Being an operating mine prior to 1982, the company's current operations in Basalt 2 are exempted from the Environmental Impact Assessment System (EIA System) required by present laws in an application for an Environmental Compliance Certificate (ECC).

In 1995, anticipating an increase in production without necessarily restructuring the existing plants, an ECC application was submitted to request permission to expand quarrying operations in Basalt 8. Thereafter, an ECC (ECC-715-RI-302-95) was granted to CAC by the DENR in January 1996. Anticipating higher demand in the succeeding years, the company embarked on a plant re-tooling program in the Year 2000 to sustain the projected increase in production, and therefore was required to undergo the EIA System. The proceedings then resulted in the issuance of a consolidated ECC issued in December 2002.

As for CAC's EPEP, the same was likewise approved and is presently being implemented.

Research and Development

Research and development activities of CAC comprise actual technical studies on quarry design, plant performance, production and maintenance, retooling projects, water, noise and air sampling, flooding and sedimentation of the river, studies on quarry slopes, stability and benches, environmental impact of activities, quarry engineering, resource modeling and

geological modeling made by professional and reputable entities; technical audits, conclusions based on scientific experimentations and observations; actual on the job training and seminars and other activities done to ensure continuous process and systems improvement and enhancement of manpower skills and knowledge.

Compared to the company's revenues, the amount spent on research and development was 3.89% for the year 2002, 14% for the year 2003, 5.58% for the year 2004 and 4.25% for year 2005 for an aggregate sum of ₱46.0 million. For the year 2006, the company spent 0.28% or about ₱820,000 basically intended for the proposed Tatala, Binangonan and Angono properties projects. As stated earlier, the company increased its research and development on new products that may be introduced in the market.

Work Force

As of December 31, 2007 the company's regular work force numbered ninety-eight (98) employees of which thirty-eight (38) are members of the Bisig ng Manggagawa ng Concrete Aggregates Inc. (BIMCAI), the company's rank-and-file union.

In 2007, pursuant to a prior agreement, representatives of the company and the union negotiated and agreed to a ₱7 per day across the board salary increase for all rank-and-file employees. The said increase was made effective last June 2007.

The Collective Bargaining Agreement (CBA) benefits consist of medical/dental care, hospitalization assistance, funeral assistance, clothing allowance/work gadgets, rice subsidy, calamity assistance, birthday leave, 30 days vacation and sick leaves, which are also accorded even to those who are not members of the Union.

Labor Strikes

The company was a recipient of one notice of strike in the past five years. On September 11, 2001, a Notice of Strike was given, arising from the deadlock in the negotiation for higher salary rate and separation/retirement rates. The dispute ended with the execution of a Memorandum of Agreement affirming the efficacy of the existing CBA and agreeing to a declaration of a moratorium pertaining to the proposed increase in salary and separation rates.

Community Relations – Safety, Health and Social Concerns

The company understands and responds to community concerns and it works under the following principles which: (1) places a broad interpretation on the environment and the community; (2) listens to community concerns; and (3) acknowledges the various needs of special interest groups.

The company and the community implement various development programs hand-in-hand and in accordance with the agreed schedule and manner of implementation indicated in the approved Social Development and Management Program (SDMP) of the company which was approved on December 15, 2004 by the Mines and Geosciences Bureau (MGB).

Some of the company's major accomplishments pertaining to community-based development programs implemented in year 2007 are as follows:

- A. Sidewalk Construction along Don Mariano Santos Avenue (DOMSA) – the objective of the project is to ensure the safety and health of the residents of the community along the area by providing a concrete pedestrian pathway or walkway.

- B. Medical Mission – the company provided free medical assistance for identified underprivileged residents of Angono, Rizal.
- C. Tree Planting Drive – a reforestation project organized by the company within the quarry as part of its annual corporate social responsibility.
- D. High School Scholarship Program – one of the company's SDMP projects for 2007 was the awarding of scholarship grants to high school students in Angono.

CAC believes that community development programs produce continual and collective benefits for the company, the community and the environment.

Environmental Programs

Environment protection is a significant priority of the company and it applies high standards of environmental management to its operation. This is best exemplified by the company's siltation control measures, reforestation, in-house monitoring of water and air quality, solid and hazardous waste management, slope and backfilling areas' stability maintenance and progressive rehabilitation projects. It demonstrates how environmental safeguards can be introduced to mining to make them acceptable to local communities.

The company has likewise manifested its commitment to environmental compliance when it received very satisfactory ratings in the audits conducted by the Multi-partite Monitoring Team which monitors the environmental soundness of the operations.

The company also received the Safest Quarry Operation Award for year 2006 given by the Philippine Mine Safety and Environment Association in coordination with the Department of Environment and Natural Resources & Mines and Geosciences Bureau.

In addition, the company was also short-listed in the Presidential Mineral Industry Environmental Award – a feat that placed the company among the ranks of the industry's elite in environmental management.

In 2007, several key CAC personnel were declared as runner-ups in several individual award categories (Best Foreman, Best Shift Boss, Best Capataz, Best Safety Inspector and Best Miner) during the 54th Annual Mine Safety and Environment Conference held last November 2007.

The report below represents the various expenditures incurred by the company in line with its commitment to strengthen and further develop community relations and environmental management programs, to wit:

Safety, Health, Environmental and Social Costs

Description	2007	2006	2005
Repair & maintenance	₱914,111	₱3,583,024	₱1,593,608
Equipment rentals	1,370,735	869,070	459,910
Salaries, wages and benefits	1,262,240	1,921,767	2,123,245
Consultants', legal & other fees	553,642	383,214	373,655
Representation & entertainment	331,371	236,775	172,466
Security services	666,377	215,200	1,283,536
Fuel, oil & lubricants	93,973	125,041	98,881

Description	2007	2006	2005
Office supplies	50,170	86,025	56,637
Donations & other contributions	919,214	83,272	168,164
Depreciation, amortizations, & provisions	676,897	56,231	58,577
Taxes, fees & licenses	35,590	50,625	71,138
Transportation & traveling	30,954	37,985	10,033
Insurance & bonds	12,866	13,081	10,437
Telephone, postage & courier	14,216	13,028	18,899
Miscellaneous expenses	334,726	121,341	65,486
TOTAL	₱ 7,267,082	₱7,795,679	₱6,564,672

The above-stated expenses incurred by the Safety, Health, Environment and Social department – the company’s ambassador of goodwill to the community, environment and people – basically covered the following environmental programs and community-based projects namely:

1. Siltation control activities – involve desilting of settling ponds to provide clearer recycled water for aggregates processing; the desilting and hauling of banlik from sand traps; and the maintenance of haul roads.
2. Reforestation – includes the maintenance of planted trees, grass cutting, weeding and replacement of dead trees; the maintenance of nursery and the newly set-up plantation at quarry southwall.
3. Water quality measures – the maintenance of efficient waste water system to prevent river contamination and to promote proper utilization of waste water.
4. Slope stability maintenance – the observance/adoption of systematic quarrying method and standard open pit mining practices.
5. Air quality measures – adherence to third party audit on air quality and quarterly air sampling measures.
6. Backfilling area stability maintenance – relates to the maintenance of the pit bottom/rehabilitation area for the containment of overburden materials.
7. Safety and housekeeping – includes maintenance /refilling of fire extinguishers; issuance of personal protective equipment such as hard hats, safety shoes, rain coats, ear muffs, eye goggles, welding masks and gloves, etc; installation and repairs of safety signs; plant housekeeping and training on safety programs.
8. Progressive rehabilitation – the progressive rehabilitation plan is included in the company's approved EPEP. This is being undertaken at the pit bottom and the average backfilling is 27,000 cubic meters per month. It likewise involves shaping and dozing of dumpsite.
9. Community development assistance projects – includes sidewalk constructions, medical missions, sponsorships, donations of construction materials for backfilling and other community-based infrastructure projects and other donations to the underprivileged residents of Angono, Rizal.

These various activities manifest the company's commitment to ensure the safety of all workers and that all government mandated environmental laws are being implemented for the common good of the greater community.

In sum, the company has always been an advocate of the best practiced environmental management and its components echo the following features:

- An environmental culture where both environmental excellence and business excellence are twin goals;
- A continual urge to develop and improve environmental management systems and performance, including training and awareness;
- A group of people working together sharing a common goal;
- A lucid understanding of environmental impacts and responsibilities;
- A positive attitude where the environment is seen as providing an opportunity rather than a threat.

To showcase its concern for the environment, it has been the policy of the Company to ensure strict compliance with all government regulations and internally-formulated policies. Being the leader in the domestic quarrying industry, the Company takes on the heavy burden of setting the trend in environment protection and consciousness in all its operations. This attitude is true not only for its own employees, but also for all its contractors.

Among the more significant environmental programs the Company has been implementing through the years include a) reforestation within the perimeter of the vast Angono property not being presently affected by the mining activity; b) dust suppression in all its processing plants as well as in the main roads leading to the property; c) water recycling, ensuring that the operations require minimal make-up water from the river and creeks passing through the property; d) solid waste management, ensuring that attendant waste materials from the quarry are placed in an engineered containment area; and e) the protection and improvement of waterways within the property by border-lining and toe-armoring.

In 2007, the Company planted about 596 seedlings of hardwood trees. These seedlings were scattered within a one hectare area north of the property.

For the whole year, the Company passed all the environmental audits of the Multi-partite Monitoring Team (MMT). The MMT is a body formed specifically to oversee the Company's compliance to the provisions and commitments as stipulated in the approved ECC, and is composed of members from the national and local governments, non-government organization and the Company.

Sustainable development is what we aim for at CAC and the company is committed to fostering and protecting of the environment.

Properties

The present center of CAC's mining activity is located at Barangay San Isidro, Angono, Rizal.

The principal plants for aggregates located at CAC's quarry site in Angono, Rizal are all due for upgrading and if finances would accommodate, they are up for complete rehabilitation or replacement in order to improve production at more efficient rates, subject to the outcome of the transaction with the Consortium as earlier discussed. Likewise, transportation and rolling

equipment, machinery, office furniture, fixtures and tools and implements are old and if depreciation is taken into consideration, the aforementioned plants are valued almost at zero. Other properties of the company include parcels of land located at Angono, Rizal, Cebu City, Batangas, Cardona and Binangonan, Rizal and Pampanga. These landholdings were initially earmarked for investment and for future quarry sites.

Since the company owns the property where the quarry site and all crushing plants and its related equipment and spare parts are located, there is no need to lease any other real estate property, plant and other equipment. The company has no plans to acquire any other properties for the next twelve (12) months.

The following table lists the individual parcels of land whose titles are in the name of Concrete Aggregates Corporation:

TCT No.	Location	Use	Liens & Encumbrances	Restriction
TCT No. RT-52017 (239978)**	Quezon City	Former office compound	None	These properties are subject to the following restriction: Pursuant to Sec.7 of Republic Act No. 26 ("RA No. 26"), this certificate of title, having been administratively reconstituted, is without prejudice to any party whose right or interest in the property was duly noted on the original hereof at the time it was lost or destroyed.
TCT No. N-170025**	Quezon City	Former office compound	None	
TCT No. N-216377**	Quezon City	Former office compound	None	
TCT No. N-216378**	Quezon City	Former office compound	None	
TCT No. N-216371**	Quezon City	Former office compound	None	
TCT No. N-216372**	Quezon City	Former office compound	None	
TCT No. N-216379**	Quezon City	Former office compound	None	
TCT No. RT-52019 (237981)**	Quezon City	Former office compound	None	
TCT No. N-216373**	Quezon City	Former office compound	None	
TCT No. RT-107470*, **	Quezon City	Former office compound	None	None
TCT No. RT-107471*, **	Quezon City	Former office compound	None	None
TCT No. N-216375*, **	Quezon City	Former office compound	None	None
TCT No. N-216374*, **	Quezon City	Former office compound	None	None
TCT No. N-216376*, **	Quezon City	Former office compound	None	None
TCT No. N-216368*, **	Quezon City	Former office compound	None	None
TCT No. N-216369*, **	Quezon City	Former office compound	None	None
TCT No. 60469	Talisay, Cebu	Idle	None	None
TCT No. T-	Talisay, Cebu	Idle	None	None

TCT No.	Location	Use	Liens & Encumbrances	Restriction
67490				
TCT No. T-61014	Sto. Tomas, Batangas	Idle	None	None
TCT No. T-71928	Sto. Tomas, Batangas	Idle	None	None
TCT No. T-61012	Sto. Tomas, Batangas	Idle	None	None
TCT No. T-61013	Sto. Tomas, Batangas	Idle	None	None
TCT No. 134650-R	San Fernando, Pampanga	Idle	None	None
TCT No. 177339-R	San Fernando, Pampanga	Idle	None	None
TCT No. 448320-R	Floridablanca, Pampanga	Idle	None	None
TCT No. 319313-R	Floridablanca, Pampanga	Idle	None	None
TCT No. 319315-R	Floridablanca, Pampanga	Idle	None	None
TCT No. N-21846	Montalban	Idle	<p>a) Entry No. 92705/T-70973-MORTGAGE in favor of the RCBC for the sum of Eight Hundred Fifty Thousand pesos (Php 850,000.00)</p> <p>b) Entry No. 80051/T-N-21846-MORTGAGE in favor of the RCBC for the sum of Four Hundred Sixty-Five Thousand Pesos (Php 465,000.00)</p> <p>c) Entry No. 62332/T-N-21846-MORTGAGE in favor of the RCBC for the sum of One Hundred Eighty Five Thousand Pesos (Php 185,000.00)</p> <p>d) Entry No 249413/T-N-21846-MORTGAGE in favor</p>	None

TCT No.	Location	Use	Liens & Encumbrances	Restriction
			of the RCBC for the sum of Five Hundred Thousand Pesos (Php 500,000.00)	
CCT No. PT-26412	Oranbo, Pasig	Condominium space	None	None
CCT No. PT-26413	Oranbo, Pasig	Condominium space	None	None
CCT No. PT-26411	Oranbo, Pasig	Condominium space	None	None
CCT No. PT-26410	Oranbo, Pasig	Condominium space	None	None
CCT No. PT-26409	Oranbo, Pasig	Condominium space	None	None
CCT No. PT-26408	Oranbo, Pasig	Condominium space	None	None
CCT No. PT-26415	Oranbo, Pasig	Condominium space	None	None
CCT No. PT-26414	Oranbo, Pasig	Condominium space	None	None
TCT No. 628563	Angono, Rizal	Quarry site	None	None
TCT No. 633399	Angono, Rizal	Quarry site	None	None
TCT No. 647853	Angono, Rizal	Quarry site	None	None
TCT No. 647855	Angono, Rizal	Quarry site	None	None
TCT No. 647854	Angono, Rizal	Quarry site	None	None
TCT No. 628801	Angono, Rizal	Quarry site	None	None
TCT No. 567170	Angono, Rizal	Quarry site	None	None
TCT No. 567168	Angono, Rizal	Quarry site	None	None
TCT No. 567167	Angono, Rizal	Quarry site	None	None
TCT No. 498505	Angono, Rizal	Quarry site	None	None
TCT No. 498506	Angono, Rizal	Quarry site	None	None
TCT No. 498507	Angono, Rizal	Quarry site	None	None
TCT No. 498508	Angono, Rizal	Quarry site	None	None
TCT No. 495637	Angono, Rizal	Quarry site	None	None
TCT No. 495636	Angono, Rizal	Quarry site	None	None
TCT No. 495929	Angono, Rizal	Quarry site	None	None
TCT No. 567169	Angono, Rizal	Quarry site	None	None
TCT No. 486736	Angono, Rizal	Quarry site	None	None
TCT No. N-6947	Binangonan, Rizal	Raw land	None	None
TCT No. N-6608	Binangonan, Rizal	Raw land	None	None
TCT No. N-6609	Binangonan, Rizal	Raw land	None	None
TCT No. M-99733	Binangonan, Rizal	Raw land	None	None
TCT No. M-99734	Binangonan, Rizal	Raw land	None	None
TCT No. M-6610	Cardona, Rizal	Raw land	None	None

TCT No.	Location	Use	Liens & Encumbrances	Restriction
TCT No. M-99732	Binangonan, Rizal	Raw land	None	None

* The originals of these TCTS were with the Bank of the Philippine Islands as security for a loan in the amount of ₱150 million which was paid by the company last November 2007.

** These TCTS were subject of the sale between of CAC and OCLP whereby CAC sold the said properties in favor of OCLP for ₱1.13 billion subject to terms and conditions agreed upon by the parties. This transaction was ratified by the company's stockholders during the October 03, 2007 Special Stockholders' Meeting. The parties executed the corresponding Deed of Sale last February 1, 2008.

Legal Proceedings

In September 2006, two separate Applications for Exemption were filed by the company with the DAR-CLUPPI and the MARO respectively in order to have several properties of the company formally exempted from the coverage of Republic Act No. 6657. The company's applications for exemption are still pending resolution with the Office of the Secretary of Agrarian Reform.

Other than the applications for exemption, the company has no other material pending legal proceeding other than labor related cases and overdue account collection cases. There was no proceeding that was terminated during the fourth quarter of the fiscal year covered by this report.

Submission of Matters to a Vote of Security Holders

Sale of Longos Property in favor of OCLP

In October 3, 2007, a Special Stockholders' Meeting was held to ratify the acceptance by the company's Board of Directors of the proposal by OCLP to purchase CAC's property in Longos, Bagumbayan, Quezon City with an approximate area of 12.47 hectares for a purchase price of ₱1.13 billion subject to terms and conditions to be agreed upon by the parties. During the said meeting, the stockholders unanimously voted to ratify the acceptance by the Board of Directors of OCLP's proposal.

Engagement of Third Party Quarry Operator

Another Special Stockholders' Meeting was held last January 18, 2008 in order to approve the declaration by the company's Board of Directors that the Consortium was the winner of the bidding conducted to choose a third party to operate the company's Angono, Rizal quarry. In addition, the company's shareholders likewise unanimously gave its approval for the company to enter in all agreements necessary to carry out its intent to engage the Consortium as the operator of its quarry. Upon ratification by the stockholders, the company executed a Memorandum of Agreement dated January 18, 2008 with the winning bidder, which outlined the transactions to be implemented by the parties.

Under the Memorandum of Agreement, the disposition of assets shall be through an Asset Purchase Agreement between CAC and a new corporation (NewCo), the shares of which shall be acquired by the Consortium from CAC through a Share Purchase Agreement. Subject to the fulfillment of various conditions precedent, the Asset Purchase Agreement and the Share

Purchase Agreement shall be executed by the parties ninety (90) days after the execution of the Memorandum of Agreement or at such other time and place as the parties may agree upon in writing. NewCo shall pay CAC a total of ₱260 million as purchase price for the assets, while the Consortium will pay CAC ₱670 million as purchase price for the shares in NewCo. The parties are currently working to obtain the necessary approvals, permits and other requirements to be able to fulfill the various conditions that are necessary to conclude this transaction.

Amendment of Corporate By-Laws

In the regular meeting of the Board of Directors of CAC held on November 3, 2005, the Board approved the amendment of the Corporate By-Laws to create the office of Executive Vice President (EVP). The rationale for the creation of this office is to ensure that the principles of good corporate governance will be effectively applied for investor confidence, public trust and maintaining a profitable business. The following are the duties and responsibilities of EVP: exercise general supervision over the other officers and employees of the corporation; execute contracts on behalf of the corporation provided the Board retains the power to delegate this authority to other officers of the corporation as it deems necessary and convenient; sign, endorse and deliver checks, drafts, bills of exchange, promissory notes, and order of payment and sums of money alone or in conjunction with such other officers as the Board may designate; submit such reports to the Board and the stockholders as the Board may request; and to exercise such other powers, functions and duties as the Board may delegate.

In pursuit of the requirements of the law on the matter of amendment, this matter was presented for approval by the stockholders in a Special Stockholders' Meeting held on January 24, 2006. The stockholders present thereat, comprising more than 92% of the outstanding capital stock, unanimously approved the said amendment to the corporate By-Laws to create the position of an EVP.

No other matter requiring the vote of the security holders other than those disclosed above was submitted by the company for the last quarter of year 2007.

Market for Issuer's Common Equity and Related Stockholders Matters

Dividends

For the years 2005, 2006 and 2007, no dividends, cash or otherwise, were declared and paid by the company to its stockholders.

The By-Laws of the company expressly stipulate that the Board of Directors may declare dividends only from the surplus profits of the Corporation at such time or times and in such percentage as the Board of Directors may deem proper. No dividends shall be declared that will impair the capital of the company. (Article VII, Section 1).

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

There were several notable highlights with respect to the company's performance in 2007. Sales volume increased in 2007 to 1.18 million cubic meters from last year's 1.05 million cubic meters. This represents an increase of 12% or 129,253 cubic meters and is the result of several factors, namely the continuous demand of ready mix and property development, the export sales contribution in Pacific Islands wherein the company's products were sold at higher prices, the introduction to the market of Blue Sand Vibro, unanticipated sales for South Luzon Expressway Project, the price increase implementation for the year 2007, and the improvement

in collection efficiency which opened up various credit lines and also resulted in deliveries of outstanding sales orders to customers.

Sales went up marginally from last year by 17% or ₱51.81 million despite the problems encountered during the company's second quarter operations, namely the limited equipment and mechanical availability from the contractor. These problems affected the company's production volume. Sales were likewise affected because of the company's limited inventories. To mitigate this problem, in-house equipment were purchased and were rolled out near the end of the second quarter. The company also opened negotiations with another contractor.

The 2007 net income before tax amounting to ₱1 billion is significantly higher than last year due to good performance in product sales and the gain on sale on Longos property.

Forecast for year 2008

The company's sales and net income is expected to increase in 2008. Large government infrastructure projects including, among others, the Manila-Cavite Coastal Road and the Northrail Projects, will commence in 2008. The company also expects to obtain sales from the ongoing South Luzon Expressway project which started belatedly during the last quarter of 2007. Also, growth in private construction is expected in 2008 as demand for housing units fueled by OFW remittances and office spaces catering to business process outsourcing companies will continue to rise.

With a stronger sales and marketing team resulting from the completion of its manpower complement in 2007, the company is set to introduce additional aggregates-based products such as basalt powder and Vibro sand products to the market. It also aims to further improve and expand its export sales in 2008.

Aside from the surge in demand from both public and private constructions, the company also expects gains from selling its various properties located at San Fernando, Pampanga; Talisay, Cebu; and Binangonan, Rizal.

FINANCIAL HIGHLIGHTS

Presented below are the major financial highlights of the attached audited financial statements of the company for the years 2005, 2006, and 2007, all ending December 31, to wit:

(In million pesos, except ratios and per share amounts)

	Year 2007	Year 2006	Year 2005
Total Current Assets	207.37	83.43	115.38
Total Current Liabilities	257.53	201.45	207.40
Net Working Capital	(50.16)	(118.02)	(92.02)
Current Ratio	0.81:1	0.41:1	0.56:1
Total Assets	1,434.52	414.14	449.96
Total Stockholders Equity	1,176.99	207.03	242.53
Sales	349.75	297.94	318.14
Cost of Sales	240.00	198.56	185.60
Gross Profit	109.74	99.38	132.54
General & Administrative Expenses	(116.18)	(106.74)	(82.77)
Selling Expenses	(24.82)	(17.46)	(19.81)

Income (Loss) before Tax	992.30	(24.70)	26.01
Net Income (Loss) After Tax	1,005.62	(33.55)	22.05
Earnings (Loss) Per Share	36.613	(1.222)	0.803

2007 PERFORMANCE

Sales

Sales for year 2007 increased by as much as 17% or ₱51.81 million from 2006 performance of ₱297.94 million to this year's ₱349.75 million. The increase was brought about by the upsurge in sales due to the increasing demand for ready mix concrete and asphalt materials as a result of a booming construction industry, the increasing sale of cement-treatable base course and blue sand vibro, the volume delivered for the South Luzon Expressway rehabilitation, as well as the withdrawal for the Pacific Islands thru Nishimatsu Nippon Road.

Cost of Sales

Cost of sales was up by 21% from ₱198.56 million in 2006 to ₱240.01 million in 2007. This was attributable to personnel cost increasing by ₱11.45 million and an increase in depreciation expenses by ₱5.47 million. Extraction fees increased by ₱33.28 million whereas the increase in maintenance supplies reached ₱4.96 million. Fuel & oil increased by ₱12.49 million and security/janitorial services went up by ₱5.32 million.

General and Administrative Expenses

General and administrative expense was significantly higher by 33% in 2007 compared to last year. This was primarily due to increases in managements fees by ₱59.88 million leveled off by lower provisions for doubtful accounts and inventory impairments.

Selling Expenses

As compared to last year, there was an increase of around ₱6.73 million brought about by the increases in personnel costs by ₱3.29 million and sales loading by ₱3.55 million due to higher sales volume.

Interest Expense – net and Other Financing Charges

Year to date interest expense averaged an 8% decline in charges due to the efforts in maintaining lower interest rates ranging from 7.00% to 7.25% in 2007 as compared to 2006 rates ranging from 7.25% to 9% despite higher loan level in 2007. The outstanding loan was subsequently settled in the mid November of 2007.

Interest Income

As compared to year 2006, interest income increased by 3%. Any excess operating cash is used to settle interest-bearing loans instead of investing it on short-term instruments.

Gain on Sale of Investment Properties

In 2007, the company sold a real estate property located in Longos, Quezon City resulting in the recognition of one time gain amounting to ₱1.04 million. There were no similar transactions which occurred in 2006.

Other Income – net

The 2007 other income - net of expenses increased by ₱10.22 million as compared to 2006. This increase is brought about by the additional income on sale of scrap materials, sale of idle assets and Meralco refunds.

Cash and Cash Equivalents

Cash and cash equivalents resulted in a substantial increase by ₱100.21 million. The main reason behind this is the initial cash obtained from the sale of Longos property that were used to pay the outstanding loan balance of ₱150 million. The balance of ₱150 million is temporarily placed under short-term investments as of end of 2007.

Receivables

Receivables, net of allowance for doubtful accounts, amounting to ₱52.40 million registered an increase of 29% as compared to 2006 of ₱40.53 million. The increase was brought about by higher sales volume coupled with an increase in selling prices.

Inventories

Inventories (finished goods and warehouse inventory) net of allowance on impairment of ₱26.52 million is 48% higher than 2006 balance of ₱19.21 million. The improvement of mechanical availability somehow contributed to the increased production volume for the year.

Other Current Assets

Other current asset at ₱9.97 million is an decrease of 7% from last year. This is due to deferral of supplies issuances and prepayments.

Investment Properties

Investment properties consisting of land, land improvements and buildings decreased by 7% or ₱5.81 million. This was basically due to the cost of Longos property sold to OCLP and the annual depreciation expense.

Property, Plant and Equipment and Property Available for Sale - net

Property, plant and equipment (net) amounting to ₱100.75 million decreased by 43% or ₱75.45 million as compared to 2006 of ₱176.20 million basically due to reclassification of account to property available for sale amounting to ₱124.81 million. The property reclassified pertains to the book value of property plant and equipment expected to be transferred to NewCo in 2008.

Deferred Income Tax Assets - net

Deferred income tax assets increased by 27% or ₱15.99 million from 2006 balance of ₱58.88 million. This is due largely to accruals of provisions of income taxes that is expected to benefit future years.

Short Term Bank Loans

Bank loans were fully paid during the year.

Trade Accounts Payable

Trade accounts payable amounting to ₱20.41 million is 29% lower than last year's figure. The decrease is attributable to the timely payment to suppliers and surplus of cash on hand and in banks.

Accrued Expenses

Accrued expenses and other accounts payable amounting to ₱237.12 million is an increase of ₱169.99 million as against 2006. The increase is attributable to the additional accrual of various expenses such as extraction fees, taxes and licenses, and management fees which largely depends on the outcome of production and sales.

Stockholders' Equity

For the year 2007, the statement of stockholders' equity resulted in positive retained earnings of ₱900.96 million as against last year's deficit of ₱69.92 million. The Longos sale contributed substantially in eliminating the deficit. Other significant factors were the improved sales revenue and the bottom line income for the whole year of operations.

A) Key Performance Indicator

- | | |
|--------------------------------|--|
| Total Sales Volume | – Effect to Gross Profit and to Net Income /Net Profit
– Reported on a periodic basis: daily, monthly and annually |
| Average Selling Price | – Effect to Gross Profit and to Net Income / Net Profit
– Computed based on the Total Sales Value divided by the Total Sales Volume |
| Total Production Volume | – Significant effect in product unit cost
– Reported on a periodic basis: daily, monthly and annually |
| Extraction Cost | – Effect in Production Cost
– Reported on a monthly basis |
| Freight and handling | – Effect in product Cost
– Incurred for delivered sales |

B) Full Calendar Years

- i. Due to the company's sound financial condition, 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 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 other local and international commercial banks.
- v. At the moment, there are no material commitments for capital expenditures other than those performed in the ordinary course of trade or business.
- vi. At the moment, the management is currently monitoring its production volume capacity as there is an increasing demand of aggregates usually during the summer season.
- vii. The causes for any material changes in the financial statements from 2006 to 2007 are explained in the Management Discussion and Analysis, as well as in the accompanying notes to Financial Statements.
- viii. 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 audited financial statements.
- ix. Accounts that registered material changes of 5% or more and the causes thereof are as follows:

Accounts	2007	2006	Increase (Decrease)	Remarks
Sales	₱349,748,476	₱297,938,669	51,809,807	Sales increased due to higher sales volume coupled with increase in selling prices.
Cost of sales	(240,009,238)	(198,560,703)	41,448,535	Costs are higher due to higher production volume and other factors like increase in personnel cost and fuel prices.
General and admin expenses	(116,182,336)	(106,105,213)	10,077,123	General and administrative expenses increased primarily due to increase in management fees.
Selling expenses	(24,819,857)	(18,093,747)	6,726,110	Increase in selling expenses is attributable to higher sales volume and other expenses such as personnel costs, loading and representation.
Cash and	116,567,699	16,358,873	100,208,826	The substantial increase

Accounts	2007	2006	Increase (Decrease)	Remarks
cash equivalents				is primarily due to the initial cash obtained from the sale of Longos property.
Receivables	52,404,319	40,534,838	11,869,481	Increase in receivables is brought about by higher sales volume and increase in prices.
Inventories	28,429,839	19,213,781	9,216,058	Inventories (finished goods, spare parts and supplies) increased due to higher production volume of finished goods despite lower spare part inventory net balance.
Investment Properties	72,711,767	78,522,267	(5,810,500)	Decrease is due to reversal of cost of Longos property and depreciation charges.
Property, plant & equipment - net	100,748,885	176,199,872	(75,450,987)	Property, plant and equipment (net) decreased due to the reclassification of some properties into properties available for sale.
Property available for sale	124,810,553	-	124,810,553	Reclassified portion from property plant and equipment pertaining to cost of property to be transferred to the Consortium.
Deferred income tax assets - net	74,869,499	58,880,098	15,989,401	Increase is attributable to provisions made in 2007.
Short term bank loans	-	117,000,000	(117,000,000)	Full payment of outstanding loans in 2007.
Trade accounts	20,407,579	28,729,661	(8,322,082)	Trade accounts payable marginally decrease

Accounts	2007	2006	Increase (Decrease)	Remarks
payable				due to timely payments made to suppliers and vendors.
Accrued expenses and other payables	237,119,732	52,229,765	184,889,967	Accrued expenses increased due to accruals for management fees, taxes and licenses, and extraction fees.
Stockholders' Equity	1,176,987,751	207,027,228	969,960,523	Stockholders' Equity increased due to the 2007 net income from operations and sale of Longos property.

**PART II - OPERATIONAL AND FINANCIAL INFORMATION
MARKET FOR REGISTRANT'S COMMON EQUITY AND
RELATED STOCKHOLDER MATTERS**

There were 631 stockholders of record as of December 31, 2007. The top 20 stockholders of the company as of December 31, 2007 (as attested by the company's stock transfer agent) are as follows:

Stockholder	Number of Shares			%
	Class A	Class B	Total	
1. Ortigas & Co., Ltd. Partnership	16,021,976	4,985,612	21,007,588	76.48
2. Ramon E. Rodriguez	2,309,939		2,309,939	8.41
3. Francisco Ortigas Securities, Inc.	927,217		927,217	3.38
4. Eduardo Ortigas	513,109		513,109	1.87
5. Maria Victoria Arando	492,842		492,842	1.79
6. Remedios Y. Miranda Ortigas	492,709		492,709	1.79
7. HSBC		401,615	401,615	1.46
8. Sagitro, Inc.	328,974		328,974	1.20
9. PCD Nominee Corp.- Filipino	282,640		282,640	1.03
10. The Roman Catholic Archbishop of Manila	78,486		78,486	0.29
11. Francisco Ortigas Securities, Inc. A/C#33149	58,240		58,240	0.21
12. Francisco Ortigas III	53,085		53,085	0.19
13. Juan C. Buenviaje	48,778		48,778	0.18

14. Celia D. Laurel	27,767		27,767	0.10
15. Luisa D. Lacson	26,704		26,704	0.10
16. Francisco Ortigas Securities, Inc A/C #756	25,621		25,621	0.09
17. Li Seng Giap & Sons, Inc	19,004		19,004	0.07
18. Ma. Victoria Ortigas	18,859		18,859	0.07
19. Remedios O. Luzuriaga	18,859		18,859	0.07
20. The Roman Catholic Archbishop of Manila – Real Casa D	13,067		13,607	0.05
Others	319,895	1,451	321,346	1.17
Total	22,077,771	5,388,678	27,466,449	(100)

A. The Philippine Stock Exchange (PSE) is the principal market where CAC's common equity is traded. Par value of both Class "A" and Class "B" shares is tagged at ₱10.00 each.

For the years 2005, 2006 and 2007, the following are the quarterly high and low sales prices for CAC Class A shares:

	2005			2006			2007		
	High	Low	Close	High	Low	Close	High	Low	Close
Q1	-	-	-	-	-	-	-	-	-
Q2	6.00	6.00	6.00	7.00	7.00	7.00	10.00	7.30	10.00
Q3	-	-	-	-	-	-	10.00	10.00	10.00
Q4	6.00	6.00	6.00	-	-	-	40.00	12.50	36.00

CAC Class B shares have not been traded since its listing date.

B. Recent Sales of Unregistered Securities

For the last five (5) years, no sale of unregistered securities has been conducted by the company.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANT ON ACCOUNTING AND FINANCIAL DISCLOSURES

SyCip Gorres Velayo & Co. (a member practice of Ernst & Young Global) was the company's independent auditor for the fiscal year ending December 31, 2007 and 2006 in lieu of Laya Mananghaya (KPMG) whose five (5) years of audit engagement which ended after the completion of the audit of the company for the 2005 fiscal year

External Audit Fees

	2007	2006
(a) The aggregate fees, net of VAT, billed for professional services rendered by SGV in year 2007 & 2005 for:	₱500,000	₱500,000

<p>1. The audit of the company's annual financial statements for the years ended December 31, 2007 and December 31, 2006.</p> <p>2. Other assurance and related services rendered by SGV in year 2007 and 2006 that are reasonably related to the performance of the audit of the company's financial statements.</p> <p>(b) Tax Fees The aggregate fees, net of VAT, billed for professional services rendered by SGV and Punong Bayan for tax accounting, compliance, advice, planning and any other form of tax services.</p>	2,322,007	350,000
<p>(c) All Other Fees The aggregate fees, net of VAT, billed for products and services provided by SGV in year 2007 and 2006 by KPMG in year 2005, other than the services reported under items (a) and (b) above. The nature of which includes out of pocket expenses such as transportation, meals, postage, printing and documentation.</p>	100,000	42,275

(d) Audit Committee's Approval Policies and Procedures

The following are the Audit Committee's policies and procedures with regard to the company's External Auditors (as enunciated in its Charter):

- The Audit Committee shall review and evaluate the effectiveness of the company's processes for assessing significant risks or exposures and the steps management has taken to minimize such risks.
- The Audit Committee shall consider and review the effectiveness of or weaknesses in the company's overall control environment, and any related significant findings and recommendations of the independent accountants, together with management's responses thereto.
- The Audit Committee shall review the coordination of the audit effort to assure completeness of coverage of key business controls and risk areas, reduction of redundant efforts, and the effective use of audit resources.
- The Audit Committee shall discuss the status and adequacy of management information systems and other information technology.
- The Audit Committee shall review filings with the SEC and other agencies, and other published documents containing the company's financial statements, and consider whether the information contained in these documents is consistent with the information contained in the financial statements.
- The Audit Committee shall recommend to the Board of Directors the External Auditor to be nominated, approved.

FINANCIAL STATEMENTS

Please see attached Consolidated Financial Statements of Concrete Aggregates Corporation and Subsidiaries as of December 31, 2007 and for the year ended

December 31, 2007 with comparative figures for 2006 and 2005 and Independent's Auditors' Report.

PART III-CONTROL AND COMPENSATION INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Ignacio R. Ortigas (Chairman of the Board)

67 years old

Filipino

Positions and offices held for the present and past five (5) years:

Chairman of the Board/Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to present

General Partner/Secretary, Ortigas & Company, Limited Partnership

Director, Itogon Suyoc Mines Inc.

Director, Sagitro, Inc.

Director, Igmarr Holdings, Inc.

Director, Philtread Tire & Rubber Corporation

Director, Columbian Carbon Philippines, Inc.

Francisco M. Ortigas III (President)

62 years old

Filipino

Positions and offices held for the present and past five (5) years:

President/Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

General Partner/Treasurer: Ortigas & Company, Limited Partnership

President & CEO, Rotary Golfing Foundation of the Philippines

Chairman of the Board, Philam Bond Fund, Inc.

Chairman of the Board, Philam Strategic Growth Fund, Inc.

Chairman of the Board, Philam Management Asset, Inc.

Chairman of the Board, Philam Fund, Inc.

Chairman of the Board, Bayer (Phils.), Inc.

Chairman of the Board, Orica Explosives, Inc.

Corporate Nominee/Director, Francisco Ortigas Securities, Inc.

Director/Treasurer, Philippine Golf Foundation

Director, Commonwealth Foods Corporation

Director, J. Romero & Associates

Director, Valle Verde Country Club

Mark R. P. Watkinson (Vice President)

45 years old

British National

Positions and offices held for the present and past five (5) years:

Director/Vice President, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 up to the present

CEO, Hongkong & Shanghai Banking Corporation Limited, Philippines

General Partner, Ortigas & Company, Ltd. Partnership
Senior Vice-President/Group Executive of Commercial Banking for Upstate New York,
Hongkong & Shanghai Banking Corporation, New York, USA

Rex C. Drilon II (Executive Vice-President)

61 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director/Executive Vice-President, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Chief Operating Officer, Ortigas & Company, Limited Partnership

Vice-President, Ayala Land, Inc.

President, Cebu Holdings, Inc.

Jose C. Rodriguez IV (Treasurer)

39 years old

Positions and offices held for the present and past five (5) years:

Director/Treasurer, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Vice-President, Goodah Foodhouse Corporation

Managing Director, Rod Taylor Sports Co., Inc.

Treasurer, Rod Taylor Sports Co., Inc.

Ma. Victoria B. Ortigas (Corporate Secretary)

37 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Jaime M. Ortigas

63 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Managing Director, Francisco Ortigas Securities, Inc.

Director/Treasurer, Xaviera Holdings, Inc.

Director/Treasurer, FOSI Realty, Inc.

Director/Treasurer, Susana Commercial Corporation

Rafael B. Ortigas

36 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Alberto M. Montilla

72 years old

Filipino

Positions and offices held for the present and past five (5) years:

Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

President, Itogon-Suyoc Mines

Vice President/Secretary, Sagitro, Inc.

Assistant General Manager, Creative Trade Center (Metal Manufacturing)

Roberto M. Paterno

71 years old

Filipino

Positions and offices held for the present and past five (5) years:

Independent Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

Chairman of the Board of Directors, Philippine Cancer Society

Consultant, Manila Electric Company

Director, MCO Foundation

Senior Vice President for Administration, Manila Electric Company

Director, Meralco Industrial Engineering Services Corporation

Director, Software Breakthroughs, Inc.

Director, Computer Information Systems, Inc.

Samson C. Lazo

63 years old

Filipino

Positions and offices held for the present and past five (5) years:

Independent Director, Concrete Aggregates Corporation

Term of Office: June 2007 to June 2008

Period Served: June 2007 to the present

President, Chief Operating Officer, EEI Corporation (up to 2005)

Commissioner, Construction Industry Arbitration Commission

Board Member, Philippine Overseas Construction Board

Director, 1st Vice-President, Philippine Construction Association

Chairman, Philippine Institute of Steel Construction (1997)

Member, Rotary Club of Pasig

Independent Directors

An independent director is a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. Mr. Roberto M. Paterno and Mr. Samson C. Lazo were elected to serve as independent directors, pursuant to Section 38 of the Securities Regulation Code during the 2007 Annual Stockholders' Meeting of the Company held last June 28, 2007.

The above Directors had no involvement in any legal proceedings for the last five (5) years.

Significant Employees

Emmanuel A. Rapadas

(seconded by virtue of the Management Agreement between OCLP and CAC)

48 years old

Filipino

Positions and offices held for the present and past five (5) years:

General Manager, Concrete Aggregates Corporation

Chief Financial Officer, Ortigas & Company Limited Partnership

Head, Corporate Resources Division, Ortigas & Company Limited Partnership

Joven G. Layug

53 years old

Filipino

Positions and offices held for the present and past five (5) years:

Plant Manager, Concrete Aggregates Corporation

Project Manager, Citimax Group, Inc.

Plant Manager, Rockworks, Inc.

Eleanor B. Trumata

(seconded by virtue of the Management Agreement between OCLP and CAC)

32 years old

Filipino

Positions and offices held for the present and past five (5) years:

Accounting Manager, Concrete Aggregates Corporation

Treasury Officer, Ortigas & Company Limited Partnership

Michael David I. Abundo III

(seconded by virtue of the Management Agreement between OCLP and CAC)

38 years old

Filipino

Positions and offices held for the present and past five (5) years:

Asst. Corporate Secretary, Concrete Aggregates Corporation

Legal Manager, Ortigas & Co., Limited Partnership

Dolores N. Dollaga

53 years old

Filipino

Positions and offices held for the present and past five (5) years:

Technical Auditor, Concrete Aggregates Corporation

Quality Management Representative, Concrete Aggregates Corporation

Management Consultant, Concrete Aggregates Corporation

Alberto Felix C. Villadelgado

48 years old

Filipino

Positions and offices held for the present and past five (5) years:

Sales and Marketing Manager, Concrete Aggregates Corporation

Sales Manager, Philmetal Products, Inc.

Sales and Marketing Manager, CPAC–Monier Phils., Inc

Assistant Vice-President – Marketing, First Lepanto Ceramic, Inc.

Apollo L. Alinea

38 years old

Filipino

Positions and offices held for the present and past five (5) years:

Human Resources Department Officer, Concrete Aggregates Corporation

Human Resources Department Officer, Forest Hills Golf and Country Club

Family Relationships

Family relationships among the Board of Directors are as follows: Atty. Ignacio R. Ortigas, Mr. Jaime M. Ortigas and Mr. Francisco M. Ortigas III are cousins. Mr. Rafael B. Ortigas is the nephew of Atty. Ignacio R. Ortigas, while Atty. Ma. Victoria B. Ortigas is the daughter of Mr. Francisco M. Ortigas III.

Involvement in Certain Legal Proceedings

The above directors and executive officers had no involvement in any legal proceedings for the last five (5) years. No director declined to stand for re-election to the Board of Directors since the date of the last annual meeting.

Compensation of Directors and Executive Officers

Since October 2001, in view of the continuing economic crisis, the directors of the registrant received a negligible amount by way of per diem allowance per each board meeting scheduled. A regular Board meeting is scheduled once a month, and each director receives a token sum of ₱7,500 per regular meeting and ₱5,000 per diem allowance for each board meeting attended. The total annual per diem and allowance for 2007 is ₱1.79 million. Committee meetings are held in accordance with the specific committee's charter with additional meetings held as needed.

None of the incumbent directors of the company serve in any other capacity whether as consultant or otherwise. Neither is there any contract, employment or compensatory plan between the company and any director or named executive officer.

For the executive officers such as the Chairman of the Board, President, Vice President, Corporate Secretary, and Treasurer, there is absolutely no compensation given for whatever service they provide to the company.

Herein below is the disclosure of the compensation received by the company's senior management for the last three (3) fiscal years, to wit:

Summary Compensation Table**Annual Compensation for year 2004**

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	₱2,573,537	₱643,384	-
All officers and directors as a group unnamed.	₱4,605,318	₱800,256	-

Annual Compensation for year 2005

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	₱2,653,553	₱968,384	-
All officers and directors as a group unnamed	₱4,810,914	₱1,164,739	-

Annual Compensation for year 2006

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	₱1,966,730	₱472,367	-
All officers and directors as a group unnamed	₱4,789,815	₱830,539	-

Annual Compensation for year 2007

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	₱2,803,580	₱897,761	-
All officers and directors as a group unnamed	₱3,442,325	₱1,029,199	-

Estimated Annual Compensation for year 2008

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	₱2,257,000	₱188,000	-

The following benefits apply to key management personnel:

Benefit	Criteria
Trainings and seminars	₱70,000 per senior manager and ₱50,000 per manager
Financial assistance	Equivalent to one month salary - given only if financial condition warrants
Vacation and sick leaves	Equivalent to 15 days for vacation leaves and another 15 days for sick leaves, convertible to cash per year
Birthday leave	One day with pay
Bereavement leave	Three days with pay
Medicines	₱3,500 per person
Rice subsidy	One sack of rice per month
Health insurance	Up to ₱300,000 coverage

Life and accident insurance	₱2.5 million coverage per senior manager and ₱1 million per manager
Accident insurance	₱500,000 coverage per senior manager and ₱300,000 per manager
Retirement benefits	Equivalent to the following: <ul style="list-style-type: none"> ▪ 10 – 15 years = 50% of rate ▪ over 15 years = 70% of rate ▪ over 20 years or employee over 50 years old = 115% of rate

Compensation of Directors

Members of Board of Directors are entitled to a small monthly per diem allowance for every regular Board meeting and Board committee meeting attended, plus a yearly management bonus. The amount of the same shall be determined based on the company's net profit, if any.

Certain Relationships and Related Transactions

There existed no transactions, actual or proposed, in which the company and any of its directors, executive officers, nominees for election as directors, security holder and their relatives to the second civil degree by consanguinity or affinity, were parties for the last two years.

Security Ownership of certain Beneficial Owners

Title Of Class	Name & address of record owner and (Relationship with Issuer)	Name of Beneficial Owner and (Relationship with Record Owner)	Citizenship	No. of Shares Held	% of class
Class "A" and "B"	Ortigas & Company, Limited Partnership 9 th flr, Ortigas Bldg., Ortigas Ave., Pasig City (Security Holder)	Ortigas & Co. Ltd. Partnership, (Same Entity)	Filipino	21,007,588	76.48
Class "A"	Ramon E. Rodriguez, temple Drive, Greenmeadows, Quezon City (Security Holder)	Ramon E. Rodriguez (Same Person)	Filipino	2,309,939	8.41

Cut off date for the determination of the above is December 31, 2007.

Security Ownership of Management

a. Board of Directors

Class	Name of Beneficial Owner	Amount of Beneficial Ownership	Citizenship	% of Class
Class A	Ortigas, Francisco III M. (Director, President)	53,085	Filipino	Negligible
Class A	Ortigas, Ignacio R. (Chairman of the Board)	3,602	Filipino	Negligible
Class A	Rodriguez, Jose IV C. (Director, Treasurer)	319	Filipino	Negligible
Class A	Ortigas, Jaime M. (Director)	100	Filipino	Negligible
Class B	Watkinson, Mark R.P. (Director, Vice- President)	91	British National	Negligible
Class A	Montilla, Alberto M. (Director)	126	Filipino	Negligible
Class A	Ortigas, Rafael B. (Director)	44	Filipino	Negligible
Class A	Ortigas, Ma. Victoria B. (Director, Corporate Secretary)	100	Filipino	Negligible
Class A	Rex C. Drilon II (Director, Executive Vice-President)	81	Filipino	Negligible
Class A	Roberto M. Paterno (Director)	01	Filipino	Negligible
Class A	Samson C. Lazo (Director)	01	Filipino	Negligible
Total		57,550		Negligible

The cut off date for the determination of the above is December 31, 2007.

The aggregate ownership of all the Directors as a group would total 57,550 shares, considered negligible as compared with the total amount of outstanding shares.

The voting powers of OCLP reside with the duly authorized person (usually one of its General Partners) who is designated to attend the Stockholders' Meeting. The Corporation will only know who will represent OCLP at the Stockholders' Meeting when said representative attends the meeting.

Voting Trust Holders of 5% or more

No portion of the outstanding capital stock, whether under Class A or Class B shares, has been the subject of a voting trust agreement or any similar agreement.

Changes in Control

No change in the control of the company has occurred since the beginning of the last fiscal year.

PART IV – CORPORATE GOVERNANCE

Evaluation System in terms of Compliance with Registrant's Manual on Corporate Governance. In compliance with Memorandum Circular No. 2 Series of 2007 issued by the Securities and Exchange Commission, the company accomplished and submitted its Corporate Governance Scorecard last September 21, 2007.

Measures for full compliance with the adopted leading practices on good corporate governance. In addition to its submission of the SEC mandated Corporate Governance Scorecard and pursuant to the Memo for Brokers dated November 5, 2007 issued by the Philippine Stock Exchange, the company revised its company website such that it now provides up to date corporate information to the public as well as access to the company's disclosures with the SEC and the PSE. The company likewise complied with all the mandatory submissions relating to corporate governance specified under SEC Memorandum Circular No. 3 Series of 2007, which includes a report on the attendance of the members of the Board of Directors in the 2007 regular board meetings, qualifications of its independent directors and an enumeration of the corporate governance seminars that have so far been attended by its directors. The company is likewise continuing to monitor its compliance with its obligations under its Manual on Corporate Governance.

As in the previous year, Board Committees were established to perform their respective roles as envisioned by the company's Manual. The company continues to espouse adherence to the principles of good corporate governance and the best practices, first among the members of the Board of Directors, and cascaded down to the top and middle management, down to the rank-and-file. The fact that the company is also certified ISO 9001:2000 compliant has helped it to slowly but surely achieve complete self-discipline and documentation.

Deviations. No deviation has occurred from the company's Manual on Corporate Governance.

Improvement of Corporate Governance. Plans are being made for the company's directors to attend more seminars and trainings relating to good corporate governance. The company also intends to continue monitoring the performance of key officers and employees.

Exhibits and Reports on SEC Form 17-C

Attached to this SEC 17-A Report and made an integral part hereof is the Audited Financial Statement of the company for 2007.

In addition, the following reports on SEC Form 17-C were also filed with the SEC during the last six-month period of 2007 (July – December 2007) and which are found in its website:

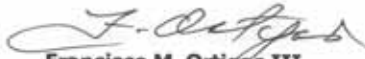
- a. Highlights of the Annual Stockholders' Meeting and of the Organizational Meeting of the Board of Directors – SEC Form 17-C filed June 28, 2007;
- b. Acceptance by the Board of Directors of CAC of the proposal by OCLP to purchase CAC's property in Longos, Bagumbayan, Quezon City with an approximate area of 12.47 hectares upon such terms as may be agreed by the parties and subject to the approval by the stockholders of the company at a meeting to be called for that purpose – SEC Form 17-C filed July 26, 2007;
- c. Disclosure of the date of the Special Stockholders' Meeting for the purpose of approval of the Proposal of OCLP to purchase CAC's property in Longos, Bagumbayan, Quezon City and the Record Date for said meeting – SEC Form 17-C filed August 16, 2007;

- d. Disclosure on the list of stockholders as of the Record Date of September 03, 2007 in relation to the Special Stockholders' Meeting on October 03, 2007 – SEC Form 17-C filed on September 04, 2007;
- e. Submission by CAC of its Corporate Governance Scorecard – SEC Form 17-C filed September 21, 2007;
- f. Highlights of the Special Stockholders' Meeting – SEC Form 17-C filed October 03, 2007;
- g. Disclosure on the Declaration by the company's Board of Directors that the Consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. is the winner in the bidding conducted for the purpose of engaging a third party to operate the company's quarry in Angono, Rizal – SEC Form 17-C filed November 29, 2007;
- h. Disclosure on the list of stockholders as of the Record Date of December 17, 2007 in relation to the Special Stockholders' Meeting on January 18, 2008 – SEC Form 17-C filed on December 18, 2007;
- i. Disclosure on the company's compliance to the Manual on Corporate Governance – SEC Form 17-C filed on December 26, 2007;
- j. Disclosure on the Attendance of the company's Board of Directors to the Regular Board Meetings held in 2007 – SEC Form 17-C filed on December 26, 2007; and
- k. Independent Directors' Certification of Qualifications – SEC Form 17-C filed December 28, 2007.

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this Annual Report is signed on behalf of Concrete Aggregates Corporation by the undersigned, hereunto duly authorized, in Pasig City on April 11, 2008.

By:



Francisco M. Ortigas III
President
(Principal Executive Officer)



Emmanuel A. Rapadas
General Manager
(Principal Operating Officer)



Eleanor B. Trumata
Accounting Manager
(Principal Finance and Accounting Officer
and exercising Comptrollership
functions)




Michael David I. Abundo III
Assistant Corporate Secretary
(in the absence of the Corporate Secretary)

SUBSCRIBED AND SWORN to before me this 11th day of April 2008, affiants exhibiting to me their respective Community Tax Certificates, as follows:

<u>Name</u>	<u>CTC No.</u>	<u>Date/Place of Issue</u>
Francisco M. Ortigas III	10212219	January 22, 2008; Pasig City
Emmanuel A. Rapadas	22828151	February 27, 2008; Angono Rizal
Eleanor B. Trumata	18916380	January 16, 2008, Binan, Laguna
Michael David I. Abundo III	23701021	January 25, 2008; Pasig City

Doc. No. 319;
Page No. 68;
Book No. I;
Series of 2008.



MANUEL B. PASCUA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2008
AFF. NO. MI (2007-2008)
KOLLMO. 3061
IEF NO. 737151 1-10-03
PTR NO. 4094771 1-02-08
RODRIGUEZ, RIZAL

Statement of Management's Responsibility

The Management of Concrete Aggregates Corporation (CAC) is responsible for all information and representations contained in the financial statements for the year ended December 31, 2007. The financial statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting, which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized disposition and liabilities are recognized. The management likewise discloses to the company's audit committee and to its external auditor any: (i) significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process and report financial data; (ii) material weaknesses in the internal controls; and (iii) fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with generally accepted auditing standards in the Philippines and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders. SyCip Gorres Velayo & Co. is duly accredited with the Securities and Exchange Commission.

Signed under oath by the following:

By:



Francisco M. Ortigas III
President


Eleanor B. Trumata
(Principal Finance Officer)

SUBSCRIBED AND SWORN to before me this 11th day of April 2008, affiants exhibiting to me their respective Community Tax Certificates, as follows:

Name	CTC No.	Date/Place of Issue
Francisco M. Ortigas III	10212219	Jan. 22, 2008 Pasig City
Eleanor B. Trumata	18916380	Jan. 16, 2008 Binan, Laguna

Doc. No. 317
Page No. 65
Book No. I
Series of 2008.


MANUEL B. PASCUA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2008
AFF. NO. 141 (1607-2008)
ROLL NO. 25461
IEP NO. 787151 1-10-03
PTR NO. 4094771 1-02-03
RODRIGUEZ, RIZAL

Republic of the Philippines)
Pasig City) S.S.

SECRETARY'S CERTIFICATE

I, **MICHAEL DAVID I. ABUNDO III**, of legal age, Filipino, with office address at 9th Floor, Ortigas Building, Ortigas Avenue, Pasig City, after having been duly sworn in accordance with law, do hereby state and certify that:

1. I am the duly-elected and qualified Assistant Corporate Secretary of **CONCRETE AGGREGATES CORPORATION** (the "Corporation"), a domestic corporation duly organized and existing under and by virtue of Philippine laws, with business address at Don Mariano Santos Avenue, Brgy. San Isidro, Angono, Rizal.

2. I hereby certify that, during the regular meeting of the Board of Directors of the Corporation held on April 11, 2008, the Board approved the 2007 Audited Financial Statements of the Corporation in its entirety, as presented. Furthermore, the Board authorized the President, Francisco M. Ortigas III, to represent the Corporation and to sign any and all documents relative to the audited financial statements, including the Statement of Management Responsibility, in his capacity as the President of the Corporation and on behalf of the Chairman, Ignacio R. Ortigas, in the latter's absence.


3. This certification is issued in connection with the release and issuance of the 2007 Audited Financial Statements of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of April 2008 at Pasig City.


MICHAEL DAVID I. ABUNDO III
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 14th day of April 2008, affiant exhibiting to me his Community Tax Certificate No. 23701021 issued on 1/25/08 at Pasig City.

Doc. No. 323
Page No. 66
Book No. 1
Series of 2008.


MANUEL B. PASCUA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2008
AFT. NO. 141 (2007-2008)
KOLLNO. 00061
IEP NO. 727151 1-10-03
PTR NO. 424771 1-02-03
RODRIGUEZ, RIZAL

**"ANNEX 68.1-K"
Balance Sheet**

3. Other Current Assets

The components of the company's other current assets are as follows:

	2007	2006
Input taxes	₱2,902,689	₱5,586,147
Deferred spare parts supplies expense	2,674,991	-
Prepaid insurance	804,741	596,331
Prepaid registration fees	525,710	-
Prepaid taxes and licenses	174,620	-
Creditable withholding tax	-	1,139,856
Others	2,886,539	3,375,571
TOTAL	₱9,969,290	₱10,697,905

8. Trade and Other Payables

(iv) Accrued Expenses

The components of the company's Accrued Expenses are as follows:

	2007	2006
Extraction cost	₱16,147,089	₱13,747,567
Equipment rental – operations	1,297,243	3,010,052
Payroll & retirement	28,810,882	2,649,462
Taxes and licenses	91,897,897	1,982,314
Loading & hauling charges	3,395,620	1,789,737
Electricity	2,029,455	-
Others	34,163,126	8,620,223
TOTAL	₱177,741,312	₱31,799,355

**"ANNEX 68.1-L"
Income Statement**

Sales

Products	2007		2006		2005	
	Volume	Amount	Volume	Amount	Volume	Amount
Aggregate G-1/G-2	144,716	₱34,804,189	141,355	₱32,700,015	161,306	₱37,448,806
Aggregate ¾	506,529	170,662,750	484,399	156,760,538	531,025	187,649,246
Aggregate 3/8	210,120	58,981,687	134,612	35,636,798	151,262	37,241,324
Coarse sand S-1/S-2	188,804	51,357,845	213,847	49,986,012	200,901	37,110,271
Base course & sub-	130,486	29,683,735	76,934	20,545,048	75,425	15,670,753

base course						
Other materials	16,056	4,258,271	16,312	2,310,258	13,706	3,023,603
Total	1,196,711	₱349,748,476	1,067,459	₱297,938,669	1,133,625	₱318,144,003

**“ANNEX 68.1-M”
SCHEDULES**

Schedule B

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

	2007	2006	2005
Advances to Officers and Employees			
Indebtedness exceeding ₱100,000.00			
Aguinaldo, Rogel	-	-	₱196,379
Armendi, Arlinda	115,166	₱115,698	-
Cruz, Nelita	-	-	658,252
Galang, Corazon	-	116,765	-
Gelacio, Elpidio	-	120,040	123,693
Macaspac, Antonio	234,846	-	-
Montoya, Romeo	169,745	169,745	-
Pascual, Teody	-	237,224	104,369
Pilon, Luz	-	-	124,708
Roa, Danilo	-	-	441,522
Viscayno, Cyril	-	248,909	-
Others	1,040,698	1,245,191	2,283,355
Allowance for doubtful accounts	(1,123,738)	(1,123,738)	(711,170)
Advances to Officers and Employees-net	436,717	1,129,834	3,221,108
Due from CAC Insurance Agency Corporation	807,221	-	-
Installment receivable – OCLP	835,261,220	-	-
Total Receivable from Officers, Employees and Related Parties	₱836,505,158	₱1,129,834	₱3,221,108

Schedule C

Non-Marketable Equity Securities, Other Long Term Investments in Stocks, and Other Investments

This account consists of investments in shares of stocks of wholly owned subsidiaries accounted for under equity method.

The details of this account are summarized as follows:

Investment in Stocks:

	2007	2006	2005
CAC Insurance Agency Corporation	₱161,237	₱161,237	₱159,714
CAC Marketing and Services Corporation	1,470,348	1,470,348	2,052,974
TOTAL	₱1,631,585	₱1,631,585	₱2,212,688

Investment Properties

A reconciliation of the carrying amounts of investment property at the beginning and end of the year is shown below:

For the Year Ended December 31, 2007

	Land	Land improvements	Building	Total
Acquisition Cost:				
Beginning Balance	₱68,805,991	₱15,202,640	22,442,531	106,451,162
Additions				
Sale	(2,970,936)		(3,100,648)	(6,071,584)
Ending Balance	65,835,055	15,202,640	19,341,883	100,379,578
Accumulated Depreciation:				
Beginning Balance	-	10,422,832	17,506,063	27,928,895
Depreciation & amortization for the year		1,428,255	1,411,339	2,839,564
Sale	-	-	(3,100,648)	(3,100,648)
Ending Balance	-	11,851,087	15,816,754	27,667,811
Carrying Amount:				
Beginning Balance	₱68,805,991	₱4,779,808	₱4,936,468	₱78,522,267
Ending Balance	₱65,835,055	₱3,351,583	₱3,525,129	₱72,711,767

For the Year Ended December 31, 2006

	Land	Land improvements	Building	Total
Acquisition Cost:				
Beginning Balance	₱68,805,991	₱15,202,640	22,442,531	106,451,162
Additions				-
Ending Balance	68,805,991	15,202,640	22,442,531	106,451,162
Accumulated Depreciation:				
Beginning Balance	-	9,038,480	16,079,819	25,118,299
Provisions for the year	-	1,384,352	1,426,244	2,810,596
Ending Balance	-	10,422,832	17,506,063	27,928,895
Carrying Amount:				
Beginning Balance	₱68,805,991	₱6,164,160	₱6,362,712	₱81,332,863
Ending Balance	₱68,805,991	₱4,779,808	₱4,936,468	₱78,522,267

For the Year Ended December 31, 2005

	Land	Land improvements	Building	Total
Acquisition Cost:				
Beginning Balance	₱68,805,991	₱14,450,540	₱22,442,531	₱105,699,062
Additions	-	752,100	-	752,100
Ending Balance	68,805,991	15,202,640	22,442,531	106,451,162
Accumulated Depreciation:				
Beginning balance	-	7,685,464	12,356,163	20,041,627
Provisions for the year	-	1,353,016	3,723,656	5,076,672
Ending Balance	-	9,038,480	16,079,819	25,118,299
Carrying Amount:				
Beginning Balance	₱68,805,991	₱16,765,076	₱10,086,368	₱85,657,435
Ending Balance	₱68,805,991	₱6,164,160	₱6,362,712	₱81,332,863

In 2007, the Company sold various parcels of land with buildings thereon located in Longos, Bagumbayan, Quezon City with a total carrying value of ₱3.0 million (land: ₱3.0 million; building: nil) to OCLP for ₱1.13 billion and resulted to a gain of ₱1.0 billion. Certain parcels of land with carrying value of ₱1.4 million as of December 31, 2006 are mortgaged as collateral to secure the Company's bank loans.

Certain parcels of land (classified as property, plant and equipment, property available for sale, and investment properties) acquired up to July 5, 1996 with total carrying value of ₱ 127.3 million as of December 31, 2006 were appraised in 2003 by an independent firm of appraisers. The appraised value of these parcels of land amounted to ₱2.1 billion as of the date of appraisal. The fair value of land is based on sales and listings, which are adjusted for the time of sale, location and general characteristics of similar parcel of land located in the area.

Schedule D

Indebtedness of Unconsolidated Subsidiaries and Related Parties

Indebtedness to the company of its wholly owned subsidiaries and related parties were already consolidated to the financial statements of the parent company in year 2007 and these are as follows:

	2007	2006	2005
Installment Receivable	₱835,261,220	-	-
Due from CAC Insurance Agency Corporation	807,221	-	-
Total Indebtedness of Unconsolidated Subsidiary	₱836,068,441	-	-

Schedule G

Indebtedness to Related Parties

	2007	2006	2005
Due to OCLP	₱50,272,267	₱7,480,181	-
Due to CAC Marketing and Services Corporation	913,709	3,297,069	₱2,010,000
Due to CAC Insurance	-	192,779	-
Total Indebtedness to Related Parties	₱51,185,976	₱10,970,029	₱2,010,000

Schedule I

Capital Stock

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

	Authorized		Paid-up	
	Number of shares	Amount	Number of Outstanding Shares	Amount
Common Class "A" at P10 par value each	40,000,000	₱400,000,000	22,077,771	₱220,777,710
Common Class "B" at P10 par value each	10,000,000	100,000,000	5,388,678	53,886,780
	50,000,000	₱500,000,000	27,466,449	₱274,664,490

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

As of December 31, 2007, there are 22,077,771 listed and outstanding Class A common shares of which 5,997,741 are floating shares whereas there are 5,388,678 listed and outstanding Class B common shares of which 402,975 are floating shares. The latest closing price for Class A common shares was recorded at ₱42.00 while Class B common shares have never been traded since their listing date.

Other Required Disclosures

Related Party Transactions

	2007	2006	2005
Installment Receivable	₱835,261,220	₱ -	₱ -
Due from CAC Insurance	807,221		
Due to OCLP	(50,272,267)	(7,480,181)	-
Due to CAC Marketing and Services Corporation	(913,709)	(3,297,069)	(2,010,000)
Due to CAC Insurance	-	(192,779)	-

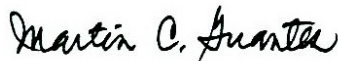
- a. On July 26, 2007, the Company's BOD formally accepted a proposal by its majority stockholder, OCLP to purchase the Company's twelve (12) hectares of land located in Longos, Bagumbayan, Quezon City for ₱1.13 billion with ₱260 million downpayment and the remaining balance payable in forty (40) equal quarterly payments starting April 2009 at 6% interest per annum on the principal. As of December 31, 2007, the outstanding balance due from OCLP amounted to ₱870 million.
- b. On January 24, 2006, the Company entered into a management agreement with its majority stockholder, OCLP. Under the terms of the agreement, the Company shall pay OCLP a monthly fee of ₱700,000 from commencement of the agreement up to December 31, 2005, subject to an annual escalation fee of 5% or the average inflation rate for the immediately preceding year, whichever is higher, plus an additional fee of 5% of incremental audited net income after tax, starting on January 1, 2006 with the 2005 audited net income as base year. OCLP waived the Company's payment of management fee for the first two months of the implementation of the contract. Total management fee recognized amounted to ₱118 million and ₱9.0 million in 2007 and 2006, respectively. The outstanding balance due to OCLP amounted to ₱108.4 million and ₱7.5 million as of December 31, 2007 and 2006, respectively.
- c. The Company also leases from OCLP its office and a parking space in Ortigas Building, Ortigas Avenue, Pasig City. The lease contract is for a period of two years, renewable annually. Total amount of rental and parking charges recognized as expense amounted to ₱676,337 and ₱412,212 in 2007 and 2006. The Company has no outstanding liability related to this contract as of December 31, 2007 and 2006.
- d. The Company has an ongoing banking relationship with a related party. The total cash in bank maintained with the related party amounted to ₱10,010,813 and ₱1,564,958 as of December 31, 2007 and 2006, respectively.
- e. The compensation of key management personnel of the Company amounted to ₱8,172,865, ₱5,186,187 and ₱3,621,937 for the years ended December 31, 2007, 2006 and 2005, respectively.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Concrete Aggregates Corp.
Don Mariano Santos Avenue
Barangay San Isidro, Angono, Rizal

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Concrete Aggregates Corp. (a subsidiary of Ortigas & Company, Limited Partnership) and its subsidiaries included in this Form 17-A and have issued our report thereon dated April 11, 2008. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68.1 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respect the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Martin C. Guantes
Partner
CPA Certificate No. 88494
SEC Accreditation No. 0325-A
Tax Identification No. 152-884-272
PTR No. 0015216, January 3, 2008, Makati City

April 11, 2008



COVER SHEET

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SEC Registration Number

C	O	N	C	R	E	T	E		A	G	G	R	E	G	A	T	E	S		C	O	R	P	.		(A											
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S	U	B	S	I	D	I	A	R	I	E	S																											

(Company's Full Name)

D	o	n		M	a	r	i	a	n	o		S	a	n	t	o	s		A	v	e	n	u	e														
B	a	r	a	n	g	a	y		S	a	n		I	s	i	d	r	o																				
A	n	g	o	n	o	,		R	i	z	a	l																										

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

Eleanor B. Trumata

(Contact Person)

(02) 637-0676

(Company Telephone Number)

1 2	3 1
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Month Day
(Calendar Year)

A A F S

(Form Type)

--	--

Month Day
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

--

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

--

Total No. of Stockholders

Total Amount of Borrowings

--	--

Domestic Foreign

To be accomplished by SEC Personnel concerned

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File Number

_____ LCU

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Document ID

_____ Cashier

STAMPS

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Concrete Aggregates Corp.
Don Mariano Santos Avenue
Barangay San Isidro, Angono, Rizal

We have audited the accompanying consolidated financial statements of Concrete Aggregates Corp. (a subsidiary of Ortigas & Company, Limited Partnership) and its subsidiaries which comprise the consolidated balance sheets as at December 31, 2007 and 2006, and the consolidated statements of income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated financial statements of Concrete Aggregates Corp. and its subsidiaries as at and for the year ended December 31, 2005, which are presented for comparative purposes, were audited by other auditors whose report dated March 23, 2006, expressed an unqualified opinion on those statements. The opinion of the other auditors, however, does not cover the restatement of those statements as discussed in Note 27 to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Concrete Aggregates Corp. and its subsidiaries as of December 31, 2007 and 2006, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Martin C. Guantes

Martin C. Guantes

Partner

CPA Certificate No. 88494

SEC Accreditation No. 0325-A

Tax Identification No. 152-884-272

PTR No. 0015216, January 3, 2008, Makati City

April 11, 2008



CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31	
	2007	2006
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 18)	₱116,567,699	₱16,358,873
Receivables - net (Note 5)	51,161,810	39,613,368
Inventories - net (Note 6)	28,429,839	19,213,781
Other current assets - net	11,211,799	11,619,375
	207,371,147	86,805,397
Noncurrent assets held for sale - net (Notes 1 and 8)	124,810,553	–
Total Current Assets	332,181,700	86,805,397
Noncurrent Assets		
Investment properties - net (Note 7)	72,711,767	78,522,267
Property, plant and equipment - net (Note 8)	100,748,885	176,199,872
Deferred income tax assets - net (Note 17)	74,869,499	58,880,098
Net retirement plan assets (Note 20)	3,682,978	–
Installment receivable (Notes 7 and 18)	835,261,220	–
Other noncurrent assets (Note 9)	15,059,013	13,733,946
Total Noncurrent Assets	1,102,333,362	327,336,183
TOTAL ASSETS	₱1,434,515,062	₱414,141,580
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade payables	₱20,407,579	₱28,729,661
Accrued liabilities and other payables (Notes 11, 18 and 20)	237,119,732	55,719,613
Short-term bank loans (Note 10)	–	117,000,000
Total Current Liabilities	257,527,311	201,449,274
Noncurrent Liability		
Net retirement benefits liability (Note 20)	–	5,665,078
Total Liabilities	257,527,311	207,114,352

(Forward)



	December 31	
	2007	2006
Stockholders' Equity		
Capital stock - ₱10 par value (Notes 16 and 19)		
Authorized - 50,000,000 shares		
Issued and outstanding - 27,466,449 shares (held by 631 stockholders in 2007 and 629 stockholders in 2006)	₱274,664,490	₱274,664,490
Additional paid-in capital	1,069,304	1,069,304
Unrealized gain on appreciation in value of available-for-sale financial assets, net of related deferred income tax (Notes 9 and 17)	292,042	1,214,057
Retained earnings (deficit)	900,961,915	(69,920,623)
Total Stockholders' Equity	1,176,987,751	207,027,228
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	₱1,434,515,062	₱414,141,580

See accompanying Notes to Consolidated Financial Statements.



CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(With Comparative Figures for Year Ended December 31, 2005)

	2007	2006	2005 (Restated, Note 27)
SALES	₱349,748,476	₱297,938,669	₱318,144,003
COST OF SALES (Notes 12 and 21)	240,009,238	198,560,703	185,600,733
GROSS PROFIT	109,739,238	99,377,966	132,543,270
General and administrative expenses (Note 13)	(104,767,940)	(106,105,213)	(82,768,107)
Provision for retrenchment cost (Note 20)	(35,902,204)	-	-
Selling expenses (Notes 14 and 21)	(24,819,857)	(18,093,747)	(19,813,370)
Interest and other financing charges (Note 10)	(8,502,622)	(9,201,154)	(13,346,782)
Interest income	506,447	490,233	548,490
Foreign exchange loss - net	(57,676)	(201,717)	(1,845,638)
Gain on sale of investment properties (Notes 7 and 18)	1,037,350,753	-	-
Others - net	18,757,238	9,029,849	10,694,687
INCOME (LOSS) BEFORE INCOME TAX	992,303,377	(24,703,783)	26,012,550
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)			
Current	2,569,014	1,747,340	2,105,594
Deferred	(15,886,955)	7,102,623	1,855,968
	(13,317,941)	8,849,963	3,961,562
NET INCOME (LOSS)	₱1,005,621,318	(₱33,553,746)	₱22,050,988
Basic/Diluted Earnings (Loss) Per Share (Note 19)	₱36.613	(₱1.222)	₱0.803

See accompanying Notes to Consolidated Financial Statements.



CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)
AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN
STOCKHOLDERS' EQUITY**

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(With Comparative Figures for the Year Ended December 31, 2005)

	Capital Stock (Note 16)	Additional Paid-in Capital	Unrealized Gain on Appreciation in Value of Available-for- Sale Financial Assets	Retained Earnings (Deficit)	Total
BALANCES AT DECEMBER 31, 2004, AS PREVIOUSLY REPORTED	₱274,664,490	₱1,069,304	₱–	(₱74,743,244)	₱200,990,550
Effect of change in method of amortizing quarry development costs (Note 27)	–	–	–	18,696,776	18,696,776
Other restatements (Note 27)	–	–	–	(2,371,397)	(2,371,397)
BALANCES AT DECEMBER 31, 2004, AS RESTATED	274,664,490	1,069,304	–	(58,417,865)	217,315,929
Unrealized gain on appreciation in value of available-for-sale financial assets, net of related deferred income tax (Notes 9 and 17)	–	–	3,186,970	–	3,186,970
BALANCES AT JANUARY 1, 2005	274,664,490	1,069,304	3,186,970	(58,417,865)	220,502,899
Net income for the year	–	–	–	22,050,988	22,050,988
BALANCES AT DECEMBER 31, 2005	274,664,490	1,069,304	3,186,970	(36,366,877)	242,553,887
Unrealized loss on decline in value of available-for-sale financial assets, net of related deferred income tax (Notes 9 and 17)	–	–	(1,972,913)	–	(1,972,913)
Net loss for the year	–	–	–	(33,553,746)	(33,553,746)
Total loss recognized for the year	–	–	(1,972,913)	(33,553,746)	(35,526,659)
BALANCES AT DECEMBER 31, 2006	274,664,490	1,069,304	1,214,057	(69,920,623)	207,027,228
Unrealized gain on appreciation in value of available-for-sale financial assets, net of related deferred income tax (Notes 9 and 17)	–	–	(922,015)	–	(922,015)
Net income for the year	–	–	–	1,005,621,318	1,005,621,318
Total income (loss) recognized for the year	–	–	(922,015)	1,005,621,318	1,004,699,303
Difference in present value of installment receivable (Note 18)	–	–	–	(34,738,780)	(34,738,780)
BALANCES AT DECEMBER 31, 2007	₱274,664,490	₱1,069,304	₱292,042	₱900,961,915	₱1,176,987,751

See accompanying Notes to Consolidated Financial Statements.



CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(With Comparative Figures for the Year Ended December 31, 2005)

	2007	2006	2005 (Restated, Note 27)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱992,303,377	(₱24,703,783)	₱26,012,550
Adjustments for:			
Depreciation and amortization (Notes 7, 8 and 9)	22,087,992	17,994,237	16,211,523
Interest expense	8,502,622	9,201,154	13,346,782
Interest income	(506,447)	(490,233)	(548,490)
Gain on sale of:			
Investment properties (Notes 7 and 18)	(1,037,350,753)	–	–
Property and equipment	–	(5,000)	(95,000)
Other noncurrent assets	–	–	(3,365,439)
Operating income (loss) before working capital changes and provisions	(14,963,209)	1,996,375	51,561,926
Decrease (increase) in:			
Receivables	(12,294,195)	(4,144,777)	8,761,760
Inventories	(9,216,058)	8,112,213	(13,061,743)
Other current assets	(334,751)	(4,480,506)	896,583
Increase (decrease) in:			
Trade payables	(8,322,082)	3,539,298	758,520
Accrued liabilities and other payables	55,819,605	(18,491,254)	(6,753,091)
Retirement benefits costs (income) (Note 20)	(9,348,056)	7,831,682	826,198
Provisions for:			
Retrenchment cost (Note 20)	35,902,204	–	–
Doubtful accounts (Notes 5 and 13)	745,752	8,141,059	9,875,970
Inventory obsolescence (Note 13)	–	8,018,561	–
Unrealized foreign exchange loss - net	–	201,717	1,845,638
Cash generated from operations	37,989,210	10,724,368	54,711,761
Income taxes paid, including creditable withholding taxes	(1,826,686)	(1,747,340)	(2,105,594)
Interest received	506,447	490,233	548,490
Retirement fund contributions (Note 20)	–	(678,911)	(1,357,823)
Net cash flows from operating activities	36,668,971	8,788,350	51,796,834
CASH FLOWS FROM INVESTING ACTIVITIES			
Downpayment on the sale of investment properties (Notes 7 and 18)	260,000,000	–	–
Acquisitions of property, plant and equipment (Note 8)	(68,410,326)	(26,784,055)	(51,292,112)
Reduction in (addition to) other noncurrent assets	(2,547,197)	2,089,951	4,432,267
Proceeds from sale of property, plant and equipment	–	5,000	95,000
Proceeds from sale of other noncurrent assets	–	–	3,365,439
Addition to investment properties (Note 7)	–	–	(752,100)
Decrease in property, plant and equipment	–	–	11,322,876
Net cash flows from (used in) investing activities	189,042,477	(24,689,104)	(32,828,630)

(Forward)



	2007	2006	2005 (Restated, Note 27)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of short-term bank loans	(P150,000,000)	(P18,000,000)	(P32,000,000)
Proceeds from availment of short-term bank loans	33,000,000	27,000,000	-
Interest paid	(8,502,622)	(9,201,154)	(13,346,782)
Net cash flows used in financing activities	(125,502,622)	(201,154)	(45,346,782)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	-	(201,717)	(1,845,638)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	100,208,826	(16,303,625)	(28,224,216)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	16,358,873	32,662,498	60,886,714
CASH AND CASH EQUIVALENTS AT END OF YEAR (Notes 4 and 18)			
	P116,567,699	P16,358,873	P32,662,498

See accompanying Notes to Consolidated Financial Statements.



CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Business Operations

Corporate Information

Concrete Aggregates Corp. (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 23, 1968. The Company is listed in the Philippine Stock Exchange and is primarily engaged in quarrying, crushing and selling basalt concrete aggregates. The 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 Company's wholly owned subsidiaries, namely, CAC Insurance Agency Corp. (CIAC) and CAC Marketing and Services Corp. (CMSC) are both incorporated in the Philippines and are currently dormant companies. The Company and its subsidiaries' ultimate parent is Ortigas & Company, Limited Partnership (OCLP).

The Company has a management agreement with its parent company and majority stockholder, OCLP (see Note 18).

The registered office address of the Company, CIAC and CMSC, [collectively referred to as the Group], is Don Mariano Santos Avenue, Barangay San Isidro, Angono, Rizal.

The consolidated financial statements of the Company as of and for the year ended December 31, 2007 were authorized for issue in accordance with a resolution of the Board of Directors (BOD) on April 11, 2008.

Quarry Operations

On November 29, 2007, the Company's BOD declared the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the Consortium) as the winning bidder in the bidding for the purpose of selecting a third party to operate its quarry in Angono, Rizal, which offered to pay the Company the amount of ₱670 million on the Closing Date of the transaction. In addition, the Company will be paid royalty fees during the term of the Operating Agreement. On January 18, 2008, the Company's stockholders approved the declaration made by the BOD and the transactions and contracts to be entered into by the Company in connection with the bidding out of the right to operate its quarry.

Upon the approval on January 18, 2008 by the Company's Stockholders of the declaration, the Consortium entered into a Memorandum of Agreement with the Company, providing among others, that at the Closing Date, which will be at the end of the period of ninety (90) days (or such other period as may be agreed upon) counted from the date of execution of the Memorandum of Agreement:

- a. The Company shall have incorporated a New Company (NewCo) and have subscribed to all of NewCo's authorized capital stock;



- b. The Company and NewCo will execute an Asset Purchase Agreement by virtue of which the Company shall sell to NewCo, and the NewCo shall purchase from the Company, certain operating assets on an “As Is, Where Is” basis;
- c. The Company and NewCo will execute an Operating Agreement which gives NewCo the right to engage in quarrying operations within the property owned by the Group in Angono, Rizal; and,
- d. The Company and the Consortium will execute a Share Purchase Agreement for the sale of the Company and the purchase of the Consortium of 100% of the outstanding capital stock of NewCo.

The Operating Agreement will be executed, after the execution of the Memorandum of Agreement and upon incorporation of NewCo, by and between the Company and NewCo giving NewCo the right to engage in quarrying operations within the quarry land owned by the Company (the Property) and within the parameters of the MPSA between the Company and the Department of Environment and Natural Resources (DENR), and the ECC issued by the DENR to the Company. The Operating Agreement shall specify, among others:

- a. The minimum extraction rate of aggregates per annum;
- b. The right to conduct quarrying operations within the Property for a period of fifteen (15) years from the date of the closing of the transactions (unless sooner terminated in accordance with the provisions of the agreement), which period may also be extended upon agreement of the parties; and,
- c. Termination of the Operating Agreement upon breach of any of its provisions.

As operator under the Operating Agreement, NewCo, in coordination with the Company, shall be obliged to comply with any and all terms and conditions and such other requirements under the MPSA entered into by, and the ECC issued to, the Company, including any amendments or supplements thereto. The Company shall cooperate with the Consortium in any future application to increase the annual extraction rate in excess of what has been or is to be approved by the DENR, provided that this is consistent with the mining plan submitted to, and accepted by, the Company.

On January 23, 2008, the Company executed the Operating Agreement with Batong Angono Aggregates Corporation (BAAC), the actual name of NewCo which was formed by the Company.

The Asset Purchase Agreement will be executed on Closing Date by and between the Company and NewCo by virtue of which the Company shall sell to NewCo, and NewCo shall purchase from the Company, the Assets on an “As Is, Where Is” basis. The “As Is, Where Is” condition of the Assets shall be reckoned on a date to be agreed upon by the parties. The Asset Purchase Agreement will include customary representations, warranties and covenants.

The Share Purchase Agreement will be executed on Closing Date by and between the Consortium and the Company by virtue of which the Company shall sell and the Consortium shall purchase the Shares comprising 100% of the outstanding capital stock of NewCo. This agreement will include customary representations, warranties, covenants, and payment in full of the purchase price in same day funds upon Closing Date.



The Transaction Service Agreement and Trademark License Agreement will be executed on Closing Date for the provision of service by certain key personnel belonging to the Company's Parent Company, OCLP, for a specified period of time as well as the use of Company-owned trademarks and service marks under terms and conditions agreed upon by the parties.

2. **Basis of Preparation**

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Company's functional currency and rounded to the nearest peso except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31 of each year. The financial statements of subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies.

All intragroup balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets are eliminated in full. However, intragroup losses that indicate an impairment are recognized in the consolidated financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new standard, amendments to previously issued standards and Philippine Interpretations interpretations during the year. Adoption of these standard, amendments and interpretations did not have a material effect on the Group's financial statements except for the additional disclosures where required.

- PFRS 7, *Financial Instruments: Disclosures*, introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, as well as sensitivity analysis to market risk. It replaces disclosure requirements in Philippine Accounting Standard (PAS) 32, *Financial Instruments: Disclosures and Presentation* and PAS 30, *Disclosure in the Financial Statements of Banks and Similar Financial Institutions*. It is applicable to all entities that report under PFRS.



The Company adopted the amendment to the transition provisions of PFRS 7, as approved by the Financial Reporting Standards Council, which gives transitory relief with respect to the presentation of comparative information for the new risk disclosures about the nature and extent of risks arising from financial instruments. Accordingly, the Group does not need to present comparative information for the disclosures required by paragraphs 31 to 42 of PFRS 7, unless the disclosure was previously required under PAS 32. Adoption of PFRS 7 resulted in additional disclosures, which are included throughout the consolidated financial statements. These disclosures include presenting the different classes of loans and receivables (see Note 5), rollforward of allowance for impairment losses (see Note 5), credit quality of financial assets (see Note 23) and aging of past due but not impaired financial assets (see Note 23).

- Amendments to PAS 1, *Presentation of Financial Statements: Capital Disclosures*, require the following additional disclosures: (a) an entity's objectives, policies and processes for managing capital; (b) quantitative data about what the entity regards as capital; (c) whether the entity has complied with any capital requirements; and (d) if it has not complied, the consequences of such noncompliance. The disclosures required by this amendment were included in the consolidated financial statements (see Note 24).
- Philippine Interpretation IFRIC 7, *Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies*, provides guidance on how to apply PAS 29 when an economy first becomes hyperinflationary. As the Group currently has no such transactions, the interpretation did not have any effect on its consolidated financial statements.
- Philippine Interpretation IFRIC 8, *Scope PFRS 2*. This interpretation requires PFRS 2 to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value. As the Group currently has no such transactions, the interpretation did not have any effect on its consolidated financial statements.
- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to a contract, with assessment only if there is a change to the contract that significantly modifies the cash flows. As the Group currently has no such transactions, the interpretation did not have any effect on its consolidated financial statements.
- Philippine Interpretation IFRIC 10, *Interim Financial Reporting and Impairment*, prohibits the reversal of impairment losses on goodwill and available-for-sale equity investments recognized in the interim financial reports even if impairment is no longer present at the annual balance sheet date. As the Group currently has no such transactions, the interpretation did not have any effect on its consolidated financial statements.



Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial recognition of financial instruments

All financial assets and financial liabilities are recognized initially at fair value. Except for securities at FVPL, the initial measurement of financial assets include transaction costs. The Group's financial assets are further classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, and available-for-sale (AFS) financial assets. The Group also classifies its financial liabilities as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or whether they are quoted in an active market. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial instruments are classified as liabilities and equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to stockholders' equity net of any related deferred income tax benefits.

As of December 31, 2007 and 2006, the Group has no financial assets and financial liabilities at FVPL and HTM investments.

Determination of fair value

The fair value for financial instruments traded in active markets as at balance sheet 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 methodologies. Valuation methodologies include net present value techniques, comparison to similar instruments for which market observable prices exists, options pricing models and other valuation models.



Day 1 Profit

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 profit) in the statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried either at amortized cost in the balance sheet. Amortization is determined using the effective interest method. Loans and receivables are included in current assets if maturity is within twelve months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

As of December 31, 2007 and 2006, this category includes the Group's cash in banks and short term investments, trade receivables, advances to officers and employees, advances to suppliers, other receivables, and installment receivable (see Note 5).

AFS financial assets

AFS financial assets are nonderivatives that are either designated in this category or not classified in any of the other categories. AFS assets are carried at fair value in the balance sheet. Changes in the fair value of such assets are accounted for in equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of income. These financial assets are classified as noncurrent assets unless the intention is to dispose such assets within twelve months from the balance sheet date.

As of December 31, 2007, included in this category are the Group's investments in golf club shares and investments in shares of stock relative to the Group's electric and telephone subscription (see Note 9).

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., payables, accruals).

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

As of December 31, 2007 and 2006, this category includes the Group's trade payables, accrued liabilities and other payables and short-term bank loans.



Impairment of Financial Assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Loans and receivables

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as a difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account. The amount of loss is recognized in the consolidated statement of income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. 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 the group of financial assets with similar credit risk and 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.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced either directly or through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

AFS Financial assets

If an AFS investment is impaired, the cumulative loss that had been recognized directly in equity (resulting from decline in fair value) shall be removed from equity and recognized in the consolidated statement of income even though the investment has not been derecognized. The amount of the cumulative loss that is removed from equity and recognized in the consolidated statement of income shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income.



In case of equity securities classified as AFS financial asset, objective evidence would include a significant or prolonged decline in the fair value of the financial assets below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Group treats “significant” generally as 20% or more of the original cost of investment, and “prolonged” as greater than 6 months. In addition, the Group evaluates other factors, including normal volatility in share price for unquoted equities.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

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

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement;
or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

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

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group’s continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the carrying value of the original liability and the recognition of a new liability at fair value, and any resulting difference is recognized in the consolidated statement of income.



Embedded Derivatives

An embedded derivative is separated from the host financial or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized at FVPL

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements whereby the related assets and liabilities are presented gross in the consolidated balance sheet.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

- | | |
|--------------------------------|--|
| Mine products | - determined using the moving average method; cost includes direct labor and a proportion of manufacturing overhead cost based on actual production but excluding borrowing cost |
| Spare parts, fuel and supplies | - purchase cost using the moving average method |

The NRV for mine products is the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale. The NRV for fuel is current replacement cost. The NRV for spare parts and supplies is the estimated scrap value.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties, except land, are carried at cost less accumulated depreciation and amortization, and any impairment losses. Land is carried at cost less any impairment in value.



Depreciation and amortization of investment properties is computed using the straight-line method over the asset's useful life, regardless of utilization. The estimated useful lives of the assets are as follows:

	<u>Number of Years</u>
Land improvements	10
Building	6 to 10

Investment properties are removed from the accounts (i.e., derecognized) when they have been either disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or losses on the retirement or disposal of investment properties are credited or charged to the consolidated statement of income.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner occupied property, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property, plant and equipment consists of their purchase price and any directly attributable costs of bringing the assets to their working condition and location for their intended use and any estimated cost of dismantling and removing the property, plant and equipment item and restoring the site on which it is located to the extent that the Group had recognized the obligation of that cost. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standards of performance, the expenditures are capitalized as additional costs of the property, plant and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment loss are removed from the accounts and any resulting gain or loss is recognized in the consolidated statement of income.

Amortization of quarry development costs is computed using the units of production method based on estimated recoverable reserves. The units of production method uses an extraction rate per unit which is computed by dividing the quarry development cost by the estimated quantity of recoverable reserves to be extracted. The extraction rate per unit is multiplied by the quantity extracted during the period to obtain the amortization for the period.



Depreciation and amortization of other items of property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of 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
Tools and implements	1 to 2

Depreciation and amortization of other items of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal company that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

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

Impairment of Nonfinancial Assets

The carrying values of property, plant and equipment and other noncurrent assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their estimated recoverable amounts which is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment loss is recognized in the consolidated statement of income.

Previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not, however, to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had there been no impairment loss recognized for the asset in prior years. A reversal of an impairment loss is recognized in the consolidated statement of income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sales are recognized when the goods are delivered to and accepted by the customer.

Interest income is recognized as the interest accrues, taking into account the effective interest yield on the asset.



Borrowing Costs

Borrowing costs are expensed as incurred.

Retirement Benefits Costs

Retirement benefits costs are actuarially determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Retirement expense includes current service cost, interest cost, expected return on plan assets, amortization of unrecognized past service costs, recognition of actuarial gains or losses and effect of any curtailment or settlement. Upon introduction of a new plan or improvement of an existing plan, past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. To the extent that the benefits are already vested immediately, past service cost is immediately expensed. Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan. Past service cost, on the other hand, is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, past service cost is recognized immediately. Gains or losses on the curtailment or settlement of retirement benefits are recognized when the curtailment or settlement occurs.

The defined retirement benefit liability (net retirement benefits liabilities) is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized reduced by the past service cost not yet recognized and the fair value of the plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for the benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset;
or



(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group is the Lessee

Leases where the Group retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to income on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized.

Group is the Lessor

Assets leased out under operating leases which include freehold land and freehold building are included in the investment property account in the consolidated balance sheet. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations; and a reliable estimate can be made of the amount of the obligation.

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

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the applicable functional currency exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the applicable functional currency closing exchange rate at the balance sheet date. Foreign exchange gains or losses arising from foreign currency transactions and balances are recognized to the consolidated statement of income.

Income Tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax

Deferred income tax is recognized on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused tax losses from net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of unused excess MCIT over RCIT and NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income or loss for the year attributable to common stockholders by the weighted average number of shares outstanding during the year and adjusted for the effects of all potential dilutive common shares, if any.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

Events After the Balance Sheet Date

Post year-end events that provide additional information about the Group's position at 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 consolidated financial statements when material.

Future Changes in Accounting Policies

The following are the new and amended accounting standards and interpretations that will become effective subsequent to 2007:

- PFRS 8, *Operating Segments* (effective for annual periods beginning on or after January 1, 2009), requires a management approach to reporting segment information. PFRS 8 will replace PAS 14, *Segment Reporting*, and is required to be adopted only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the Philippine SEC for purposes of issuing any class of instruments in a public market. The Group is currently in the process of assessing the impact of this PFRS but is not yet in a position to state whether it could have a significant impact on the consolidated financial statements.



- Amendments to PAS 1, *Presentation of Financial Statements*, (effective for annual periods beginning on or after January 1, 2009), introduces new disclosures to aggregate information in the financial statements on the basis of shared characteristics. It requires the following presentations: (a) all changes in equity arising from transactions with owners are to be presented separately from non-owner changes in equity, (b) income and expenses are to be presented in one statement (a statement of comprehensive income) or in two statements (a separate income statement and a statement of comprehensive income), separately from owner changes in equity, (c) components of other comprehensive income to be displayed in the statement of comprehensive income and, (d) total comprehensive income to be presented in the consolidated financial statements. The Group is currently in the process of assessing the impact of this Amendment but is not yet in a position to state whether it could have a significant impact on the consolidated financial statements.
- Amendments to PAS 23, *Borrowing Costs* (effective for annual periods beginning on or after January 1, 2009), requires capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.
- Philippine Interpretation IFRIC 11, *Group and Treasury Share Transaction* (effective for annual periods beginning on or after March 1, 2007), requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g., treasury shares) from another party, or (b) the shareholder(s) of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when the subsidiary's employees receive rights to the equity instruments of the parent company. The Group currently does not have any stock option plan and therefore, does not expect this Interpretation to have any impact on its consolidated financial statements.
- Philippine Interpretation IFRIC 12, *Service Concession Arrangements* (effective for annual periods beginning on or after January 1, 2008), covers contractual arrangements arising from entities providing public services. The Group is not a party to any concession arrangement and, thus, expects that this Interpretation will not have any impact on its consolidated financial statements.
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*, (effective for annual periods beginning on or after July 1, 2008). This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the loyalty award credits are redeemed. The Group expects that this Interpretation will have no impact on the consolidated financial statements as no such programs currently exist.



- Philippine Interpretation IFRIC 14, *The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after January 1, 2008), provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits*. The Group expects that this Interpretation will have no impact on the financial position or performance of the Group as all defined benefit schemes are currently in deficit.

The Group continues to assess the impact on the consolidated financial statements of the foregoing standard, amendments and interpretations. The revised disclosures in the consolidated financial statements provided by the above standard, amendments and interpretations, where applicable, will be included in the consolidated financial statements when these are adopted upon their effectivity.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as of date of the consolidated financial statements. Actual results could differ from these estimates and assumptions used.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of the Company's functional currency

Management considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency in which the Company measures its performance, reports its results and influences the sale of goods.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheet. Classification of financial instruments is reviewed at each balance sheet date.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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:



Estimation of allowance for doubtful accounts

The Group maintains allowance for doubtful accounts based on the result of the individual and collective assessment under PAS 39, *Financial Instruments: Recognition and Measurement*. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivables, carrying balance and the computed present value. If no future cash flows is expected, impairment loss is equal to the carrying balance of the receivables. Factors considered in individual assessment are payment history, inactive accounts, past due and term. The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (customer type, payment history, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

Allowance for doubtful accounts amounted to ₱76,766,948 and ₱76,021,196 as of December 31, 2007 and 2006, respectively. The amount of receivables, net of allowance for doubtful accounts, amounted to ₱51,161,810 and ₱39,613,368 as of December 31, 2007 and 2006, respectively (see Note 5).

Determination of net realizable values of inventories

The Group's estimates of the net realizable values of inventories are based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made at net realizable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in net realizable value because of change in economic circumstances, the amount of the write down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value. Inventories stated at net realizable value amounted to ₱2,823,927 and ₱2,933,939 as of December 31, 2007 and 2006, respectively (see Note 6).

Impairment of AFS financial assets

The group treats AFS financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more and 'prolonged' as greater than 6 months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted securities. As of December 31, 2007 and 2006, there is no indication of impairment. The carrying value of the Group's AFS financial assets amounted to ₱1,821,875 and ₱2,846,336 as of December 31, 2007 and 2006, respectively (see Note 9).



Impairment of investment property and property, plant and equipment

The Group determines whether its assets are impaired, at least on an annual basis. This requires an estimation of recoverable amount which is higher of an asset's or cash-generating unit's fair value less cost to sell and value in use. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. Estimating the fair value less cost to sell is based on the information available to reflect the amount that the Group could obtain as of the balance sheet date. In determining this amount, the Group considers the outcome of recent transactions for similar assets within the same industry. The total carrying value of the Group's property, plant and equipment as of December 31, 2007 and 2006 amounted to ₱100,748,885 and ₱176,199,872, respectively. The total carrying value of the Group's investment properties amounted to ₱72,711,767 and ₱78,522,267 as of December 31, 2007 and 2006, respectively (see Notes 7 and 8).

As of December 31, 2007 and 2006, the management's assessment showed no sign of impairment indicators.

Estimation of useful lives of property, plant and equipment and investment properties

Useful lives of property, plant and equipment and investment properties are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property, plant and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. Any reduction in the estimated useful lives of property, plant and equipment and investment property would increase the Group's recorded cost of sales and general and administrative expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment and investment properties as of December 31, 2007 and 2006.

Estimation of recoverable mine reserves and resources

Mine reserves and resources are based on the interpretation of geological data obtained from sampling techniques and feasibility studies. Estimated reserves are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors including mine development plans. There is no change in the Company's estimated recoverable mine reserves.

Estimation of asset retirement obligation

The determination of asset retirement obligation requires estimation of the cost of dismantling, installation and restoring leased properties to their original condition. Based on the Group's evaluation, management believes that there is no asset retirement obligation to be recognized in the financial statements as of December 31, 2007 and 2006.



Estimation of allowance for sales volume discrepancies

The Company recognizes revenue from sale of mine products at the time these are delivered to the customer. Revenue is measured based on the applicable quoted price and delivered quantity of mine products using the Company's weighing scale which may differ from the quantity received and acknowledged by the customers. The Company accordingly estimates an allowance for sales volume discrepancies. As of December 31, 2006, the Company has provided an allowance for sales volume discrepancies of ₱3,072,964. No allowance for volume discrepancies was provided in 2007.

Estimation of retirement benefits costs

The determination of the Group's obligation and cost for retirement benefits is dependent on management's selection of certain assumptions used by actuaries in calculating such amounts. The assumptions for retirement benefits costs are described in Note 20 and include among others, discount rates, expected rates of return of plan assets and salary rate increase. Actual results that differ from assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Group's retirement obligations. Net retirement plan assets as of December 31, 2007 amounted to ₱3,682,978 and net retirement benefits liability amounted to ₱5,665,078 as of December 31, 2006 (see Note 20).

Recognition of deferred income tax assets

The Group reviews the carrying amounts of deferred income tax assets at each balance sheet date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. As of December 31, 2007 and 2006, the Group has recognized deferred income tax assets amounting to ₱74,869,499 and ₱58,880,098, respectively (see Note 17).

Provisions and contingencies

The estimate of probable costs of resolution of possible claims has been developed in consultation with external counsels handling the Group's defense in these matters and is based upon an analysis of potential results. The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. Accordingly, no provision for probable losses arising from contingencies was recognized in the consolidated financial statements as of December 31, 2007 and 2006 (see Note 22).

4. Cash and Cash Equivalents

	2007	2006
Cash on hand and in banks (Note 18)	₱16,567,699	₱16,358,873
Short-term investments	100,000,000	-
	₱116,567,699	₱16,358,873

Cash in banks earns interest at the respective bank deposit rates. Short-term investments are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term investments rates.



5. Receivables

	2007	2006
Trade:		
Construction - net of allowance for doubtful accounts of ₱11,510,851 in 2007 and ₱10,874,138 in 2006	₱39,272,092	₱30,862,153
Trading and others - net of allowance for doubtful accounts of ₱3,281,017 in 2007 and ₱2,981,993 in 2006	3,314,601	6,329,185
Advances to officers and employees - net of allowance for doubtful accounts of ₱1,123,738 in 2007 and 2006	409,252	1,129,834
Receivables of discontinued Engineering and Construction Division - net of allowance for doubtful accounts of ₱60,851,342 in 2007 and ₱61,041,327 in 2006	-	-
Others	8,165,865	1,292,196
	₱51,161,810	₱39,613,368

Trade receivables are due within 30 to 45 days and do not bear interest.

Movement in the allowance for doubtful accounts on receivables are as follows:

	Trade		Advances to officers and employees	Receivables of discontinued Engineering and Construction Division	Total
	Construction	Trading and others			
Balances at January 1, 2006	₱10,534,906	₱2,981,993	₱711,170	₱53,652,068	₱67,880,137
Provision for the year (Note 13)	339,232	-	412,568	7,389,259	8,141,059
Balances at December 31, 2006	10,874,138	2,981,993	1,123,738	61,041,327	76,021,196
Provision for the year (Note 13)	636,713	299,024	-	-	935,737
Reversals (Note 13)	-	-	-	(189,985)	(189,985)
Balances at December 31, 2007	₱11,510,851	₱3,281,017	₱1,123,738	₱60,851,342	₱76,766,948
December 31, 2007:					
Individual impairment	₱5,605,851	₱-	₱1,123,738	₱60,851,342	₱67,580,931
Collective impairment	5,905,000	3,281,017	-	-	9,186,017
	₱11,510,851	₱3,281,017	₱1,123,738	₱60,851,342	₱76,766,948
December 31, 2006:					
Individual impairment	₱5,605,851	₱-	₱1,123,738	₱61,041,327	₱67,770,916
Collective impairment	5,268,287	2,981,993	-	-	8,250,280
	₱10,874,138	₱2,981,993	₱1,123,738	₱61,041,327	₱76,021,196



6. Inventories

	2007	2006
Mine products - at cost	₱13,008,658	₱2,731,828
Spare parts, fuel, and supplies:		
At cost	12,597,254	13,548,014
At NRV	2,823,927	2,933,939
	₱28,429,839	₱19,213,781

The cost of spare parts, fuel, and supplies inventories carried at NRV amounted to ₱29,340,767 and ₱29,450,778 as of December 31, 2007 and 2006, respectively.

7. Investment Properties

December 31, 2007:

	Land	Land Improvements	Buildings	Total
Cost				
Beginning of year	₱68,805,991	₱15,202,640	₱22,442,531	₱106,451,162
Addition	-	-	-	-
Disposal	(2,970,936)	-	(3,100,648)	(6,071,584)
End of year	65,835,055	15,202,640	19,341,883	100,379,578
Accumulated Depreciation and Amortization				
Beginning of year	-	10,422,832	17,506,063	27,928,895
Depreciation and amortization for the year	-	1,428,226	1,411,338	2,839,564
Disposal	-	-	(3,100,648)	(3,100,648)
End of year	-	11,851,058	15,816,753	27,667,811
Net Book Values	₱65,835,055	₱3,351,582	₱3,525,130	₱72,711,767

December 31, 2006:

	Land	Land Improvements	Buildings	Total
Cost				
Beginning of year	₱68,805,991	₱15,202,640	₱22,442,531	₱106,451,162
Addition	-	-	-	-
Disposal	-	-	-	-
End of year	68,805,991	15,202,640	22,442,531	106,451,162
Accumulated Depreciation and Amortization				
Beginning of year	-	9,038,480	16,079,819	25,118,299
Depreciation and amortization for the year	-	1,384,352	1,426,244	2,810,596
Disposal	-	-	-	-
End of year	-	10,422,832	17,506,063	27,928,895
Net Book Values	₱68,805,991	₱4,779,808	₱4,936,468	₱78,522,267



In 2007, the Company sold certain parcels of land with buildings thereon located in Longos, Bagumbayan, Quezon City with a total carrying value of ₱3.0 million (Land - ₱3.0 million; Building - nil, fully depreciated) to OCLP for ₱1.13 billion and resulted to a gain of ₱1.0 billion (see Note 18). The related taxes payable have been accrued as of December 31, 2007 (see Note 11). Certain parcels of land with carrying value of ₱1.4 million as of December 31, 2006 were mortgaged as collateral to secure the Company's short-term bank loans (see Note 10). These properties are no longer mortgage as of December 31, 2007 since the short term bank loans were fully paid in November 2007.

Certain parcels of land (classified as property, plant and equipment and investment properties) acquired up to July 5, 1996 with total carrying value of ₱127.3 million as of December 31, 2006 were appraised in 2003 by an independent firm of appraisers. The appraised value of these parcels of land amounted to ₱2.1 billion as of the date of appraisal. The fair value of land is based on sales and listings, which are adjusted for the time of sale, location and general characteristics of similar parcel of land located in the area.

Depreciation and amortization expense on investment properties, property, plant and equipment and computerization costs were recognized in the consolidated statements of income as follows:

	2007	2006	2005 (Restated, Note 27)
Cost of sales (Note 12)	₱15,146,941	₱9,068,629	₱8,236,756
General and administrative expenses (Notes 9 and 13)	6,303,510	8,199,470	7,767,960
Selling expenses (Note 14)	637,541	726,138	206,807
	₱22,087,992	₱17,994,237	₱16,211,523

9. Other Noncurrent Assets

	2007	2006
Mine rehabilitation fund	₱5,218,901	₱5,088,789
AFS financial assets:		
Quoted equity investments	1,515,205	2,539,666
Unquoted equity investments	306,670	306,670
Computerization costs	988,438	1,100,411
Other inventories - net of allowance for probable losses of ₱36,007,648	-	-
Others - net	7,029,799	4,698,410
	₱15,059,013	₱13,733,946

Movement of the changes in fair value of AFS financial assets are as follows:

	2007	2006
Balances at beginning of year	₱2,846,336	₱5,038,462
Unrealized loss recognized in equity	(922,015)	(1,972,913)
Related deferred income tax	(102,446)	(219,213)
Balances at end of year	₱1,821,875	₱2,846,336



8. Property, Plant and Equipment

December 31, 2007:

	Land	Quarry Land	Quarry Development Cost	Buildings and Improvements	Plant Site Improvements	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Tools and Implements	Total
(Amounts in thousands)										
Cost										
Beginning of year	P42,285	P16,209	P66,318	P24,363	P29,879	P129,906	P45,543	P15,270	P2,069	P371,842
Additions	–	–	18,029	1,570	30	23,342	21,535	3,625	279	68,410
Reclassification to noncurrent assets held for sale	–	–	(84,347)	–	–	(142,326)	(42,351)	(18,589)	(2,348)	(289,961)
End of year	42,285	16,209	–	25,933	29,909	10,922	24,727	306	–	150,291
Accumulated Depreciation and Amortization										
Beginning of year	–	–	3,352	7,562	9,524	122,872	38,024	12,348	1,960	195,642
Depreciation and amortization for the year	–	–	1,534	1,212	5,096	4,303	4,118	2,692	96	19,051
Reclassification to noncurrent assets held for sale	–	–	(4,886)	–	–	(125,480)	(17,969)	(14,760)	(2,056)	(165,151)
End of year	–	–	–	8,774	14,620	1,695	24,173	280	–	49,542
Net Book Value	P42,285	P16,209	P–	P17,159	P15,289	P9,227	P554	P26	P–	P100,749

December 31, 2006:

	Land	Quarry Land	Quarry Development Cost	Buildings and Improvements	Plant Site Improvements	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Tools and Implements	Construction in Progress	Total
(Amounts in thousands)											
Cost											
Beginning of year	₱42,285	₱16,209	₱59,757	₱24,363	₱15,913	₱124,054	₱38,855	₱11,201	₱1,956	₱10,931	₱345,524
Additions	-	-	6,561	-	3,035	5,852	7,155	4,069	113	-	26,785
Disposals/write-offs	-	-	-	-	-	-	(467)	-	-	-	(467)
Reclassification	-	-	-	-	10,931	-	-	-	-	(10,931)	-
End of year	42,285	16,209	66,318	24,363	29,879	129,906	45,543	15,270	2,069	-	371,842
Accumulated Depreciation and Amortization											
Beginning of year	-	-	2,425	6,376	4,611	117,327	37,667	10,579	1,940	-	180,925
Depreciation and amortization for the year	-	-	927	1,186	4,913	5,545	824	1,769	20	-	15,184
Disposals/write-offs	-	-	-	-	-	-	(467)	-	-	-	(467)
End of year	-	-	3,352	7,562	9,524	122,872	38,024	12,348	1,960	-	195,642
Net Book Values	₱42,285	₱16,209	₱62,966	₱16,801	₱20,355	₱7,034	₱7,519	₱2,922	₱109	₱-	₱176,200

As of December 31, 2007, the Company decided to dispose of certain property, plant and equipment items pursuant to the operation by a third party of the Company's quarry as discussed in Note 1. The disposal, which meets the criteria in paragraphs 7 and 8 of PFRS 5, involves the following classes of property, plant and equipment:

	Quarry Development Cost	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Tools and Implements	Total
	(Amounts in thousands)					
Cost	P84,347	P142,326	P42,351	P18,589	P2,348	P289,961
Accumulated depreciation and amortization	(4,886)	(125,480)	(17,969)	(14,760)	(2,056)	(165,151)
Net book value	P79,461	P16,846	P24,382	P3,829	P292	P124,810

Pursuant to the requirements of Republic Act (RA) No.7942, otherwise known as “The Philippine Mining Act of 1995,” the Company maintains a mine rehabilitation fund (MRF) with Land Bank of the Philippines. The MRF shall be used for the physical and social rehabilitation of areas affected by the Company’s quarrying activities, and for research in the social, technical and preventive aspects of the mine rehabilitation.

AFS financial assets include investments in golf club shares and investments in shares of stock relative to the Group’s electrical and telephone subscription.

Other inventories pertain to those of the Company’s discontinued Engineering and Construction Division which were fully provided with allowance for probable losses.

10. Short-term Bank Loans

Short-term bank loans consist of short-term peso-denominated loans with repricing every 30 days, obtained from a local bank with interest rates from 7.0% to 7.5% in 2007 and 7.2% to 9.5% in 2006. The loans are secured by real estate mortgages on certain parcels of land owned by the Company. These loans were fully paid in November 2007.

11. Accrued Liabilities and Other Payables

	2007	2006
Accrued liabilities (Notes 7, 18 and 20)	₱177,741,312	₱31,799,355
Due to a stockholder (Note 18)	50,272,267	7,480,181
Output taxes	5,150,071	8,742,816
Others	3,956,082	7,697,261
	₱237,119,732	₱55,719,613

12. Cost of Sales

	2007	2006	2005 (Restated, Note 27)
Production cost:			
Extraction cost (Note 21)	₱102,403,705	₱69,120,239	₱72,410,495
Water, light and power	25,676,828	25,828,376	27,990,588
Personnel costs (Notes 15 and 20)	24,938,035	13,178,888	20,769,431
Repairs and maintenance	20,815,576	27,502,158	31,349,888
Fuel, oil and lubricants	16,573,037	4,087,453	1,952,685
Taxes and licenses	13,740,389	12,974,507	12,673,692
Depreciation and amortization (Note 8)	13,613,553	8,141,311	7,043,769
Rent (Note 21)	12,951,625	11,272,087	5,268,851
Security and janitorial services	10,251,146	4,912,058	5,609,706

(Forward)



	2007	2006	2005 (Restated, Note 27)
Amortization of development costs (Note 8)	₱1,533,388	₱927,318	₱1,192,987
Insurance	377,217	291,892	326,774
Others	7,411,570	3,982,284	9,494,203
	250,286,069	182,218,571	196,083,069
Add mine products inventory at beginning of year (Note 6)	2,731,828	19,073,960	8,591,624
Total goods available for sale	253,017,897	201,292,531	204,674,693
Less mine products inventory at end of year (Note 6)	13,008,659	2,731,828	19,073,960
	₱240,009,238	₱198,560,703	₱185,600,733

13. General and Administrative Expenses

	2007	2006	2005 (Restated, Note 27)
Professional fees (Note 18)	₱67,565,132	₱16,017,590	₱3,230,195
Security and utilities	9,567,947	13,532,117	17,506,521
Taxes and licenses	6,551,529	4,680,101	5,405,053
Depreciation and amortization (Notes 7, 8 and 9)	6,303,510	8,199,470	7,767,960
Repairs and maintenance	1,931,787	5,360,463	5,827,957
Personnel costs (Notes 15 and 20)	1,527,792	32,150,696	21,586,115
Transportation and communication	1,162,496	2,678,913	1,780,596
Power, light and water	1,070,137	679,562	691,735
Entertainment, amusement and recreation	756,911	794,575	414,386
Provision for doubtful accounts (Note 5)	745,752	8,141,059	9,875,970
Rent	740,965	768,137	-
Insurance	717,389	1,003,502	1,123,935
Fuel, oil and lubricants	641,022	763,548	2,777,324
Supplies	627,910	970,073	1,209,007
Provision for inventory obsolescence	-	8,018,561	-
Others	4,857,661	2,346,846	3,571,353
	₱104,767,940	₱106,105,213	₱82,768,107



14. Selling Expenses

	2007	2006	2005 (Restated, Note 27)
Freight and handling costs (Note 21)	₱11,723,341	₱7,881,409	₱10,013,712
Personnel costs (Notes 15 and 20)	6,879,047	3,589,498	4,861,266
Advertising and promotions	1,530,212	2,260,748	1,732,772
Entertainment, amusement and recreation	1,344,917	257,415	71,466
Depreciation (Note 8)	637,541	726,138	206,807
Fuel, oil and lubricants	573,925	588,184	370,042
Repairs and maintenance	426,647	388,699	430,476
Transportation and communication	410,538	1,047,278	878,029
Supplies	376,576	441,233	362,965
Insurance	99,019	94,556	53,001
Power, light and water	72,455	13,130	-
Professional fees	19,000	162,944	-
Taxes and licenses	18,064	217,020	13,018
Securities and utilities	4,500	30,743	385,275
Others	704,075	394,752	434,541
	₱24,819,857	₱18,093,747	₱19,813,370

15. Personnel Costs

	2007	2006	2005 (Restated, Note 27)
Salaries and wages	₱25,620,787	₱20,805,392	₱18,872,966
Retirement benefits costs (income) (Note 20)	(9,348,056)	7,831,682	826,198
Others	17,072,143	20,282,008	27,517,648
	₱33,344,874	₱48,919,082	₱47,216,812

16. Capital Stock

Type of Common Shares	Number of Authorized Shares	Number of Issued and Outstanding Shares	Amount
Class A	40,000,000	22,077,771	₱220,777,710
Class B	10,000,000	5,388,678	53,886,780
	50,000,000	27,466,449	₱274,664,490

In 1973, upon securing the approval of the Philippine SEC, the Company's common shares were officially listed and offered to the public through the local stock exchange on April 2, 1973.



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 December 31, 2007, there are 22,077,771 listed and outstanding Class A common shares of which 5,997,747 are floating shares whereas there are 5,388,678 listed and outstanding Class B common shares of which 402,975 are floating shares. The latest closing price for Class A common shares as of December 31, 2007 was recorded at ₱36 while Class B common shares have never been traded since their listing date.

17. Income Taxes

- a. The provision for current income tax for all years presented pertains to MCIT.
- b. As of December 31, 2007 and 2006, the Company's net deferred income tax assets (liability) represent the tax effects of:

	2007	2006
Deductible (taxable) temporary differences on:		
Allowance for doubtful accounts	₱26,868,432	₱26,607,419
Allowance for probable losses	12,602,677	12,602,677
Accrued retrenchment cost	12,565,771	-
Allowance for inventory obsolescence	9,280,894	9,280,894
Net retirement plan assets	(1,289,042)	-
Unamortized past service cost	1,309,035	1,630,328
Unrealized gain on appreciation in value of AFS financial assets	(26,894)	(129,339)
Unrealized foreign exchange losses - net	-	70,601
Net retirement benefits liabilities	-	1,982,777
Carryforward benefits of:		
NOLCO	7,136,678	433,529
Excess MCIT over RCIT	6,421,948	6,401,212
	₱74,869,499	₱58,880,098

The Company recognized the deferred income tax assets on the foregoing deductible temporary differences and carryforward benefits because management believes that the income from the sale of assets classified as noncurrent assets held for sale and interest income on the installment receivable from OCLP will provide sufficient future taxable income against which the deductible temporary differences and carryforward benefits will be utilized.



- c. As of December 31, 2007, the NOLCO and the excess of MCIT over RCIT are available for deduction against future taxable income and for reduction of regular corporate income tax liability, respectively, as follows:

Year Incurred	Available Until	NOLCO	Excess MCIT over RCIT
2005	2008	₱-	₱2,105,594
2006	2009	1,238,654	1,747,340
2007	2010	19,151,856	2,569,014
		₱20,390,510	₱6,421,948

- d. The following are the movements in NOLCO and excess MCIT over RCIT:

	2007	2006	2005
NOLCO:			
Beginning of year	₱1,238,654	₱44,063,726	₱146,441,925
Additions	19,151,856	1,238,654	-
Applications	-	-	(11,282,618)
Expirations	-	(44,063,726)	(91,095,581)
End of year	₱20,390,510	₱1,238,654	₱44,063,726
Excess MCIT over RCIT:			
Beginning of year	₱6,401,212	₱5,907,955	₱4,340,147
Additions	2,569,014	1,747,340	2,105,594
Applications	-	-	-
Expirations	(2,548,278)	(1,254,083)	(537,786)
End of year	₱6,421,948	₱6,401,212	₱5,907,955

- e. The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rates to the provision for (benefit from) income tax is as follows:

	2007	2006	2005
Provision for (benefit from) income tax computed at statutory income tax rates	₱347,306,182	(₱8,646,324)	₱8,454,079
Adjustments to income tax resulting from:			
Gain on sale of investment properties subjected to final tax	(363,072,763)	-	-
Write-offs of related deferred income tax assets upon expiration of NOLCO and excess MCIT over RCIT	2,549,439	16,676,387	13,307,860
Interest and other income subjected to final tax	(193,279)	(172,982)	(178,259)
Nondeductible interest expense	93,060	90,080	93,585

(Forward)



	2007	2006	2005
Recognized deferred income tax on NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized in prior years	P-	P-	(P3,802,361)
Nondeductible depreciation expense	-	-	1,236,726
Effect of change in tax rate	-	-	(5,980,872)
Others	(580)	902,802	(9,169,196)
Provision for (benefit from) income tax	(P13,317,941)	P8,849,963	P3,961,562

- f. On May 24, 2005, the new Expanded Value-Added Tax (E-VAT) law was signed as RA No. 9337, or the E-VAT Act of 2005, which took effect on November 1, 2005. Among the relevant provisions of RA No. 9337 are:
- i. Change in regular corporate income tax rate from 32% to 35% for the next three years effective on November 1, 2005, and 30% starting January 1, 2009 and thereafter;
 - ii. Change in the non-deductible interest expense rate from 38% to 42% of interest income subjected to final tax for the next three years effective on November 1, 2005, and 33% starting January 1, 2009 and thereafter;
 - iii. Input value-added tax (VAT) on capital goods should be spread evenly over the useful life or 60 months, whichever is shorter, if the acquisition cost, excluding the VAT component thereof, exceeds P1 million;
 - iv. Input VAT credit in every quarter shall not exceed 70% of the output VAT; and
 - v. Increase in the VAT rate imposed on goods and services from 10% to 12% effective February 1, 2006 provided that the VAT collection as a percentage of Philippine Gross Domestic Product of the previous year exceeds 2.8% or the Philippine National Government deficit as a percentage of GDP of the previous year exceeds 1.5%.

On January 31, 2006, the President upon recommendation of the Secretary of Finance, approved the 2% increase in VAT rate effective on February 1, 2006.

On November 21, 2006, the President of the Philippines signed into law RA No. 9361 which amends Section 110 (B) of the Tax Code. This law, which became effective on December 13, 2006, provides that if the input tax (inclusive of the input VAT carried over from the previous quarter) exceeds the output VAT, the excess input VAT shall be carried over to the succeeding quarter or quarters. The Department of Finance, through the BIR, issued Revenue Regulations No. 2-2007 (the Regulation) to implement the provisions of the said law. Based on the Regulation, the amendment shall apply to the quarterly VAT returns to be filed after the effectivity of RA No. 9361 except VAT returns covering taxable quarters ending earlier than December 2006.



18. Related Party Transactions

- a. The Company's majority stockholder, OCLP, purchased in 2007 the Company's twelve (12) hectares of land located in Longos, Bagumbayan, Quezon City for ₱1.13 billion with ₱260 million downpayment and the remaining balance payable in forty (40) equal quarterly payments starting April 2009 at 6% interest per annum on the principal. As of December 31, 2007, the outstanding balance due from OCLP amounting to ₱870 million was initially recorded at fair value of ₱835.26 million with the Day 1 difference charged to retained earnings. Title over the land shall transfer to OCLP upon full payment of the downpayment. Meanwhile, the Company has the right to rescind the contract on OCLP's third default arising from its failure to pay within the second grace period as stated in the contract.
- b. The Company entered into a management agreement with OCLP on January 24, 2006 under which the Company shall pay OCLP a monthly fee of ₱700,000 from commencement of the agreement up to December 31, 2005, subject to an annual escalation fee of 5% or the average inflation rate for the immediately preceding year, whichever is higher, plus an additional fee of 5% of incremental audited net income after tax, starting on January 1, 2006 with the 2005 audited net income as base year. OCLP waived the Company's payment of management fee for the first two months of the implementation of the contract. Total management fee recognized in 2007 and 2006 amounted to ₱59.9 million and ₱9.0 million, respectively. The outstanding balance due to OCLP, which was recorded in the "Accrued liabilities and other payables" account in the consolidated balance sheets, amounted to ₱50.3 million and ₱7.5 million as of December 31, 2007 and 2006, respectively.
- c. The Company also leases from OCLP its office and a parking space in Ortigas Building, Ortigas Avenue, Pasig City. The lease contract is for a period of two years, renewable annually. Total amount of rental and parking charges recognized as expense amounted to ₱445,190 and ₱412,212 in 2007 and 2006, respectively. The Group has no outstanding liability related to this contract as of December 31, 2007 and 2006. The lease was no longer renewed upon expiration.
- d. The Group has a banking relationship with a related party. The total cash deposit maintained with the related party amounted to ₱10.0 million and ₱1.6 million as of December 31, 2007 and 2006, respectively.
- e. The compensation of key management personnel of the Group amounted to ₱8.2 million, ₱5.2 million and ₱3.6 million for the years ended December 31, 2007, 2006 and 2005, respectively.



19. Basic/Diluted Earnings (Loss) Per Share

Basic/Diluted earnings (loss) per share amounts are calculated as follows:

	2007	2006	2005
Net income (loss)	₱1,005,621,318	(₱33,553,746)	₱22,050,988
Divided by weighted average number of common shares outstanding during the year	27,466,449	27,466,449	27,466,449
Basic/Diluted earnings (loss) per share	₱36.613	(₱1.222)	₱0.803

The Company does not have dilutive potential common shares as of December 31, 2007, 2006 and 2005. Therefore, the basic and diluted earnings (loss) per share are the same as of those dates.

20. Retirement Benefits

The Company has a funded, noncontributory defined benefit plan covering its eligible officers and employees. The following tables summarize the components of the retirement benefits cost (income) charged to operations and the funded status and amounts recognized in the consolidated balance sheets:

	2007	2006	2005
Current service cost	₱1,530,254	₱269,188	₱449,266
Interest cost	868,018	1,285,784	1,041,559
Expected return on plan assets	(351,084)	(1,187,118)	(956,221)
Actuarial losses	1,666,637	12,739,069	-
Actuarial gain	-	-	(10,509)
Curtailment gain	(13,061,881)	(4,973,138)	-
Effect of asset limit	-	(302,103)	302,103
Retirement benefits cost (income)	(₱9,348,056)	₱7,831,682	₱826,198

The net retirement benefits liability (plan assets) as of December 31, 2007 and 2006 were derived as follows:

	2007	2006
Present value of defined benefit obligations	₱-	₱10,663,609
Fair value of plan assets	(3,682,978)	(3,510,838)
	(3,682,978)	7,152,771
Unrecognized actuarial net losses	-	(1,487,693)
	(₱3,682,978)	₱5,665,078



Movements in the net retirement benefits liability (plan assets) for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Beginning of year	₱5,665,078	(₱1,487,693)
Retirement benefits costs (income)	(9,348,056)	7,831,682
Contributions	-	(678,911)
End of year	(₱3,682,978)	₱5,665,078

Changes in the present value of defined benefit obligations are as follows:

	2007	2006
Beginning of year	₱10,663,609	₱10,714,870
Current service cost	1,530,254	269,188
Interest cost	868,018	1,285,784
Actuarial losses	-	13,366,905
Benefits paid	-	(10,000,000)
Curtailment gain	(13,061,881)	(4,973,138)
End of year	₱-	₱10,663,609

Changes in fair value of net plan assets are as follows:

	2007	2006
Beginning of year	₱3,510,838	₱11,871,184
Expected return on plan assets	351,084	1,187,118
Actuarial losses	(178,944)	(226,375)
Benefits paid	-	(10,000,000)
Contributions	-	678,911
End of year	₱3,682,978	₱3,510,838

The fair value of net plan assets available for benefits as of December 31, 2007 and 2006 are as follows:

	2007	2006
Cash	₱1,133	₱266
Investments	3,689,129	3,518,064
Liabilities	(7,284)	(7,492)
Net plan assets	₱3,682,978	₱3,510,838

Actual return on plan assets amounted to ₱172,140 and ₱960,743 in 2007 and 2006, respectively.

The overall expected return on the plan assets is determined based on the market prices prevailing on the date applicable to the period over which the obligation is settled. There has been no change in the expected rate of return on plan assets.



The principal actuarial assumptions used to determine retirement benefits costs as of January 1, 2007 and 2006 follow:

	2007	2006
Discount rate	8.14%	12.00%
Expected rate of return on plan assets	10.00%	10.00%
Average annual salary rate increase	10.00%	8.00%
Number of employees	98	135

The latest actuarial valuation of the plan is as of December 31, 2006. The number of employees as of December 31, 2007 was 98.

Amounts for the current and prior periods are as follows:

	2007	2006	2005
Present value of defined benefit obligation	₱-	₱10,663,609	₱10,714,870
Fair value of plan assets	3,682,978	3,510,838	11,871,184
Experience adjustments on plan assets	(178,944)	(226,375)	(5,072)
Experience adjustments on retirement liability	-	(13,366,905)	(1,784,328)

The retirement plan calls for annual contributions covering the current service cost for the period plus payment toward funding the actuarial past service liability which has been accrued as of December 31, 2007 and 2006.

As of December 31, 2007, the Company recorded a provision for retrenchment costs amounting to ₱35.9 million (included under "Accrued liabilities and other payables" account) pursuant to the operation by a third party of the Company's quarry as discussed in Note 1. The amount represents the estimated payments to the Company's employees who would be retrenched upon takeover by the third party operator of the Angono quarry operation. The Company has accordingly reflected the effect of the imminent retrenchment of these employees in its accounts as of December 31, 2007.

Pursuant to the Management Agreement discussed in Note 18, OCLP was empowered and authorized to undertake the reorganization and restructuring of all the divisions of the Company. In line with this, OCLP initiated a Redundancy Program (the Program) on January 31, 2006. Under the Program, the Company has offered a terminal pay package to affected employees, equivalent to 165% of their monthly pay for every year of service, along with their accrued salaries and benefits. The Company paid ₱16.4 million (of which ₱10 million was paid from the retirement fund and ₱6.4 million was recognized as expense [included as personnel costs] and paid from Company funds) for 75 employees who have left the Company under the Program.



21. Long-term Mine Extraction Contract

On December 13, 2005, the Company entered into a mine extraction contract with Omengan Construction and Development Corporation (OCDC) for the latter to provide drilling, blasting, hauling, and delivery services for the Company's quarrying operations. The contract provides, among others, the supply of equipment complement to implement the extraction work, loading of aggregates and tailings handling for the Company. In addition, OCDC shall assist the Company in performing community service such as dredging of rivers and waterways, loading of filling materials for donation to various communities, grading of parks and playgrounds, etc., for which the Company shall pay equipment rental to OCDC at the agreed rate per metric ton of materials delivered to the crushers or any designated dumpsite. The term of the contract shall be for a period of five years, to start retroactively from May 5, 2004 and shall end on May 4, 2009.

In connection with the contract, in 2007, 2006 and 2005, total extraction costs amounted to ₱102.4 million, ₱69.1 million and ₱72.4 million, freight and handling charges amounted to ₱10.5 million, ₱7.8 million and ₱10 million, and total rental charges amounted to ₱13.0 million, ₱11.2 million and ₱5.2 million, respectively. These are included as part of cost of sales and selling expenses in the consolidated statements of income.

22. Contingencies

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

23. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, installment receivable, AFS financial assets and short-term bank loans. The main purpose of these financial instruments is to ensure adequate funds for the Group's operations. The Group has other financial assets and financial liabilities such as receivables, trade payables and accrued liabilities and other payables, which arise directly from its operations.

Financial risk management by the Group is governed by policies and guidelines approved by the BOD. Group policies and guidelines cover credit risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial performance and financial position.

Interest Rate Risk

The risks caused by changes in interest rates are minimal since the Group's only interest bearing financial assets pertains to cash and cash equivalents, which is subject to market rate of interest and installment receivable, which is subject to a fixed rate of interest. Also, the Group has no outstanding loans as of December 31, 2007.



Credit risk

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers that wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on a continuous basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the Group, which comprise mainly of cash and cash equivalents, the Group's exposure to credit risk arises from the default of the counterparties, with a maximum exposure equal to the carrying values of these instruments.

The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking into account of any collateral and other credit enhancements:

	2007	2006
Cash and cash equivalents excluding cash on hand	₱116,023,738	₱15,779,024
Receivables:		
Trade:		
Construction	39,272,092	30,862,153
Trading and others	3,314,601	6,329,185
Advances to officers and employees	409,252	1,129,834
Other receivables	8,165,865	1,292,196
Installment receivable	835,261,220	-
Mine rehabilitation fund	5,218,901	5,088,789
AFS financial assets:		
Quoted equity investments	1,515,205	2,539,666
Unquoted equity investments	306,670	306,670
	₱1,009,487,544	₱63,327,517

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 neither past due nor impaired receivables as of December 31, 2007:

	Neither past due nor impaired			Past due or individually impaired	Total
	High Grade	Standard Grade	Sub-standard Grade		
Cash and cash equivalents	₱116,023,738	₱-	₱-	₱-	₱116,023,738
Trade:					
Construction	10,542,623	6,412,813	5,146,216	28,681,291	50,782,943
Trading and others	732,604	568,868	543,843	4,750,303	6,595,618
Advances to officers and employees	-	409,252	-	1,123,738	1,532,990
Receivable from discontinued Engineering and Construction Division	-	-	-	60,851,342	60,851,342
Other receivables	-	8,165,865	-	-	8,165,865
Installment receivable	835,261,220	-	-	-	835,261,220
Mine rehabilitation fund	5,218,901	-	-	-	5,218,901
AFS financial assets:					
Quoted equity instruments	1,496,805	-	-	-	1,496,805
Unquoted equity instruments	325,070	-	-	-	325,070
	₱969,600,961	₱15,556,798	₱5,690,059	₱95,406,674	₱1,086,254,492



Cash and cash equivalents are classified as high grade since these are deposited and invested with trusted banks and can be withdrawn anytime.

High Grade receivables pertain to those receivables from clients or customers that consistently pay before the maturity date. Standard Grade includes receivables that are collected on their due dates even without an effort from the Group to follow them up while receivables which are collected on their due dates provided that the Group made a persistent effort to collect them are included under Sub-standard Grade receivables. Past due receivables and advances include those that are past due but are still collectible.

The aging analysis of receivables below show past due but not impaired receivables as of December 31, 2007:

	Neither past due nor impaired	Past due					Impaired	Total
		Less than 30 days	31 to 0 days	61 to 90 days	91 to 120 days	Over 120 days		
Cash and cash equivalents	P116,023,738	P-	P-	P-	P-	P-	P-	P116,023,738
Trade:								
Construction	22,101,652	14,841,965	1,971,130	249,456	-	107,889	11,510,851	50,782,943
Trading and others	1,845,315	601,444	33,933	6,892	-	827,017	3,281,017	6,595,618
Advances to officers and employees	409,252	-	-	-	-	-	1,123,738	1,532,990
Receivable from discontinued Engineering and Construction Division	-	-	-	-	-	-	60,851,342	60,851,342
Others	8,165,865	-	-	-	-	-	-	8,165,865
Installments receivable	835,261,220	-	-	-	-	-	-	835,261,220
Mine rehabilitation fund	5,218,901	-	-	-	-	-	-	5,218,901
AFS Financial Assets:								
Quoted equity instruments	1,496,805	-	-	-	-	-	-	1,496,805
Unquoted equity instruments	325,070	-	-	-	-	-	-	325,070
	P990,847,818	P15,443,409	P2,005,063	P256,348	P-	P934,906	P76,766,948	P1,086,254,492

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and extension of suppliers' credit. The strong credit worthiness of the Group gives it the ability to save funds as the need arises. The Group presently has a credit facility with a local bank that allows it to borrow the needed funds from time to time.

The Group monitors its risk to a shortage of funds by overseeing the liquidity and funding requirements of its operations. The Group holds various deposits in the Group's bank accounts that can be used to meet its liquidity needs. Also, the Group has undrawn loan commitments facilities as to which all conditions precedent had been met.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of available instruments. The Group has no outstanding loans in the banks as of December 31, 2007.



The tables below summarize the maturity profile of the Group's financial liabilities at December 31, 2007 and 2006 based on contractual undiscounted payments:

December 31, 2007:

	Less than 3 months	3 to 12 months	Total
Trade payables	₱19,373,559	₱1,034,020	₱20,407,579
Accrued liabilities and other payables:			
Accrued liabilities	175,491,545	2,249,767	177,741,312
Due to a stockholder	50,272,267	—	50,272,267
Other payables	3,956,082	—	3,956,082
	₱249,093,453	₱3,283,787	₱252,377,240

December 31, 2006:

	Less than 3 months	3 to 12 months	Total
Trade payables	₱20,512,792	₱8,216,869	₱28,729,661
Accrued liabilities and other payables:			
Accrued liabilities	25,862,243	5,937,112	31,799,355
Due to a stockholder	7,480,181	—	7,480,181
Others	7,697,261	—	7,697,261
Short-term bank loans	117,702,000	—	117,702,000
	₱179,254,477	₱14,153,981	₱193,408,458

24. Capital Management

The primary objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for 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 stockholders' equity as follows:

	2007	2006
Capital stock	₱274,664,490	₱274,664,490
Additional paid-in capital	1,069,304	1,069,304
Retained earnings (deficit)	900,961,915	(69,920,623)
	₱1,176,695,709	₱205,813,171



25. Fair Values of Financial Assets and Financial Liabilities

The carrying values and estimated fair values of the Group's financial assets and liabilities as of December 31 are presented below:

	2007		2006	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	₱116,023,738	₱116,023,738	₱16,358,873	₱16,358,873
Receivables:				
Trade:				
Construction	39,272,092	39,272,092	30,862,153	30,862,153
Trading and others	3,314,601	3,314,601	6,329,185	6,329,185
Advances to officers and employees	409,252	409,252	1,129,834	1,129,834
Others	8,165,865	8,165,865	1,292,196	1,292,196
Installment receivable	835,261,220	835,261,220	–	–
Mine rehabilitation fund	5,218,901	5,218,901	5,088,789	5,088,789
	1,007,665,669	1,007,665,669	61,061,030	61,061,030
AFS financial assets:				
Quoted equity instruments	1,515,205	1,515,205	2,539,666	2,539,666
Unquoted equity instruments	306,670	306,670	306,670	306,670
	1,821,875	1,821,875	2,846,336	2,846,336
	₱1,009,487,544	₱1,009,487,544	₱63,907,366	₱63,907,366
Financial liabilities:				
Other financial liabilities:				
Trade payables	₱20,407,579	₱20,407,579	₱28,729,661	₱28,729,661
Accrued liabilities and other payables:				
Accrued liabilities	177,741,312	177,741,312	31,799,355	31,799,355
Due to a stockholder	50,272,267	50,272,267	7,480,181	7,480,181
Others	3,956,082	3,956,082	7,697,261	7,697,261
Short-term bank loans	–	–	117,000,000	117,000,000
	₱252,377,240	₱252,377,240	₱192,706,458	₱192,706,458

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

The fair values of the AFS financial assets are the quoted market bid price at the close of business. AFS financial assets with no available market prices are carried at cost less allowance for any impairment since the fair values are not readily determinable.



The fair value of the installment receivables is the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at prevailing market interest rate. The discount rate ranges from 5.54% to 7.75%.

26. Segment Information

The Group processes and sells only one product line. Its operating business is neither organized nor managed by geographical segment.

27. Restatements

In 2006, management made the following changes in its 2005 financial statements:

- a. The change in the method of amortizing quarry development costs to mine reserves, from the overall stripping ratio method to units of production method increased the amount of capitalized development costs (included as part of property, plant and equipment) as of December 31, 2005 by ₱43,178,657 and accordingly decreased deficit as of December 31, 2004 by ₱18,696,776. Also, cost of sales decreased by ₱24,481,881 for the year ended December 31, 2005.
- b. Further, the new management completed its detailed review of accounts and determined the need for the other restatements. These prior period adjustments increased deficit by ₱6,763,406 and ₱2,371,397 as of December 31, 2005 and 2004. In 2005, the adjustments increased the provision for doubtful accounts by ₱9,875,970, increased retirement expense by ₱386,020, and decreased income coming from other income and expense accounts by ₱2,080,826. Also, provision for deferred income tax decreased by ₱3,789,155 in 2005.
- c. Hauling income (net of related hauling expenses) amounting to ₱2,050,819 in 2005 has been reclassified as other income. Previously, the gross hauling revenue of ₱24,249,910 and hauling charges of ₱22,199,091 in 2005 were presented as part of sales and cost of sales, respectively. The reclassification was made since this type of income is not being earned on a regular basis as the aggregates are sold. The Group does not earn this income should the customers decide to pick up the aggregates from the plant by themselves.

Total restatements in 2005 resulted to the following changes in the consolidated statement of income:

	<u>Increase (Decrease)</u>
Sales	(₱24,249,910)
Cost of sales	(56,312,854)
General and administrative expenses	20,758,516
Others - net	(4,996,289)
<hr/>	
Income before income tax	16,300,717
Provision for income tax - deferred	(3,789,155)
<hr/>	
Net income	₱20,089,872
<hr/>	
Basic/Diluted earnings per share	₱0.731



COVER SHEET

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SEC Registration Number

C O N C R E T E A G G R E G A T E S C O R P . (A
 S u b s i d i a r y o f O r t i g a s & C o m p a n y ,
 L i m i t e d P a r t n e r s h i p)

(Company's Full Name)

D o n M a r i a n o S a n t o s A v e n u e
 B a r a n g a y S a n I s i d r o
 A n g o n o , R i z a l

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

Eleanor B. Trumata
 (Contact Person)

(02) 637-0676
 (Company Telephone Number)

1 2 3 1
 Month Day
 (Calendar Year)

A A F S
 (Form Type)

Month Day
 (Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable
 Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
 Domestic Foreign

 To be accomplished by SEC Personnel concerned

File Number

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Concrete Aggregates Corp.
Don Mariano Santos Avenue
Barangay San Isidro, Angono, Rizal

We have audited the accompanying financial statements of Concrete Aggregates Corp. (a subsidiary of Ortigas & Company, Limited Partnership) which comprise the parent company balance sheets as at December 31, 2007 and 2006, and the parent company statements of income, parent company statements of changes in stockholders' equity and parent company statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes. The parent company financial statements of Concrete Aggregates Corp. as at and for the year ended December 31, 2005, which are presented for comparative purposes, were audited by other auditors whose report dated March 23, 2006, expressed an unqualified opinion on those statements. The opinion of the other auditors, however, does not cover the restatement of those statements as discussed in Note 27 to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the parent company financial statements present fairly, in all material respects, the financial position of Concrete Aggregates Corp. as of December 31, 2007 and 2006, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Martin C. Guantes

Martin C. Guantes

Partner

CPA Certificate No. 88494

SEC Accreditation No. 0325-A

Tax Identification No. 152-884-272

PTR No. 0015216, January 3, 2008, Makati City

April 11, 2008



CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)

PARENT COMPANY BALANCE SHEETS

	December 31	
	2007	2006
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 18)	₱116,567,699	₱16,358,873
Receivables - net (Note 5)	51,161,810	39,613,368
Inventories (Note 6)	28,429,839	19,213,781
Other current assets - net	11,211,799	11,619,375
	207,371,147	86,805,397
Noncurrent assets held for sale - net (Notes 1 and 8)	124,810,553	-
Total Current Assets	332,181,700	86,805,397
Noncurrent Assets		
Investment properties - net (Note 7)	72,711,767	78,522,267
Property, plant and equipment - net (Note 8)	100,748,885	176,199,872
Deferred income tax assets - net (Note 17)	74,869,499	58,880,098
Net retirement plan assets (Note 20)	3,682,978	-
Installment receivable (Notes 7 and 18)	835,261,220	-
Other noncurrent assets (Note 9)	14,802,427	13,477,360
Total Noncurrent Assets	1,102,076,776	327,079,597
TOTAL ASSETS	₱1,434,258,476	₱413,884,994
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade payables	₱20,407,579	₱28,729,661
Accrued liabilities and other payables (Note 11, 18 and 20)	237,119,732	55,719,613
Short-term bank loans (Note 10)	-	117,000,000
Total Current Liabilities	257,527,311	201,449,274
Noncurrent Liability		
Net retirement benefits liability (Note 20)	-	5,665,078
Total Liabilities	257,527,311	207,114,352

(Forward)



	December 31	
	2007	2006
Stockholders' Equity		
Capital stock - ₱10 par value (Note 16)		
Authorized - 50,000,000 shares		
Issued and outstanding - 27,466,449 shares (held by 631 stockholders in 2007 and 629 stockholders in 2006)	₱274,664,490	₱274,664,490
Additional paid-in capital	1,069,304	1,069,304
Unrealized gain on appreciation in value of available-for-sale financial assets, net of related deferred income tax (Note 17)	292,042	1,214,057
Retained earnings (deficit)	900,705,329	(70,177,209)
Total Stockholders' Equity	1,176,731,165	206,770,642
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	₱1,434,258,476	₱413,884,994

See accompanying Notes to Parent Company Financial Statements.



CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)

PARENT COMPANY STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(With Comparative Figures for the Year Ended December 31, 2005)

	2007	2006	2005 (Restated, Note 27)
SALES	₱349,748,476	₱297,938,669	₱318,144,003
COST OF SALES (Note 12 and 21)	240,009,238	198,560,703	185,600,733
GROSS PROFIT	109,739,238	99,377,966	132,543,270
General and administrative expenses (Note 13)	(104,767,940)	(106,105,213)	(82,768,107)
Provision for retrenchment cost (Note 20)	(35,902,204)	-	-
Selling expenses (Notes 14 and 21)	(24,819,857)	(18,093,747)	(19,813,370)
Interest and other financing charges (Note 10)	(8,502,622)	(9,201,154)	(13,346,782)
Interest income	506,447	490,233	548,490
Foreign exchange loss - net	(57,676)	(201,717)	(1,845,638)
Gain on sale of investment properties (Notes 7 and 18)	1,037,350,753	-	-
Others - net	18,757,238	9,610,954	10,819,946
INCOME (LOSS) BEFORE INCOME TAX	992,303,377	(24,122,678)	26,137,809
PROVISION FOR (BENEFIT FROM)			
INCOME TAX (Note 17)			
Current	2,569,014	1,747,340	2,105,594
Deferred	(15,886,955)	7,102,623	1,855,968
	(13,317,941)	8,849,963	3,961,562
NET INCOME (LOSS)	₱1,005,621,318	(₱32,972,641)	₱22,176,247
Basic/Diluted Earnings (Loss)			
Per Share (Note 19)	₱36.613	(₱1.200)	₱0.807

See accompanying Notes to Parent Company Financial Statements.



CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)

**PARENT COMPANY STATEMENTS OF CHANGES IN
STOCKHOLDERS' EQUITY**
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(With Comparative Figures for the Year Ended December 31, 2005)

	Capital Stock (Note 16)	Additional Paid-in Capital	Unrealized Gain on Appreciation in Value of Available-for- Sale Financial Assets	Retained Earnings (Deficit)	Total
BALANCES AT DECEMBER 31, 2004, AS PREVIOUSLY REPORTED	₱274,664,490	₱1,069,304	₱-	(₱74,743,244)	₱200,990,550
Effect of change in method of amortizing quarry development costs (Note 27)	-	-	-	18,696,776	18,696,776
Other restatements (Note 27)	-	-	-	(3,334,347)	(3,334,347)
BALANCES AT DECEMBER 31, 2004, AS RESTATED	274,664,490	1,069,304	-	(59,380,815)	216,352,979
Unrealized gain on appreciation in value of available-for-sale financial assets, net of related deferred income tax (Note 8)	-	-	3,186,970	-	3,186,970
BALANCES AT JANUARY 1, 2005	274,664,490	1,069,304	3,186,970	(59,380,815)	219,539,949
Net income for the year	-	-	-	22,176,247	22,176,247
BALANCES AT DECEMBER 31, 2005	274,664,490	1,069,304	3,186,970	(37,204,568)	241,716,196
Unrealized loss on decline in value of available-for-sale financial assets, net of related deferred income tax (Notes 9 and 17)	-	-	(1,972,913)	-	(1,972,913)
Net loss for the year	-	-	-	(32,972,641)	(32,972,641)
Total loss recognized for the year	-	-	(1,972,913)	(32,972,641)	(34,945,554)
BALANCES AT DECEMBER 31, 2006	274,664,490	1,069,304	1,214,057	(70,177,209)	206,770,642
Unrealized gain on appreciation in value of available-for-sale financial assets, net of related deferred income tax (Notes 9 and 17)	-	-	(922,015)	-	(922,015)
Net income for the year	-	-	-	1,005,621,318	1,005,621,318
Total income (loss) recognized for the year	-	-	(922,015)	1,005,621,318	1,004,699,303
Difference in present value of installment receivable (Note 18)	-	-	-	(34,738,780)	(34,738,780)
BALANCES AT DECEMBER 31, 2007	₱274,664,490	₱1,069,304	₱292,042	₱900,705,329	₱1,176,731,165

See accompanying Notes to Parent Company Financial Statements.



CONCRETE AGGREGATES CORP.**(A Subsidiary of Ortigas & Company, Limited Partnership)****PARENT COMPANY STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006****(With Comparative Figures for Year Ended December 31, 2005)**

	2007	2006	2005 (Restated, Note 27)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱992,303,377	(₱24,122,678)	₱26,137,809
Adjustments for:			
Depreciation and amortization (Notes 7, 8 and 9)	22,087,992	17,994,237	16,211,523
Interest expense	8,502,622	9,201,154	13,346,782
Interest income	(506,447)	(490,233)	(548,490)
Gain on sale of:			
Investment properties (Notes 7 and 18)	(1,037,350,753)	–	–
Property and equipment	–	(5,000)	(95,000)
Other noncurrent assets	–	–	(3,365,439)
Operating income (loss) before working capital changes and provisions	(14,963,209)	2,577,480	51,687,185
Decrease (increase) in:			
Receivables	(12,294,195)	(4,144,777)	8,761,760
Inventories	(9,216,058)	8,112,213	(13,061,743)
Other current assets	(334,751)	(4,480,506)	896,583
Increase (decrease) in:			
Trade payables	(8,322,082)	3,539,298	758,520
Accrued liabilities and other payables	55,819,605	(18,491,255)	(6,753,091)
Retirement benefits costs (income) (Note 20)	(9,348,056)	7,831,682	826,198
Provisions for:			
Retrenchment cost (Note 20)	35,902,204	–	–
Doubtful accounts (Notes 5 and 13)	745,752	8,141,059	9,875,970
Inventory obsolescence (Note 13)	–	8,018,561	–
Unrealized foreign exchange loss - net	–	201,717	1,845,638
Cash generated from operations	37,989,210	11,305,472	54,837,020
Income taxes paid including creditable withholding taxes	(1,826,686)	(1,747,340)	(2,105,594)
Interest received	506,447	490,233	548,490
Retirement fund contributions (Note 20)	–	(678,911)	(1,357,823)
Net cash flows from operating activities	36,668,971	9,369,454	51,922,093
CASH FLOWS FROM INVESTING ACTIVITIES			
Downpayment on the sale of investment properties (Notes 7 and 18)	260,000,000	–	–
Acquisitions of property, plant and equipment (Note 8)	(68,410,326)	(26,784,055)	(51,292,112)
Reduction in (additions to) other noncurrent assets	(2,547,197)	1,508,847	4,307,008
Proceeds from sale of property, plant and equipment	–	5,000	95,000
Proceeds from sale of other noncurrent assets	–	–	3,365,439
Addition to investment properties (Note 7)	–	–	(752,100)
Decrease in property, plant and equipment	–	–	11,322,876
Net cash flows from (used in) investing activities	189,042,477	(25,270,208)	(32,953,889)

(Forward)



	2007	2006	2005 (Restated, Note 27)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of short-term bank loans	(P150,000,000)	(P18,000,000)	(P32,000,000)
Proceeds from availment of short-term bank loans	33,000,000	27,000,000	-
Interest paid	(8,502,622)	(9,201,154)	(13,346,782)
Net cash flows used in financing activities	(125,502,622)	(201,154)	(45,346,782)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	-	(201,717)	(1,845,638)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	100,208,826	(16,303,625)	(28,224,216)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	16,358,873	32,662,498	60,886,714
CASH AND CASH EQUIVALENTS AT END OF YEAR (Notes 4 and 18)			
	P116,567,699	P16,358,873	P32,662,498

See accompanying Notes to Parent Company Financial Statements.



CONCRETE AGGREGATES CORP.

(A Subsidiary of Ortigas & Company, Limited Partnership)

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information and Business Operations

Corporate Information

Concrete Aggregates Corp. (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 23, 1968. The Company is listed in the Philippine Stock Exchange and is primarily engaged in quarrying, crushing and selling basalt concrete aggregates. The 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 Company has a management agreement with its parent company and majority stockholder, Ortigas & Company, Limited Partnership (OCLP) (see Note 18).

The parent company financial statements as of and for the year ended December 31, 2007 were authorized for issue in accordance with a resolution of the Board of Directors (BOD) on April 11, 2008.

Quarry Operations

On November 29, 2007, the Company's BOD declared the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the Consortium) as the winning bidder in the bidding for the purpose of selecting a third party to operate its quarry in Angono, Rizal, which offered to pay the Company the amount of ₱670 million on the Closing Date of the transaction. In addition, the Company will be paid royalty fees during the term of the Operating Agreement. On January 18, 2008, the Company's stockholders approved the declaration made by the BOD and the transactions and contracts to be entered into by the Company in connection with the bidding out of the right to operate its quarry.

Upon the approval on January 18, 2008 by the Company's Stockholders of the declaration, the Consortium entered into a Memorandum of Agreement with the Company, providing among others, that at the Closing Date, which will be at the end of the period of ninety (90) days (or such other period as may be agreed upon) counted from the date of execution of the Memorandum of Agreement:

- a. The Company shall have incorporated a New Company (NewCo) and have subscribed to all of NewCo's authorized capital stock;
- b. The Company and NewCo will execute an Asset Purchase Agreement by virtue of which the Company shall sell to NewCo, and the NewCo shall purchase from the Company, certain operating assets on an "As Is, Where Is" basis;
- c. The Company and NewCo will execute an Operating Agreement which gives NewCo the right to engage in quarrying operations within the property owned by the Company in Angono, Rizal; and,



- d. The Company and the Consortium will execute a Share Purchase Agreement for the sale of the Company and the purchase of the Consortium of 100% of the outstanding capital stock of NewCo.

The Operating Agreement will be executed, after the execution of the Memorandum of Agreement and upon incorporation of NewCo, by and between the Company and NewCo giving NewCo the right to engage in quarrying operations within the quarry land owned by the Company (the Property) and within the parameters of the MPSA between the Company and the Department of Environment and Natural Resources (DENR), and the ECC issued by the DENR to the Company. The Operating Agreement shall specify, among others:

- a. The minimum extraction rate of aggregates per annum;
- b. The right to conduct quarrying operations within the Property for a period of fifteen (15) years from the date of the closing of the transactions (unless sooner terminated in accordance with the provisions of the agreement), which period may also be extended upon agreement of the parties; and,
- c. Termination of the Operating Agreement upon breach of any of its provisions.

As operator under the Operating Agreement, NewCo, in coordination with the Company, shall be obliged to comply with any and all terms and conditions and such other requirements under the MPSA entered into by, and the ECC issued to, the Company, including any amendments or supplements thereto. The Company shall cooperate with the Consortium in any future application to increase the annual extraction rate in excess of what has been or is to be approved by the DENR, provided that this is consistent with the mining plan submitted to, and accepted by, the Company.

On January 23, 2008, the Company executed the Operating Agreement with Batong Angono Aggregates Corporation (BAAC), the actual name of NewCo which was formed by the Company.

The Asset Purchase Agreement will be executed on Closing Date by and between the Company and NewCo by virtue of which the Company shall sell to NewCo, and NewCo shall purchase from the Company, the Assets on an "As Is, Where Is" basis. The "As Is, Where Is" condition of the Assets shall be reckoned on a date to be agreed upon by the parties. The Asset Purchase Agreement will include customary representations, warranties and covenants.

The Share Purchase Agreement will be executed on Closing Date by and between the Consortium and the Company by virtue of which the Company shall sell and the Consortium shall purchase the Shares comprising 100% of the outstanding capital stock of NewCo. This agreement will include customary representations, warranties, covenants, and payment in full of the purchase price in same day funds upon Closing Date.

The Transaction Service Agreement and Trademark License Agreement will be executed on Closing Date for the provision of service by certain key personnel belonging to the Company's Parent Company, OCLP, for a specified period of time as well as the use of Company-owned trademarks and service marks under terms and conditions agreed upon by the parties.



2. Basis of Preparation

The parent company financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets, which have been measured at fair value. The parent company financial statements are presented in Philippine peso, which is the Company's functional currency and rounded to the nearest peso except when otherwise indicated.

Statement of Compliance

The parent company or separate financial statements of the Company, which are prepared for submission to the SEC and the Bureau of Internal Revenue (BIR), have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). The Company also prepares and issues parent company financial statements for the same period as the separate financial statements presented in compliance with PFRS, and are available in the Company's website.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new standard, and amendments to previously issued standards and Philippine Interpretations interpretations during the year. Adoption of these standard, amendments and interpretations did not have a material effect on the Company's financial statements except for the additional disclosures where required.

- PFRS 7, *Financial Instruments: Disclosures*, introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, as well as sensitivity analysis to market risk. It replaces disclosure requirements in PAS 32, *Financial Instruments: Disclosures and Presentation* and PAS 30, *Disclosure in the Financial Statements of Banks and Similar Financial Institutions*. It is applicable to all entities that report under PFRS.

The Company adopted the amendment to the transition provisions of PFRS 7, as approved by the Financial Reporting Standards Council, which gives transitory relief with respect to the presentation of comparative information for the new risk disclosures about the nature and extent of risks arising from financial instruments. Accordingly, the Company does not need to present comparative information for the disclosures required by paragraphs 31 to 42 of PFRS 7, unless the disclosure was previously required under Philippine Accounting Standards (PAS) 32. Adoption of PFRS 7 resulted in additional disclosures, which are included throughout the parent company financial statements. These disclosures include presenting the different classes of loans and receivables (see Note 5), rollforward of allowance for impairment losses (see Note 5), credit quality of financial assets (see Note 23) and aging of past due but not impaired financial assets (see Note 23).



- Amendments to PAS 1, *Presentation of Financial Statements: Capital Disclosures*, require the following additional disclosures: (a) an entity's objectives, policies and processes for managing capital; (b) quantitative data about what the entity regards as capital; (c) whether the entity has complied with any capital requirements; and (d) if it has not complied, the consequences of such noncompliance. The disclosures required by this amendment were included in the parent company financial statements (see Note 24).
- Philippine Interpretation IFRIC 7, *Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies*, provides guidance on how to apply PAS 29 when an economy first becomes hyperinflationary. As the Company currently has no such transactions, the Interpretation did not have any effect on its financial statements.
- Philippine Interpretation IFRIC 8, *Scope PFRS 2*. This interpretation requires PFRS 2 to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value. As the Company currently has no such transactions, the Interpretation did not have any effect on its financial statements.
- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to a contract, with assessment only if there is a change to the contract that significantly modifies the cash flows. As the Company currently has no such transactions, the Interpretation did not have any effect on its financial statements.
- Philippine Interpretation IFRIC 10, *Interim Financial Reporting and Impairment*, prohibits the reversal of impairment losses on goodwill and available-for-sale equity investments recognized in the interim financial reports even if impairment is no longer present at the annual balance sheet date. As the Company currently has no such transactions, the Interpretation did not have any effect on its financial statements.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

Date of recognition

The Company recognizes a financial asset or financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.



Initial recognition of financial instruments

All financial assets and financial liabilities are recognized initially at fair value. Except for securities at FVPL, the initial measurement of financial assets include transaction costs. The Company financial assets are further classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, and available-for-sale (AFS) financial assets. The Company also classifies its financial liabilities as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or whether they are quoted in an active market. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial instruments are classified as liabilities and equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to stockholders' equity net of any related deferred income tax benefits.

As of December 31, 2007 and 2006, the Company has no financial assets and financial liabilities at FVPL and HTM investments.

Determination of fair value

The fair value for financial instruments traded in active markets as at balance sheet 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 methodologies. Valuation methodologies include net present value techniques, comparison to similar instruments for which market observable prices exists, options pricing models and other valuation models.

Day 1 Profit

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a Day 1 profit) in the statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.



Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried either at cost or amortized cost in the balance sheet. Amortization is determined using the effective interest rate method. Loans and receivables are included in current assets if maturity is within twelve months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

As of December 31, 2007 and 2006, this category includes the Company's cash in banks and short term investments, trade receivables, advances to officers and employees, other receivables, and installment receivable (see Note 5).

AFS financial assets

AFS financial assets are nonderivatives that are either designated in this category or not classified in any of the other categories. AFS assets are carried at fair value in the balance sheet. Changes in the fair value of such assets are accounted for in equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of income. These financial assets are classified as noncurrent assets unless the intention is to dispose such assets within twelve months from the balance sheet date.

As of December 31, 2007, included in this category are the Company's investments in golf club shares and investments in shares of stock relative to the Company's electric and telephone subscription (see Note 9).

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., payables, accruals).

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

As of December 31, 2007 and 2006, this category includes the Company's trade payables, accrued liabilities and other payables and short-term bank loans.

Impairment of Financial Assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Loans and receivables

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as a difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account. The amount of loss is recognized in the parent company statement of income.



The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Company about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. 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 the group of financial assets with similar credit risk and 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.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the parent company statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced either directly or through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

AFS Financial assets

If an AFS financial assets is impaired, the cumulative loss that had been recognized directly in equity (resulting from decline in fair value) shall be removed from equity and recognized in parent company statement of income even though the investment has not been derecognized. The amount of the cumulative loss that is removed from equity and recognized in the parent company statement of income shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in the parent company statement of income.

In case of equity securities classified as AFS financial asset, objective evidence would include a significant or prolonged decline in the fair value of the financial assets below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Company treats “significant” generally as 20% or more of the original cost of investment, and “prolonged” as greater than 6 months. In addition, the Company evaluates other factors, including normal volatility in share price for unquoted equities.



Derecognition of Financial Assets and Financial Liabilities

Financial Assets

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

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset 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 Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the carrying value of the original liability and the recognition of a new liability at fair value, and any resulting difference is recognized in the parent company statement of income.

Embedded Derivatives

An embedded derivative is separated from the host financial or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized at FVPL



The Company assesses whether embedded derivatives are required to be separated from host contracts when the Company first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements whereby the related assets and liabilities are presented gross in the parent company balance sheet.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

- Mine products - determined using the moving average method; cost includes direct labor and a proportion of manufacturing overhead cost based on actual production but excluding borrowing cost
- Spare parts, fuel and supplies - purchase cost using the moving average method

The NRV for mine products is the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale. The NRV for fuel is current replacement cost. The NRV for spare parts and supplies is the estimated scrap value.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties, except land, are carried at cost less accumulated depreciation and amortization, and any impairment losses. Land is carried at cost less any impairment in value.

Depreciation and amortization of investment properties is computed using the straight-line method over the asset's useful life, regardless of utilization. The estimated useful lives of the assets are as follows:

	Number of Years
Land improvements	10
Building	6 to 10

Investment properties are removed from the accounts (i.e., derecognized) when they have been either disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or losses on the retirement or disposal of investment properties are credited or charged to the parent company statement of income.



Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner occupied property, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property, plant and equipment consists of their purchase price and any directly attributable costs of bringing the assets to their working condition and location for their intended use and any estimated cost of dismantling and removing the property, plant and equipment item and restoring the site on which it is located to the extent that the Company had recognized the obligation of that cost. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standards of performance, the expenditures are capitalized as additional costs of the property, plant and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment loss are removed from the accounts and any resulting gain or loss is recognized in the parent company statement of income.

Amortization of quarry development costs is computed using the units of production method based on estimated recoverable reserves. The units of production method uses an extraction rate per unit which is computed by dividing the quarry development cost by the estimated quantity of recoverable reserves to be extracted. The extraction rate per unit is multiplied by the quantity extracted during the period to obtain the amortization for the period.

Depreciation and amortization of other items of property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of 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
Tools and implements	1 to 2



Depreciation and amortization of other items of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal company that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

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

Impairment of Nonfinancial Assets

The carrying values of property, plant and equipment and other noncurrent assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their estimated recoverable amounts which is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment loss is recognized in the statement of income.

Previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not, however, to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had there been no impairment loss recognized for the asset in prior years. A reversal of an impairment loss is recognized in the statement of income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sales are recognized when the goods are delivered to and accepted by the customer.

Interest income is recognized as the interest accrues, taking into account the effective interest yield on the asset.

Borrowing Costs

Borrowing costs are expensed as incurred.



Retirement Benefits Costs

Retirement benefits costs are actuarially determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Upon introduction of a new plan or improvement of an existing plan, past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. To the extent that the benefits are already vested immediately, past service cost is immediately expensed. Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan. Past service cost, on the other hand, is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, past service cost is recognized immediately. Gains or losses on the curtailment or settlement of retirement benefits are recognized when the curtailment or settlement occurs.

The defined retirement benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized reduced by the past service cost not yet recognized and the fair value of the plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for the benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset;
or
- (d) There is a substantial change to the asset.



Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Company is the Lessee

Leases where the Company retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to income on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized.

Company is the Lessor

Assets leased out under operating leases which include freehold land and freehold building are included in the investment property account in the parent company balance sheet. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations; and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized in the financial statements but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to parent company financial statements when an inflow of economic benefits is probable.

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the applicable functional currency exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the applicable functional currency closing exchange rate at the balance sheet date. Foreign exchange gains or losses arising from foreign currency transactions and balances are credited or charged to the parent company statement of income.

Income Tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax

Deferred income tax is recognized on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused tax losses from net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of unused excess MCIT over RCIT and NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing the income or loss for the year attributable to common stockholders by the weighted average number of shares outstanding during the year and adjusted for the effects of all potential dilutive common shares, if any.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

Events After the Balance Sheet Date

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

Future Changes in Accounting Policies

The following are the new and amended accounting standards and interpretations that will become effective subsequent to 2007:

- PFRS 8, *Operating Segments* (effective for annual periods beginning on or after January 1, 2009), requires a management approach to reporting segment information. PFRS 8 will replace PAS 14, *Segment Reporting*, and is required to be adopted only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the Philippine SEC for purposes of issuing any class of instruments in a public market. The Company is currently in the process of assessing the impact of this PFRS but is not yet in a position to state whether it could have a significant impact on the parent company financial statements.



- Amendments to PAS 1, *Presentation of Financial Statements*, (effective for annual periods beginning on or after January 1, 2009), introduces new disclosures to aggregate information in the financial statements on the basis of shared characteristics. It requires the following presentations: (a) all changes in equity arising from transactions with owners are to be presented separately from non-owner changes in equity, (b) income and expenses are to be presented in one statement (a statement of comprehensive income) or in two statements (a separate income statement and a statement of comprehensive income), separately from owner changes in equity, (c) components of other comprehensive income to be displayed in the statement of comprehensive income and, (d) total comprehensive income to be presented in the parent company financial statements. The Company is currently in the process of assessing the impact of this Amendment but is not yet in a position to state whether it could have a significant impact on the parent company financial statements.
- Amendments to PAS 23, *Borrowing Costs* (effective for annual periods beginning on or after January 1, 2009), requires capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.
- Philippine Interpretation IFRIC 11, *Group and Treasury Share Transaction*, (effective for annual periods beginning on or after March 1, 2007), requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g., treasury shares) from another party, or (b) the shareholder(s) of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when the subsidiary's employees receive rights to the equity instruments of the parent. The Company currently does not have any stock option plan and therefore, does not expect this Interpretation to have any impact on its financial statements.
- Philippine Interpretation IFRIC 12, *Service Concession Arrangements* (effective for annual periods beginning on or after January 1, 2008), covers contractual arrangements arising from entities providing public services. The Company is not a party to any concession arrangement and, thus, expects that this interpretation will not have any impact on its parent company financial statements.
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*, (effective for annual periods beginning on or after July 1, 2008), requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the loyalty award credits are redeemed. The Company expects that this Interpretation will have no impact on the parent company financial statements as no such programs currently exist.



- Philippine Interpretation IFRIC 14, *The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after January 1, 2008), provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits*. The Company expects that this Interpretation will have no impact on the financial position or performance of the Company as all defined benefit schemes are currently in deficit.

The Company continues to assess the impact on the parent company financial statements of the foregoing standard, amendments and interpretations. The revised disclosures in the parent company financial statements provided by the above standard, amendments and interpretations, where applicable, will be included in the parent company financial statements when these are adopted upon their effectivity.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as of date of the parent company financial statements. Actual results could differ from these estimates and assumptions used.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the parent company financial statements:

Determination of the Company's functional currency

Management considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency in which the Company measures its performance, reports its results and influences the sale of goods.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the parent company balance sheet. Classification of financial instruments is reviewed at each balance sheet date.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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:



Estimation of allowance for doubtful accounts

The Company maintains allowance for doubtful accounts based on the result of the individual and collective assessment under PAS 39, *Financial Instruments: Recognition and Measurement*. Under the individual assessment, the Company is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivables, carrying balance and the computed present value. If no future cash flows is expected, impairment loss is equal to the carrying balance of the receivables. Factors considered in individual assessment are payment history, inactive accounts, past due and term. The collective assessment would require the Company to classify its receivables based on the credit risk characteristics (customer type, payment history, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

Allowance for doubtful accounts amounted to ₱76,766,948 and ₱76,021,196 as of December 31, 2007 and 2006, respectively. The amount of receivables, net of allowance for doubtful accounts, amounted to ₱51,161,810 and ₱39,613,368 as of December 31, 2007 and 2006, respectively (see Note 5).

Determination of net realizable values of inventories

The Company's estimates of the net realizable values of inventories are based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made at net realizable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in net realizable value because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value. Inventories stated at net realizable value amounted to ₱2,823,927 and ₱2,933,939 as of December 31, 2007 and 2006, respectively (see Note 6).

Impairment of AFS financial assets

The Company treats AFS financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Company treats 'significant' generally as 20% or more and 'prolonged' as greater than 6 months for quoted equity securities. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted securities. As of December 31, 2007 and 2006, there is no indication of impairment. The carrying value of the Company's AFS financial assets amounted to ₱1,821,875 and ₱2,846,336 as of December 31, 2007 and 2006, respectively (see Note 9).



Impairment of investment properties and property, plant and equipment

The Company determines whether its assets are impaired, at least on an annual basis. This requires an estimation of recoverable amount which is higher of an asset's or cash-generating unit's fair value less cost to sell and value in use. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. Estimating the fair value less cost to sell is based on the information available to reflect the amount that the Company could obtain as of the balance sheet date. In determining this amount, the Company considers the outcome of recent transactions for similar assets within the same industry. The total carrying value of the Company's property, plant and equipment as of December 31, 2007 and 2006 amounted to ₱100,748,885 and ₱176,199,872, respectively. The total carrying value of the Company's investment properties amounted to ₱72,711,767 and ₱78,522,267 as of December 31, 2007 and 2006, respectively. (see Notes 7 and 8).

As of December 31, 2007 and 2006, the management's assessment showed no sign of impairment indicators.

Estimation of useful lives of property, plant and equipment and investment properties

Useful lives of property, plant and equipment and investment properties are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property, plant and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. Any reduction in the estimated useful lives of property, plant and equipment would increase the Company's recorded cost of sales and general and administrative expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment and investment properties as of December 31, 2007 and 2006.

Estimation of recoverable mine reserves and resources

Mine reserves and resources are based on the interpretation of geological data obtained from sampling techniques and feasibility studies. Estimated reserves are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors including mine development plans. There is no change in the Company's estimated recoverable mine reserves.

Estimation of asset retirement obligation

The determination of asset retirement obligation requires estimation of the cost of dismantling, installation and restoring leased properties to their original condition. Based on the Company's evaluation, management believes that there is no asset retirement liability to be recognized in the financial statements as of December 31, 2007 and 2006.



Estimation of allowance for sales volume discrepancies

The Company recognizes revenue from sale of mine products at the time these are delivered to the customer. Revenue is measured based on the applicable quoted price and delivered quantity of mine products using the Company's weighing scale which may differ from the quantity received and acknowledged by the customers. The Company accordingly estimates an allowance for sales volume discrepancies. As of December 31, 2006, the Company has provided an allowance for sales volume discrepancies of ₱3,072,964. No allowance for volume discrepancies was provided during the year.

Estimation of retirement benefits costs

The determination of the Company's obligation and cost for retirement benefits is dependent on management's selection of certain assumptions used by actuaries in calculating such amounts. The assumptions for retirement benefits costs are described in Note 20 and include among others, discount rates, expected rate of return of plan assets and rates of salary increase. In accordance with PFRS, actual results that differ from assumptions are accumulated and amortized over future periods and therefore, generally affect the Company's recognized expense and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Company's retirement obligations. Net retirement plan assets as of December 31, 2007 amounted to ₱3,682,978 and net retirement benefits liability amounted to ₱5,665,078 as of December 31, 2006 (see Note 20).

Recognition of deferred income tax assets

The Company reviews the carrying amounts of deferred income tax assets at each balance sheet date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. As of December 31, 2007 and 2006, the Company has recognized deferred income tax assets amounting to ₱74,869,499 and ₱58,880,098, respectively (see Note 17).

Provisions and contingencies

The estimate of probable costs of resolution of possible claims has been developed in consultation with external counsels handling the Company's defense in these matters and is based upon an analysis of potential results. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the parent company financial statements. Accordingly, no provision for probable losses arising from contingencies was recognized in the parent company financial statements as of December 31, 2007 and 2006 (see Note 22).

4. Cash and Cash Equivalents

	2007	2006
Cash on hand and in banks	₱16,567,699	₱16,358,873
Short-term investments	100,000,000	-
	₱116,567,699	₱16,358,873

Cash in banks earns interest at the respective bank deposit rates. Short-term investments are made for varying periods depending on the immediate cash requirements of the Company and earn interest at the respective short-term investments rates.



5. Receivables

	2007	2006
Trade:		
Construction - net of allowance for doubtful accounts of ₱11,510,851 in 2007 and ₱10,874,138 in 2006	₱39,272,092	₱30,862,153
Trading and others - net of allowance for doubtful accounts of ₱3,281,017 in 2007 and ₱2,981,993 in 2006	3,314,601	6,329,185
Advances to officers and employees - net of allowance for doubtful accounts of ₱1,123,738	409,252	1,129,834
Receivables of discontinued Engineering and Construction Division - net of allowance for doubtful accounts of ₱60,851,342 in 2007 and ₱61,041,327 in 2006	-	-
Others	8,165,865	1,292,196
	₱51,161,810	₱39,613,368

Trade receivables are due within 30 to 45 days and do not bear interest.

Movement in the allowance for doubtful accounts on receivables are as follows:

	Trade		Advances to officers and employees	Receivables of discontinued Engineering and Construction Division	Total
	Construction	Trading and others			
Balances at January 1, 2006	₱10,534,906	₱2,981,993	₱711,170	₱53,652,068	₱67,880,137
Provision for the year (Note 13)	339,232	-	412,568	7,389,259	8,141,059
Balances at December 31, 2006	10,874,138	2,981,993	1,123,738	61,041,327	76,021,196
Provision for the year (Note 13)	636,713	299,024	-	-	935,737
Reversals (Note 13)	-	-	-	(189,985)	(189,985)
Balances at December 31, 2007	₱11,510,851	₱3,281,017	₱1,123,738	₱60,851,342	₱76,766,948

December 31, 2007:

Individual impairment	₱5,605,851	₱-	₱1,123,738	₱60,851,342	₱67,580,931
Collective impairment	5,905,000	3,281,017	-	-	9,186,017
	₱11,510,851	₱3,281,017	₱1,123,738	₱60,851,342	₱76,766,948

December 31, 2006:

Individual impairment	₱5,605,851	₱-	₱1,123,738	₱61,041,327	₱67,770,916
Collective impairment	5,268,287	2,981,993	-	-	8,250,280
	₱10,874,138	₱2,981,993	₱1,123,738	₱61,041,327	₱76,021,196



6. Inventories

	2007	2006
Mine products - at cost	₱13,008,658	₱2,731,828
Spare parts, fuel, and supplies:		
At cost	12,597,254	13,548,014
At NRV	2,823,927	2,933,939
	₱28,429,839	₱19,213,781

The cost of spare parts, fuel, and supplies inventories carried at NRV amounted to ₱29,340,767 and ₱29,450,778 as of December 31, 2007 and 2006, respectively.

7. Investment Properties

December 31, 2007:

	Land	Land Improvements	Building	Total
Cost				
Beginning of year	₱68,805,991	₱15,202,640	₱22,442,531	₱106,451,162
Addition	-	-	-	-
Disposal	(2,970,936)	-	(3,100,648)	(6,071,584)
End of year	65,835,055	15,202,640	19,341,883	100,379,578
Accumulated Depreciation and Amortization				
Beginning of year	-	10,422,832	17,506,063	27,928,895
Depreciation and amortization for the year	-	1,428,226	1,411,338	2,839,564
Disposal	-	-	(3,100,648)	(3,100,648)
End of year	-	11,851,058	15,816,753	27,667,811
Net Book Values	₱65,835,055	₱3,351,582	₱3,525,130	₱72,711,767

December 31, 2006:

	Land	Land Improvements	Building	Total
Cost				
Beginning of year	₱68,805,991	₱15,202,640	₱22,442,531	₱106,451,162
Addition	-	-	-	-
Disposal	-	-	-	-
End of year	68,805,991	15,202,640	22,442,531	106,451,162
Accumulated Depreciation and Amortization				
Beginning of year	-	9,038,480	16,079,819	25,118,299
Depreciation and amortization for the year	-	1,384,352	1,426,244	2,810,596
Disposal	-	-	-	-
End of year	-	10,422,832	17,506,063	27,928,895
Net Book Values	₱68,805,991	₱4,779,808	₱4,936,468	₱78,522,267



In 2007, the Company sold certain parcels of land with buildings thereon located in Longos, Bagumbayan, Quezon City with a total carrying value of ₱3.0 million (Land - ₱3.0 million; Building - nil, fully depreciated) to OCLP for ₱1.13 billion and resulted to a gain of ₱1.0 billion (see also Note 18). The related taxes payable have been accrued as of December 31, 2007 (see Note 11). Certain parcels of land with carrying value of ₱1.4 million as of December 31, 2006 were mortgaged as collateral to secure the Company's short-term bank loans (see Note 10). These properties are no longer mortgage as of December 31, 2007 since the short-term bank loans were fully paid in November 2007.

Certain parcels of land (classified as property, plant and equipment and investment properties) acquired up to July 5, 1996 with total carrying value of ₱127.3 million as of December 31, 2006 were appraised in 2003 by an independent firm of appraisers. The appraised value of these parcels of land amounted to ₱2.1 billion as of the date of appraisal. The fair value of land is based on sales and listings, which are adjusted for the time of sale, location and general characteristics of similar parcel of land located in the area.

Depreciation and amortization expense on investment properties and property, plant and equipment and amortization of computerization costs were recognized in the parent company statements of income as follows:

	2007	2006	2005 (Restated, Note 27)
Cost of sales (Note 12)	₱15,146,941	₱9,068,629	₱8,236,756
General and administrative expenses (Note 13)	6,303,510	8,199,470	7,767,960
Selling expenses (Note 14)	637,541	726,138	206,807
	₱22,087,992	₱17,994,237	₱16,211,523



8. Property, Plant and Equipment

December 31, 2007:

	Land	Quarry Land	Quarry Development Cost	Buildings and Improvements	Plant Site Improvements	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Tools and Implements	Total
(Amounts in thousands)										
Cost										
Beginning of year	P42,285	P16,209	P66,318	P24,363	P29,879	P129,906	P45,543	P15,270	P2,069	P371,842
Additions	–	–	18,029	1,570	30	23,342	21,535	3,625	279	68,410
Reclassification to noncurrent assets held for sale	–	–	(84,347)	–	–	(142,326)	(42,351)	(18,589)	(2,348)	(289,961)
End of year	42,285	16,209	–	25,933	29,909	10,922	24,727	306	–	150,291
Accumulated Depreciation and Amortization										
Beginning of year	–	–	3,352	7,562	9,524	122,872	38,024	12,348	1,960	195,642
Depreciation and amortization for the year	–	–	1,534	1,212	5,096	4,303	4,118	2,692	96	19,051
Reclassification to noncurrent assets held for sale	–	–	(4,886)	–	–	(125,480)	(17,969)	(14,760)	(2,056)	(165,151)
End of year	–	–	–	8,774	14,620	1,695	24,173	280	–	49,542
Net Book Value	P42,285	P16,209	P–	P17,159	P15,289	P9,227	P554	P26	P–	P100,749

December 31, 2006:

	Land	Quarry Land	Quarry Development Cost	Buildings and Improvements	Plant Site Improvements	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Tools and Implements	Construction in Progress	Total
(Amounts in thousands)											
Cost											
Beginning of year	₱42,285	₱16,209	₱59,757	₱24,363	₱15,913	₱124,054	₱38,855	₱11,201	₱1,956	₱10,931	₱345,524
Additions	–	–	6,561	–	3,035	5,852	7,155	4,069	113	–	26,785
Disposals/write-offs	–	–	–	–	–	–	(467)	–	–	–	(467)
Reclassification	–	–	–	–	10,931	–	–	–	–	(10,931)	–
End of year	42,285	16,209	66,318	24,363	29,879	129,906	45,543	15,270	2,069	–	371,842
Accumulated Depreciation and Amortization											
Beginning of year	–	–	2,425	6,376	4,611	117,327	37,667	10,579	1,940	–	180,925
Depreciation and amortization for the year	–	–	927	1,186	4,913	5,545	824	1,769	20	–	15,184
Disposals/write-offs	–	–	–	–	–	–	(467)	–	–	–	(467)
End of year	–	–	3,352	7,562	9,524	122,872	38,024	12,348	1,960	–	195,642
Net Book Value	₱42,285	₱16,209	₱62,966	₱16,801	₱20,355	₱7,034	₱7,519	₱2,922	₱109	₱–	₱176,200

As of December 31, 2007, the Company has decided to dispose of part of its property, plant and equipment pursuant to the operation by a third party of the Company's quarry as discussed in Note 1. The disposal, which meets the criteria in paragraphs 7 and 8 of IFRS 5, involves the following classes of property, plant and equipment:

	Quarry Development Cost	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Tools and Implements	Total
	(Amounts in thousands)					
Cost	P84,347	P142,326	P42,351	P18,589	P2,348	P289,961
Accumulated depreciation and amortization	(4,886)	(125,480)	(17,969)	(14,760)	(2056)	(165,151)
Net book value	P79,461	P16,846	P24,382	P3,829	P292	P124,810

9. Other Noncurrent Assets

	2007	2006
Mine rehabilitation fund	₱5,218,901	₱5,088,789
AFS financial assets:		
Quoted equity investments	1,496,805	2,522,866
Unquoted equity investments	325,070	323,470
Investments in subsidiaries - at cost	1,375,000	1,375,000
Computerization costs	988,438	1,100,411
Other inventories - net of allowance for probable losses of ₱36,007,648	-	-
Others - net	5,398,213	3,066,824
	₱14,802,427	₱13,477,360

Movement of the changes in fair value of AFS investments are as follows:

	2007	2006
Balances at beginning of year	₱2,846,336	₱5,038,462
Unrealized loss recognized in equity	(922,015)	(1,972,913)
Related deferred income tax	(102,446)	(219,213)
Balances at end of year	₱1,821,875	₱2,846,336

Pursuant to the requirements of Republic Act (RA) No.7942, otherwise known as “The Philippine Mining Act of 1995,” the Company maintains a mine rehabilitation fund (MRF) with Land Bank of the Philippines. The MRF shall be used for the physical and social rehabilitation of areas affected by the Company’s quarrying activities, and for research in the social, technical and preventive aspects of the mine rehabilitation.

AFS financial assets include investments in golf club shares and investments in shares of stock relative to the Company’s electrical and telephone subscription.

Other inventories pertain to those of the Company’s discontinued Engineering and Construction Division which were fully provided with allowance for probable losses.

10. Short-term Bank Loans

Short-term bank loans consist of short-term peso-denominated loans with repricing every 30 days, obtained from a local bank with interest rates from 7.0% to 7.5% in 2007 and from 7.2% to 9.5% in 2006. The loans are secured by real estate mortgages on certain parcels of land owned by the Company. These loans were already fully paid in November 2007.



11. Accrued Liabilities and Other Payables

	2007	2006
Accrued expenses (Notes 7, 18 and 20)	₱177,741,312	₱31,799,355
Due to a stockholder (Note 18)	50,272,267	7,480,181
Output taxes	5,150,071	8,742,816
Others	3,956,082	7,697,261
	₱237,119,732	₱55,719,613

12. Cost of Sales

	2007	2006	2005 (Restated, Note 27)
Production cost:			
Extraction cost (Note 21)	₱102,403,705	₱69,120,239	₱72,410,495
Water, light and power	25,676,828	25,828,376	27,990,588
Personnel costs (Notes 15 and 20)	24,938,035	13,178,888	20,769,431
Repairs and maintenance	20,815,576	27,502,158	31,349,888
Fuel, oil and lubricants	16,573,037	4,087,453	1,952,685
Taxes and licenses	13,740,389	12,974,507	12,673,692
Depreciation and amortization (Note 8)	13,613,553	8,141,311	7,043,769
Rent (Note 21)	12,951,625	11,272,087	5,268,851
Security and janitorial services	10,251,146	4,912,058	5,609,706
Amortization of development costs (Note 8)	1,533,388	927,318	1,192,987
Insurance	377,217	291,892	326,774
Others	7,411,570	3,982,284	9,494,203
	250,286,069	182,218,571	196,083,069
Add mine products inventory at beginning of year (Note 6)	2,731,828	19,073,960	8,591,624
Total goods available for sale	253,017,897	201,292,531	204,674,693
Less mine products inventory at end of year (Note 6)	13,008,659	2,731,828	19,073,960
	₱240,009,238	₱198,560,703	₱185,600,733



13. General and Administrative Expenses

	2007	2006	2005 (Restated, Note 27)
Professional fees (Note 18)	₱67,565,132	₱16,017,590	₱3,230,195
Security and utilities	9,567,946	13,532,117	17,506,521
Taxes and licenses	6,551,529	4,680,101	5,405,053
Depreciation and amortization (Notes 7, 8 and 9)	6,303,510	8,199,470	7,767,960
Repairs and maintenance	1,931,787	5,360,463	5,827,957
Personnel costs (Notes 15 and 20)	1,527,792	32,150,696	21,586,115
Transportation and communication	1,162,496	2,678,913	1,780,596
Power, light and water	1,070,137	679,562	691,735
Entertainment, amusement and recreation	756,911	794,575	414,386
Provision for doubtful accounts (Note 5)	745,752	8,141,059	9,875,970
Rent	740,965	768,137	-
Insurance	717,389	1,003,502	1,123,935
Fuel, oil and lubricants	641,022	763,548	2,777,324
Supplies	627,910	970,073	1,209,007
Provision for inventory obsolescence	-	8,018,561	-
Others	4,857,661	2,346,846	3,571,353
	₱104,767,940	₱106,105,213	₱82,768,107

14. Selling Expenses

	2007	2006	2005 (Restated, Note 27)
Freight and handling costs (Note 21)	₱11,723,341	₱7,881,409	₱10,013,712
Personnel costs (Notes 15 and 20)	6,879,047	3,589,498	4,861,266
Advertising and promotions	1,530,212	2,260,748	1,732,772
Entertainment, amusement and recreation	1,344,917	257,415	71,466
Depreciation (Note 8)	637,541	726,138	206,807
Fuel, oil and lubricants	573,925	588,184	370,042
Repairs and maintenance	426,647	388,699	430,476
Transportation and communication	410,538	1,047,278	878,029
Supplies	376,576	441,233	362,965
Insurance	99,019	94,556	53,001
Power, light and water	72,455	13,130	-
Professional fees	19,000	162,944	-
Taxes and licenses	18,064	217,020	13,018
Securities and utilities	4,500	30,743	385,275
Others	704,075	394,752	434,541
	₱24,819,857	₱18,093,747	₱19,813,370



15. Personnel Costs

	2007	2006	2005 (Restated, Note 27)
Salaries and wages	₱25,620,787	₱20,805,392	₱18,872,966
Retirement benefits costs (income) (Note 20)	(9,348,056)	7,831,682	826,198
Others	17,072,143	20,282,008	27,517,648
	₱33,344,874	₱48,919,082	₱47,216,812

16. Capital Stock

Type of Common Shares	Number of Authorized Shares	Number of Issued and Outstanding Shares	Amount
Class A	40,000,000	22,077,771	₱220,777,710
Class B	10,000,000	5,388,678	53,886,780
	50,000,000	27,466,449	₱274,664,490

In 1973, upon securing the approval of the Philippine SEC, the Company's common shares were officially listed and offered to the public through the local stock exchange on April 2, 1973.

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 December 31, 2007, there are 22,077,771 listed and outstanding Class A common shares of which 5,997,747 are floating shares whereas there are 5,388,678 listed and outstanding Class B common shares of which 402,975 are floating shares. The latest closing price for Class A common shares as of December 31, 2007 was recorded at ₱36 while Class B common shares have never been traded since their listing date.



17. Income Taxes

- a. The provision for current income tax for all years represents the MCIT.
- b. As of December 31, 2007 and 2006, the Company's net deferred income tax assets (liability) represent the tax effects of:

	2007	2006
Deductible (taxable) temporary differences on:		
Allowance for doubtful accounts	₱26,868,432	₱26,607,419
Allowance for probable losses	12,602,677	12,602,677
Accrued retrenchment cost	12,565,771	-
Allowance for inventory obsolescence	9,280,894	9,280,894
Net retirement plan assets	(1,289,042)	-
Unamortized past service cost	1,309,035	1,630,328
Unrealized gain on appreciation in value of available-for-sale investments	(26,894)	(129,339)
Net retirement liability	-	1,982,777
Unrealized foreign exchange losses - net	-	70,601
Carryforward benefits of:		
NOLCO	7,136,678	433,529
Excess MCIT over RCIT	6,421,948	6,401,212
	₱74,869,499	₱58,880,098

The Company recognized the deferred income tax assets on the foregoing deductible temporary differences and carryforward benefits because management believes that the income from the sale of assets classified as noncurrent assets held for sale and interest income on installment receivables from OCLP will provide sufficient future taxable income against which the deductible temporary differences and carryforward benefits will be utilized.

- c. As of December 31, 2007, the NOLCO and the excess of MCIT over RCIT are available for deduction against future taxable income and for reduction of regular income tax liability, respectively, as follows:

Year Incurred	Available Until	NOLCO	Excess MCIT over RCIT
2005	2008	₱-	₱2,105,594
2006	2009	1,238,654	1,747,340
2007	2010	19,151,856	2,569,014
		₱20,390,510	₱6,421,948



- d. The following are the movements in NOLCO and excess MCIT over RCIT:

	2007	2006	2005
NOLCO:			
Beginning of year	₱1,238,654	₱44,063,726	₱146,441,925
Additions	19,151,856	1,238,654	-
Applications	-	-	(11,282,618)
Expirations	-	(44,063,726)	(91,095,581)
End of year	₱20,390,510	₱1,238,654	₱44,063,726
Excess MCIT over RCIT:			
Beginning of year	₱6,401,212	₱5,907,955	₱4,340,147
Additions	2,569,014	1,747,340	2,105,594
Applications	-	-	-
Expirations	(2,548,278)	(1,254,083)	(537,786)
End of year	₱6,421,948	₱6,401,212	₱5,907,955

- e. The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rates to the provision for (benefit from) income tax is as follows:

	2007	2006	2005
Provision for (benefit from) income tax computed at statutory income tax rates	₱347,306,182	(₱8,442,937)	₱8,494,788
Adjustments to income tax resulting from:			
Gain on sale of investment properties subjected to final tax	(363,072,763)	-	-
Write-offs of related deferred income tax assets upon expiration of NOLCO and excess MCIT over RCIT	2,549,439	16,676,387	13,307,860
Interest and other income subjected to final tax	(193,279)	(172,982)	(178,259)
Nondeductible interest expense	93,060	90,080	93,585
Recognized deferred income tax on NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized in prior years	-	-	(3,802,361)
Nondeductible depreciation expense	-	-	1,236,726
Effect of change in tax rate	-	-	(5,980,872)
Others	(580)	699,415	(9,209,905)
Provision for (benefit from) income tax	(₱13,317,941)	₱8,849,963	₱3,961,562

- f. On May 24, 2005, the new Expanded Value-Added Tax (E-VAT) law was signed as RA No. 9337, or the E-VAT Act of 2005, which took effect on November 1, 2005. Among the relevant provisions of RA No. 9337 are:



- i. Change in regular corporate income tax rate from 32% to 35% for the next three years effective on November 1, 2005, and 30% starting January 1, 2009 and thereafter;
- ii. Change in the non-deductible interest expense rate from 38% to 42% of interest income subjected to final tax for the next three years effective on November 1, 2005, and 33% starting January 1, 2009 and thereafter;
- iii. Input value-added tax (VAT) on capital goods should be spread evenly over the useful life or 60 months, whichever is shorter, if the acquisition cost, excluding the VAT component thereof, exceeds ₱1 million;
- iv. Input VAT credit in every quarter shall not exceed 70% of the output VAT; and,
- v. Increase in the VAT rate imposed on goods and services from 10% to 12% effective February 1, 2006 provided that the VAT collection as a percentage of Philippine Gross Domestic Product of the previous year exceeds 2.8% or the Philippine National Government deficit as a percentage of GDP of the previous year exceeds 1.5%

On January 31, 2006, the President upon recommendation of the Secretary of Finance, approved the 2% increase in VAT rate effective on February 1, 2006.

On November 21, 2006, the President of the Philippines signed into law RA No. 9361 which amends Section 110 (B) of the Tax Code. This law, which became effective on December 13, 2006, provides that if the input tax (inclusive of the input VAT carried over from the previous quarter) exceeds the output VAT, the excess input VAT shall be carried over to the succeeding quarter or quarters. The Department of Finance, through the BIR, issued Revenue Regulations No. 2-2007 to implement the provisions of the said law. Based on the regulation, the amendment shall apply to the quarterly VAT returns to be filed after the effectivity of RA No. 9361 except VAT returns covering taxable quarters ending earlier than December 2006.

18. Related Party Transactions

- a. The Company's majority stockholder, OCLP, purchased in 2007 the Company's twelve (12) hectares of land located in Longos, Bagumbayan, Quezon City for ₱1.13 billion with ₱260 million downpayment and the remaining balance payable in forty (40) equal quarterly payments starting April 2009 at 6% interest per annum on the principal. As of December 31, 2007, the outstanding balance due from OCLP amounting to ₱870 million was initially recorded at fair value of ₱835.26 million with the Day 1 difference charged to retained earnings. Title over the land shall transfer to OCLP upon full payment of the downpayment. Meanwhile, the Company has the right to rescind the contract on OCLP's third default arising from its failure to pay within the second grace period as stated in the contract.



- b. The Company entered into a management agreement with OCLP in January 24, 2006 under which the Company shall pay OCLP a monthly fee of ₱700,000 from commencement of the agreement up to December 31, 2005, subject to an annual escalation fee of 5% or the average inflation rate for the immediately preceding year, whichever is higher, plus an additional fee of 5% of incremental audited net income after tax, starting on January 1, 2006 with the 2005 audited net income as base year. OCLP waived the Company's payment of management fee for the first two months of the implementation of the contract. Total management fee recognized in 2007 and 2006 amounted to ₱59.9 million and ₱9.0 million, respectively. The outstanding balance due to OCLP, which was recorded in the "accrued liabilities and other payables" account in the parent company balance sheets, amounted to ₱50.2 million and ₱7.5 million as of December 31, 2007 and 2006, respectively.
- c. The Company also leases from OCLP its office and a parking space in Ortigas Building, Ortigas Avenue, Pasig City. The lease contract is for a period of two years, renewable annually. Total amount of rental and parking charges recognized as expense amounted to ₱445,190 and ₱412,212 in 2007 and 2006, respectively. The Company has no outstanding liability related to this contract as of December 31, 2007 and 2006. The lease was no longer renewed upon expiration.
- d. The Company has a banking relationship with a related party. The total cash deposit maintained with the related party amounted to ₱10.0 million and ₱1.6 million as of December 31, 2007 and 2006, respectively.
- e. The compensation of key management personnel of the Company amounted to ₱8.2 million, ₱5.2 million and ₱3.6 million for the years ended December 31, 2007, 2006 and 2005, respectively.

19. Basic/Diluted Earnings (Loss) Per Share

Basic/Diluted earnings (loss) per share amounts are calculated as follows:

	2007	2006	2005
Net income (loss)	₱1,005,621,318	(₱32,972,641)	₱22,176,247
Divided by weighted average number of common shares outstanding during the year	27,466,449	27,466,449	27,466,449
Basic/Diluted earnings (loss) per share	₱36.613	(₱1.200)	₱0.807

The Company does not have dilutive potential common shares as of December 31, 2007, 2006 and 2005. Therefore, the basic and diluted earnings (loss) per share are the same as of those dates.



20. Retirement Benefits

The Company has a funded, noncontributory defined benefit plan covering its eligible officers and employees. The following tables summarize the components of the retirement benefits costs charged to operations and the funded status and amounts recognized in the parent company balance sheets:

	2007	2006	2005
Current service cost	₱1,530,254	₱269,188	₱449,266
Interest cost	868,018	1,285,784	1,041,559
Expected return on plan assets	(351,084)	(1,187,118)	(956,221)
Actuarial losses	1,666,637	12,739,069	-
Actuarial gain	-	-	(10,509)
Curtailement gain	(13,061,881)	(4,973,138)	-
Effect of asset limit	-	(302,103)	302,103
Retirement benefits cost (income)	(₱9,348,056)	₱7,831,682	₱826,198

The net retirement benefits liability (plan assets) as of December 31, 2007 and 2006 were derived as follows:

	2007	2006
Present value of defined benefit obligations	₱-	₱10,663,609
Fair value of plan assets	(3,682,978)	(3,510,838)
	(3,682,978)	7,152,771
Unrecognized actuarial net losses	-	(1,487,693)
	(₱3,682,978)	₱5,665,078

Movements in the net retirement benefits liability (plan assets) for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Beginning of year	₱5,665,078	(₱1,487,693)
Retirement benefits costs (income)	(9,348,056)	7,831,682
Contributions	-	(678,911)
End of year	(₱3,682,978)	₱5,665,078

Changes in the present value of defined benefit obligations are as follows:

	2007	2006
Beginning of year	₱10,663,609	₱10,714,870
Current service cost	1,530,254	269,188
Interest cost	868,018	1,285,784
Actuarial losses	-	13,366,905
Benefits paid	-	(10,000,000)
Curtailement gain	(13,061,881)	(4,973,138)
End of year	₱-	₱10,663,609



Changes in fair value of net plan assets are as follows:

	2007	2006
Beginning of year	₱3,510,838	₱11,871,184
Expected return on plan assets	351,084	1,187,118
Actuarial losses	(178,944)	(226,375)
Benefits paid	-	(10,000,000)
Contributions	-	678,911
End of year	₱3,682,978	₱3,510,838

The fair value of net plan assets available for benefits as of December 31, 2007 and 2006 are as follows:

	2007	2006
Cash	₱1,133	₱266
Investments	3,689,129	3,518,064
Liabilities	(7,284)	(7,492)
Net plan assets	₱3,682,978	₱3,510,838

Actual return on plan assets amounted to ₱172,140 and ₱960,743 in 2007 and 2006, respectively.

The overall expected return on the plan assets is determined based on the market prices prevailing on the date applicable to the period over which the obligation is settled. There has been no change in the expected rate of return on plan assets.

The principal actuarial assumptions used to determine retirement benefits expense as of January 1, 2007 and 2006 follow:

	2007	2006
Discount rate	8.14%	12.00%
Expected rate of return on plan assets	10.00%	10.00%
Average annual salary rate increase	10.00%	8.00%
Number of employees	98	135

The latest actuarial valuation of the plan is as of December 31, 2006. The number of employees as of December 31, 2007 was 98.

Amounts for the current and prior periods are as follows:

	2007	2006	2005
Present value of defined benefit obligation	₱-	₱10,663,609	₱10,714,870
Fair value of plan assets	3,682,978	3,510,838	11,871,184
Experience adjustments on plan assets	(178,944)	(226,375)	(5,072)
Experience adjustments on retirement liability	-	(13,366,905)	(1,784,328)



The retirement plan calls for annual contributions covering the current service cost for the period plus payment toward funding the actuarial past service liability which has been accrued as of December 31, 2007 and 2006.

As of December 31, 2007, the Company recorded a provision for retrenchment costs amounting to ₱35.9 million (included under “Accrued liabilities and other payables” account) pursuant to the operation by a third party of the Company’s quarry as discussed in Note 1. The amount represents the estimated payments to the Company’s employees who would be retrenched upon takeover by the third party operator of the Angono quarry operation. The Company has accordingly reflected the effect of the imminent retrenchment of these employees in its accounts as of December 31, 2007.

Pursuant to the Management Agreement discussed in Note 18, OCLP was empowered and authorized to undertake the reorganization and restructuring of all the divisions of the Company. In line with this, OCLP initiated a Redundancy Program (the Program) on January 31, 2006. Under the Program, the Company has offered a terminal pay package to affected employees, equivalent to 165% of their monthly pay for every year of service, along with their accrued salaries and benefits. The Company paid ₱16.4 million (of which ₱10 million was paid from the retirement fund and ₱6.4 million was recognized as expense [included as personnel costs] and paid from Company funds) for 75 employees who have left the Company under the Program.

21. Long-term Mine Extraction Contract

On December 13, 2005, the Company entered into a mine extraction contract with Omengan Construction and Development Corporation (OCDC) for the latter to provide drilling, blasting, hauling, and delivery services for the Company’s quarrying operations. The contract provides, among others, the supply of equipment complement to implement the extraction work, loading of aggregates and tailings handling for the Company. In addition, OCDC shall assist the Company in performing community service such as dredging of rivers and waterways, loading of filling materials for donation to various communities, grading of parks and playgrounds, etc., for which the Company shall pay equipment rental to OCDC at the agreed rate per metric ton of materials delivered to the crushers or any designated dumpsite. The term of the contract shall be for a period of five years, to start retroactively from May 5, 2004 and shall end on May 4, 2009.

In connection with the contract, in 2007, 2006 and 2005, total extraction costs amounted to ₱102.4 million, ₱69.1 million and ₱72.4 million, freight and handling charges amounted to ₱10.5 million, ₱7.8 million and ₱10 million, and total rental charges amounted to ₱13.0 million, ₱11.2 million and ₱5.2 million, respectively. These are included as part of cost of sales and selling expenses in the parent company statements of income.

22. Contingencies

The Company is involved in various legal proceedings incidental to its normal business activities. The Company’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, results of operations or liquidity of the Company.



23. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and cash equivalents, installment receivable, AFS financial assets and short-term bank loans. The main purpose of these financial instruments is to ensure adequate funds for the Company's operations. The Company has other financial assets and financial liabilities such as receivables, trade payables and accrued liabilities and other payables, which arise directly from its operations.

Financial risk management by the Company is governed by policies and guidelines approved by the BOD. Company policies and guidelines cover, credit risk, and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's results of operations and financial position.

Interest Rate Risk

The risks caused by changes in interest rates are minimal since the Company's only interest bearing financial assets pertains to cash and cash equivalents, which is subject to market rate of interest and installment receivable, which is subject to a fixed rate of interest. Also, the Group has no outstanding loans as of December 31, 2007.

Credit risk

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers that wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on a continuous basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the Company, which comprise mainly of cash and cash equivalents, the Company's exposure to credit risk arises from the default of the counterparties, with a maximum exposure equal to the carrying values of these instruments.

The table below shows the maximum exposure to credit risk for the Company's financial assets, without taking account of any collateral and other credit enhancements:

	2007	2006
Cash and cash equivalents excluding cash on hand	₱116,023,738	₱15,779,024
Receivables:		
Trade:		
Construction	39,272,092	30,862,153
Trading and others	3,314,601	6,329,185
Advances to officers and employees	409,252	1,129,834
Other receivables	8,165,865	1,292,196
Installment receivable	835,261,220	-
Mine rehabilitation fund	5,218,901	5,088,789
AFS financial assets:		
Quoted equity investments	1,515,205	2,539,666
Unquoted equity investments	306,670	306,670
	₱1,009,487,544	₱63,327,517



The credit quality of financial assets is managed by the Company using internal credit ratings. The table below summarizes the credit quality of the Company's neither past due nor impaired receivables as of December 31, 2007:

	Neither past due nor impaired			Past due or individually impaired	Total
	High Grade	Standard Grade	Sub-standard Grade		
Cash and cash equivalents	₱116,023,738	₱-	₱-	₱-	₱116,023,738
Trade:					
Construction	10,542,623	6,412,813	5,146,216	28,681,291	50,782,943
Trading and others	732,604	568,868	543,843	4,750,303	6,595,618
Advances to officers and employees	-	409,252	-	1,123,738	1,532,990
Receivable from discontinued Engineering and Construction Division	-	-	-	60,851,342	60,851,342
Other receivables	-	8,165,865	-	-	8,165,865
Installment receivable	835,261,220	-	-	-	835,261,220
Mine rehabilitation fund	5,218,901	-	-	-	5,218,901
AFS financial assets:					
Quoted equity instruments	1,496,805	-	-	-	1,496,805
Unquoted equity instruments	325,070	-	-	-	325,070
	₱969,600,961	₱15,556,798	₱5,690,059	₱95,406,674	₱1,086,254,492

Cash and cash equivalents are classified as high grade since these are deposited and invested with trusted banks and can be withdrawn anytime.

High Grade receivables pertain to those receivables from clients or customers that consistently pay before the maturity date. Standard Grade includes receivables that are collected on their due dates even without an effort from the Company to follow them up while receivables which are collected on their due dates provided that the Company made a persistent effort to collect them are included under Sub-standard Grade receivables. Past due receivables and advances include those that are past due but are still collectible.

The aging analysis of receivables below show past due but not impaired receivables as of December 31, 2007:

	Neither past due nor impaired	Past due					Impaired	Total
		Less than 30 days	31 to 90 days	91 to 120 days	Over 120 days			
Cash and cash equivalents	₱116,023,738	₱-	₱-	₱-	₱-	₱-	₱-	₱116,023,738
Trade:								
Construction	22,101,652	14,841,965	1,971,130	249,456	-	107,889	11,510,851	50,782,943
Trading and others	1,845,315	601,444	33,933	6,892	-	827,017	3,281,017	6,595,618
Advances to officers and employees	409,252	-	-	-	-	-	1,123,738	1,532,990
Receivable from discontinued Engineering and Construction Division	-	-	-	-	-	-	60,851,342	60,851,342
Others	8,165,865	-	-	-	-	-	-	8,165,865
Installments receivable	835,261,220	-	-	-	-	-	-	835,261,220
Mine rehabilitation fund	5,218,901	-	-	-	-	-	-	5,218,901
AFS Financial Assets:								
Quoted equity instruments	1,496,805	-	-	-	-	-	-	1,496,805
Unquoted equity instruments	325,070	-	-	-	-	-	-	325,070
	₱990,847,818	₱15,443,409	₱2,005,063	₱256,348	₱-	₱934,906	₱76,766,948	₱1,086,254,492



Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and extension of suppliers' credit. The strong credit worthiness of the Company gives it the ability to save funds as the need arises. The Company presently has a credit facility with a local bank that allows it to borrow the needed funds from time to time.

The Company monitors its risk to a shortage of funds by overseeing the liquidity and funding requirements of its operations. The Company holds various deposits in the Company's bank accounts that can be used to meet its liquidity needs. Also, the Company has undrawn loan commitments facilities as to which all conditions precedent had been met.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of available instruments. The Company has no outstanding loans in the banks as of December 31, 2007.

The tables below summarize the maturity profile of the Company's financial liabilities at December 31, 2007 and 2006 based on contractual undiscounted payments:

December 31, 2007:

	Less than 3 months	3 to 12 months	Total
Trade payables	₱19,373,559	₱1,034,020	₱20,407,579
Accrued liabilities and other payables:			
Accrued liabilities	175,491,545	2,249,767	177,741,312
Due to a stockholder	50,272,267	—	50,272,267
Other payables	3,956,082	—	3,956,082
	₱249,093,453	₱3,283,787	₱252,377,240

December 31, 2006:

	Less than 3 months	3 to 12 months	Total
Trade payables	₱20,512,792	₱8,216,869	₱28,729,661
Accrued liabilities and other payables:			
Accrued liabilities	25,862,243	5,937,112	31,799,355
Due to a stockholder	7,480,181	—	7,480,181
Others	7,697,261	—	7,697,261
Short-term bank loans	117,702,000	—	117,702,000
	₱179,254,477	₱14,153,981	₱193,408,458

24. Capital Management

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



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

The Company's capital consists of total stockholders' equity as follows:

	2007	2006
Capital stock	₱274,664,490	₱274,664,490
Additional paid-in capital	1,069,304	1,069,304
Retained earnings (deficit)	900,705,329	(70,177,209)
	₱1,176,439,123	₱205,556,585

25. Fair Values of Financial Assets and Financial Liabilities

The carrying values and estimated fair values of the Company's financial assets and liabilities as of December 31, 2007 and 2006 are presented below:

	2007		2006	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	₱116,023,738	₱116,023,738	₱16,358,873	₱16,358,873
Receivables:				
Trade:				
Construction	39,272,092	39,272,092	30,862,153	30,862,153
Trading and others	3,314,601	3,314,601	6,329,185	6,329,185
Advances to officers and employees	409,252	409,252	1,129,834	1,129,834
Others	8,165,856	8,165,856	1,292,196	1,292,196
Installment receivable	835,261,220	835,261,220	-	-
Mine rehabilitation fund	5,218,901	5,218,901	5,088,789	5,088,789
	1,007,665,660	1,007,665,660	61,061,030	61,061,030
AFS financial assets:				
Quoted equity instruments	1,515,205	1,515,205	2,539,666	2,539,666
Unquoted equity instruments	306,070	306,670	306,670	306,670
	1,821,275	1,821,275	2,846,336	2,846,336
	₱1,009,486,935	₱1,009,486,935	₱63,907,366	₱63,907,366

(Forward)



	2007		2006	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial liabilities:				
Other financial liabilities:				
Trade payables	₱20,407,579	₱20,407,579	₱28,729,661	₱28,729,661
Accrued liabilities and other payables:				
Accrued liabilities	177,741,312	177,741,312	31,799,355	31,799,355
Due to a stockholder	50,272,267	50,272,267	7,480,181	7,480,181
Others	3,956,082	3,956,082	7,697,261	7,697,261
Short-term bank loans	-	-	117,000,000	117,000,000
	₱252,377,240	₱252,377,240	₱192,706,458	₱192,706,458

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

The fair values of the AFS financial assets are the quoted market bid price at the close of business. AFS financial assets with no available market prices are carried at cost less allowance for any impairment since the fair values are not readily determinable.

The fair value of the installment receivables is the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at prevailing market interest rate. The discount rate ranges from 5.54% to 7.75%.

26. Segment Information

The Company processes and sells only one product line. Its operating business is neither organized nor managed by geographical segment.

27. Restatements

In 2006, management made the following changes in its 2005 financial statements:

- a. The change in the method of amortizing quarry development costs to mine reserves, from the overall stripping ratio method to units of production method increased the amount of capitalized development costs (included as part of property, plant and equipment) as of December 31, 2005 by ₱43,178,657 and correspondingly decreased deficit as of December 31, 2004 by ₱18,696,776. Also, cost of sales decreased by ₱24,481,881 for the year ended December 31, 2005.



- b. Further, the new management completed its detailed review of accounts and determined the need for the other restatements. These prior period adjustments increased deficit by ₱7,601,097 as of December 31, 2005. In 2005, the adjustments increased the provision for doubtful accounts by ₱9,875,970, increased retirement expense by ₱386,020, and decreased income coming from other income and expense accounts by ₱23,589. Also, provision for deferred income tax decreased by ₱3,789,155 in 2005.
- c. Hauling income (net of related hauling expenses) amounting to ₱2,050,819 has been reclassified as other income. Previously, the gross hauling revenue of ₱24,249,910 and hauling charges of ₱22,199,091 in 2005 were presented as part of sales and cost of sales, respectively. The reclassification was made since this type of income is not being earned on a regular basis as the aggregates are sold. The Company does not earn this income should the customers decide to pick up the aggregates from the plant by themselves.

Total restatements in 2005 resulted to the following changes in the parent company statement of income:

	Increase (Decrease)
Sales	(₱24,249,910)
Cost of sales	(56,312,854)
General and administrative expenses	20,758,516
Others - net	(5,121,553)
Income before income tax	16,425,981
Provision for income tax - deferred	(3,789,155)
Net income	₱20,215,136
Basic/Diluted earnings per share	₱0.736





CONCRETE AGGREGATES CORPORATION

Don Mariano Santos Avenue, San Isidro, Angono, Rizal
Tel. No.: 651-3211 to 15 Telefax No.: 451-0192



May 15, 2008

THE PHILIPPINE STOCK EXCHANGE, INC.

4/F Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City, Metro Manila

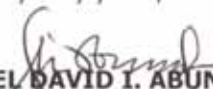
Attention: **Atty. Pete M. Malabanan**
Head, Disclosure Department

Gentlemen:

In compliance with Philippine Stock Exchanges' Rules on Disclosure, please find attached hereto a copy of Concrete Aggregates Corporation's Quarterly Report for the first quarter of 2008 (SEC Form 17-Q), which we filed at the Securities and Exchange Commission today, May 15, 2008.

Thank you and best regards.

Very truly yours,


MICHAEL DAVID I. ABUNDO III
Corporate Information Officer

PSE Security Code _____
SEC Number 36140
File Number _____

CONCRETE AGGREGATES CORP.

(Company's Full Name)

DON MARIANO SANTOS AVENUE, SAN ISIDRO, ANGONO, RIZAL

(Company's Address)

Telephone Nos.: 651-3211 to 15 / 451-1102
Facsimile no.: 651-3211 to 15

(Company's Telephone Number)

DECEMBER 31

**(Fiscal Year Ending)
(Month & Day)**

SEC FORM 17-Q: 1st Quarter 2008

(FORM TYPE)

(Amendment Designation if Applicable)

March 31, 2008

Period Ended Date

(Secondary License Type, if any)

FINANCIAL INFORMATION

Item 1. Financial Statements

Please see the following attached documents:

- Unaudited Balance Sheet Statement, as of March 31, 2008
- Unaudited Statement of Income, as of March 31, 2008
- Unaudited Statement of Changes in Stockholder's Equity, as of March 31, 2008
- Unaudited Statement of Cash Flows, as of March 31, 2008
- Aging of Accounts Receivables, as of March 31, 2008
- Statement of Management's Responsibility
- Notes to Financial Statements

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

The Company registered a significant 28% or ₱25.63 million growth on sales during the first quarter of year 2008 versus 2007. This was due largely to the increasing demand on aggregates for ready mix concrete production brought about by the booming construction business. This increase in sales and the effective management of operating costs helped the Company register a net income of ₱30.18 million during the first quarter of 2008.

Meanwhile, the Company anticipates a further upsurge in sales due to the increasing demand on housing units and office spaces fueled by OFW remittances, the continuing rise of business process outsourcing companies, and the line-up of government projects in the pipeline such as the South Luzon Expressway and the Northrail Projects, among others. In addition, the Company's latest aggregates-based vibro sand product has already gained market acceptance.

Operating Results

Sales

Sales revenue for the three month period increased by as much as 28% or ₱25.63 million from last year's performance of ₱91.36 million to this year's ₱116.99 million. The increase was brought about by the upsurge in sales of 3/4, 3/8, and base course aggregates due to the increasing demand for ready mix concrete and asphalt materials. Another contributor was the increasing sale of blue sand vibro coupled with the price increases made effective January 2008.

Cost of sales

Cost of sales is 25% higher than last year's ₱62.78 million. This was the effect of higher production volume compared to last year, thereby increasing its variable costs such as extraction fees by ₱2.41 million, repairs and maintenance supplies by ₱5.71 million, fuel and oil by ₱4.75 million, and security, janitorial and other services by ₱2.02 million.

Selling expenses

Year to date selling expenses is lower by ₱0.17 million due to the decrease in actual cost incurred in advertising expenses.

General and administrative expenses

General and administrative expenses increased by 18% or ₱2.23 million. This is due to increases in professional fees by ₱0.81 million, repairs and maintenance supplies by ₱0.66 million, security, janitorial and other services by ₱0.56 million, and taxes and licenses by ₱0.34 million.

Income from hauling, fuel and spare parts - net

The Year-to-date other income on hauling net of cost is at ₱2.87 million, a 32% increase from last year. Income from fuel net of cost to date is lower by 60% compared to 2007 due to a lower profit mark-up in 2008 as against 2007. Income from sale of spare parts net of cost decreased by ₱0.16 million in 2008.

Other income (expenses)

For the first quarter of 2008, there was a recognized interest income from overnight and short term placement amounting to ₱0.79 million; the sale of depreciated equipment and scrap materials amounted to ₱1.67 million, and interest on the long term installment receivable pertaining to the Longos property sold to OCLP amounted to ₱11.65 million.

Net income after tax

The Company's net operation for the first quarter resulted in a profit of ₱30.18 million net of provision for income taxes; an increase of 215% or ₱20.61 million as compared to the first quarter of 2007. This was brought about by higher sales revenue, which was due to higher sales volume, increase in prices, interest income and the sale of equipment and scrap materials.

Financial Condition

Cash

Cash balance amounting to ₱69.10 million decreased by 41% or ₱47.46 million as compared to last year due to the payment of capital gains tax amounting to ₱67.80 million on the sale of Longos property. The decrease was leveled off by the strong collection of outstanding receivables and cash collections during the period and the deferrals of payables under review due for processing.

Receivables

Receivables, net of allowances and provisions, amounting to ₱63.94 million represents an increase of 25% as opposed to last year's balance of ₱51.16 million. There was a slight increase in sales revenue that sets out the increase in accounts receivable trade. The substantial increase, which amounts to ₱11.65 million, pertains to the interest from the installment receivable from OCLP.

Inventories

Inventories (finished goods and warehouse inventory) in the amount of ₱18.42 million for this year is 35% or ₱10.00 million lower than last year's balance of ₱28.43 million due to higher volume of sales during the first quarter of the year. In addition, there was a noted decrease in spare parts and maintenance supplies due to increase in repairs and maintenance expense.

Other current assets

Other current assets, currently at ₱18.72 million, is higher by 67% or ₱7.51 million as compared to last year. Part of the increase are costs on the set-up of Batong Angono Aggregates Corp. (BAAC). In addition, there was an increase in prepayments/deferrals on taxes and licenses such as business taxes and issuance of spare parts and maintenance supplies.

Noncurrent assets held for sale

Some of the property, plant and equipment pertaining to assets that is expected to be transferred to Lafarge Consortium were reclassified to assets held for sale.

Investment properties

The decrease in investment properties is due to accounted depreciation charges made during the first quarter of 2008.

Property, plant and equipment

Property, plant and equipment (net) amounting to ₱103.18 million increased by 2% or ₱2.43 million as compared to last year's balance of ₱100.75 million basically due to capitalized expenses on development and improvement on the plant.

Other noncurrent assets

Other non-current assets increased by ₱16.25 million due to the investment made by the Company on BAAC, a wholly owned subsidiary.

Trade accounts payable

Trade accounts payable amounting to ₱26.91 million represents an increase of 32% as compared to last year's balance of ₱20.41 million. The increase was brought about by the additional recorded expenses to suppliers and haulers on increased production costs.

Accrued expenses and other accounts payable

Accrued expenses and other accounts payable amounting to ₱175.97 million is a decrease of ₱61.15 million from last year's figures. The decrease was due to the payment of capital gains tax on the sale of Longos property.

Stockholders' Equity

Stockholders' Equity increased from last year's balance of ₱1.18 billion to this year's first quarter balance of ₱1.21 billion due to the net contribution of 2008 operations by ₱30.18 million.

Book value per share is at ₱43.52 per share as of March 31, 2008 as compared to ₱42.85 per share in December 31, 2007.

- i. Due to the Company's sound financial condition, except as discussed in Note 1 under Quarry Operations, 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 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 other local and international commercial banks.
- v. At the moment, there are yet no material commitments for capital expenditures other than those performed in the ordinary course of trade or business.
- vi. At the moment, the management is currently monitoring its production volume capacity as there is an increasing demand for aggregates usually during the summer season.
- vii. The causes for any material changes in the unaudited financial statements from the first quarter of year 2007 to the first quarter of year 2008 are explained in the Management Discussion and Analysis, as well as in the accompanying Notes to Financial Statements.
- viii. 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.
- ix. Accounts that registered material changes of 5% or more and the causes thereof are as follows:

Accounts	2008	2007	Increase (Decrease)	Remarks
Sales	₱116,993,510	₱91,361,063	25,632,447	The increase is attributable to improvement in sales volume and the increase in selling prices that were effective in January 2008.
Cost of sales	78,693,075	62,782,410	15,910,665	The increase in cost is due to increase in production volume thereby increasing its related variable direct costs such as repairs and maintenance supplies, fuel and oil, and surge pile transfers.

Accounts	2008	2007	Increase (Decrease)	Remarks
Administrative expenses	17,966,446	14,571,070	3,395,376	This was due to increases in professional fees, repairs and maintenance supplies, security, janitorial and other services, and taxes and licenses during the first quarter of 2008.
Interest income (expense)	786,567	(2,222,240)	3,008,807	In November 2007, all outstanding bank loans were paid. Also, the Company earned interest income from overnight and short term placements.
Other income (expense)	16,560,183	3,715,900	12,844,284	The increase was due to interest earned from the installment receivable from OCLP.
Cash and cash equivalents	69,102,386	116,567,699	(47,465,313)	The decrease was due to payment of capital gains tax on sale of Longos property leveled off by strong collection scheme in monitoring of receivables.
Receivables	63,944,332	51,161,810	12,782,522	This was due to higher sales revenue resulting to the increase in trade accounts receivable. In addition, there was an accrual of interest from installment receivable pertaining to Longos sale.
Inventories	18,425,275	28,429,839	(10,004,564)	This was due to higher sales volume than production volume thereby consuming the beginning inventory. In addition, there was a noted decrease in spare parts and maintenance supplies issuance during the year.
Other current assets	18,717,372	11,211,799	7,505,573	The increase was due to expenses by the Company on the set-up of BAAC.
Noncurrent assets held for sale-net	119,535,237	124,810,553	(5,275,316)	This was due to assets that is expected to be transferred to Lafarge Consortium were reclassified to assets held for sale.

Accounts	2008	2007	Increase (Decrease)	Remarks
Trade accounts payable	26,907,142	20,407,579	6,499,563	The increase was brought about by the additional recorded expense to suppliers and haulers and increased production costs.
Accrued expenses and other payables	175,968,234	237,119,732	(61,151,498)	The decrease was due to the payment of capital gains tax on the sale of Longos property.

Key Performance Indicators

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

MEASURES	2008	2007	Manner of Calculation
Current Ratio	1.43	1.29	Current Assets ÷ Current Liabilities
Debt / Equity Ratio	0.17	0.22	Total Liabilities ÷ Total Stockholders' Equity
Gross Profit Rate	33%	31%	Gross Margin ÷ Sales
Operating Profit Rate	18%	15%	Operating Profit ÷ Sales
Net Income Rate	26%	10%	Net Income ÷ Sales
Return on Assets	9%	3%	Annualized Net Income ÷ Total Assets
Return on Equity	10%	3%	Annualized Net Income ÷ Total Stockholders' Equity

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 thereunto duly authorized.

CONCRETE AGGREGATES CORPORATION



ELEANOR B. TRUMATA

Accounting Manager/Authorized Officer

May 15, 2008

CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)

BALANCE SHEETS

MARCH 31, 2008

(With comparative figures for December 31, 2007)

	Unaudited March 2008	Audited December 2007
ASSETS		
Current Assets		
Cash and cash equivalents	P69,102,386	P116,567,699
Receivables - net	63,944,332	51,161,810
Inventories	18,425,275	28,429,839
Other current assets - net	18,717,372	11,211,799
	170,189,365	207,371,147
Noncurrent assets held for sale – net	119,535,237	124,810,553
Total Current Assets	289,724,602	332,181,700
Noncurrent Assets		
Investment properties - net	72,014,590	72,711,767
Property, plant and equipment - net	103,181,809	100,748,885
Deferred income tax assets - net	74,869,499	74,869,499
Net retirement plan assets	3,682,978	3,682,978
Installment receivable	835,261,220	835,261,220
Other noncurrent assets	31,309,012	15,059,013
Total Noncurrent Assets	1,120,319,108	1,102,333,362
TOTAL ASSETS	P1,410,043,710	P1,434,515,062
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade payables	P26,907,142	P20,407,579
Accrued liabilities and other payables	175,968,234	237,119,732
Total Current Liabilities	202,875,376	257,527,311
Stockholders' Equity		
Capital stock - P10 par value		
Authorized - 50,000,000 shares		
Issued and outstanding – 27,466,449 shares (held by 629 stockholders)	274,664,490	274,664,490
Additional paid-in capital	1,069,304	1,069,304
Unrealized gain on appreciation in value of available-for-sale investments, net of related deferred income tax	292,042	292,042
Retained earnings	931,142,498	900,961,915
Total Stockholders' Equity	1,207,168,334	1,176,987,751
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	P1,410,043,710	P1,434,515,062

See accompanying Notes to the Company's Financial Statements.

CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)

STATEMENTS OF INCOME
FOR THE 1ST QUARTER ENDING MARCH 31, 2008 (Unaudited)
(With comparative figures for March 31, 2007)

	Unaudited January to March 2008	Unaudited January to March 2007
SALES	₱116,993,510	₱91,361,063
COST OF SALES	78,693,075	62,782,410
GROSS PROFIT	38,300,435	28,578,653
General and administrative expenses	(17,966,446)	(14,571,070)
Selling expenses	(5,764,060)	(5,932,446)
Interest and other financing charges	–	(2,254,901)
Interest income	786,567	32,661
Others – net	16,560,183	3,715,900
INCOME (LOSS) BEFORE INCOME TAX	31,916,679	9,568,856
PROVISION FOR INCOME TAX	1,736,096	–
NET INCOME (LOSS)	₱30,180,583	₱9,568,856
Basic/Diluted Earnings (Loss) per share	1.10	0.35

See accompanying Notes to the Company's Financial Statements.

CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE 1ST QUARTER ENDING MARCH 31, 2008 (Unaudited)
(With comparative figures for March 31, 2007)

	Capital Stock	Additional Paid-in Capital	Unrealized Gain on Appreciation in Value of Available-for- Sale Financial Assets	Retained Earnings (Deficit)	Total
Balances at January 1, 2007 (Audited)	274,664,490	1,069,304	1,214,057	(69,920,623)	207,027,228
Net Income from January 1, 2007 to March 31, 2007	-	-	-	9,568,827	9,568,827
BALANCES AT MARCH 31, 2007	274,664,490	1,069,304	1,214,057	(60,351,796)	216,596,055

Balances at January 1, 2008 (Audited)	274,664,490	1,069,304	292,042	900,961,915	1,176,987,751
Net Income from January 1, 2008 to March 31, 2008	-	-	-	30,180,583	30,180,583
BALANCES AT MARCH 31, 2008	274,664,490	1,069,304	292,042	931,142,498	1,207,168,334

See accompanying Notes to the Company's Financial Statements.

CONCRETE AGGREGATES CORP.
(A Subsidiary of Ortigas & Company, Limited Partnership)

STATEMENTS OF CASH FLOWS
FOR THE 1ST QUARTER ENDING MARCH 31, 2008 (Unaudited)
(With comparative figures for March 31, 2007)

	Unaudited January to March 2008	Unaudited January to March 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (loss)	₱30,180,583	₱9,568,856
Adjustments for:		
Depreciation and amortization	6,738,268	4,748,838
Interest expense	–	2,254,907
Interest income	(786,567)	(32,661)
Gain on sale of property, plant and equipment	(1,339,286)	–
Operating income before working capital changes and Provisions	34,792,998	16,539,940
Decrease (increase) in:		
Receivables	(12,782,522)	(1,168,199)
Inventories	10,004,564	2,387,301
Other current assets	(7,505,573)	(2,058,741)
Increase (decrease) in:		
Trade payables	6,499,563	(13,702,804)
Accrued expenses and other payables	(61,151,497)	(2,074,539)
Cash generated from operations	(30,142,467)	(77,042)
Interest paid	–	(2,254,907)
Interest received	786,567	32,661
Net cash flows from operating activities	(29,355,900)	(2,299,288)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment and noncurrent assets held for sale	(3,198,699)	(9,635,258)
Proceeds from sales of property, plant and equipment	1,339,286	–
Reduction (addition) to non-current assets	(16,250,000)	185,285
Reduction (addition) to investment properties	–	(3,021,638)
Net cash flows from (used in) investing activities	(18,109,413)	(12,471,611)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short-term bank loans	–	15,000,000
Net cash flows from (used in) financing activities	–	15,000,000
NET INCREASE (DECREASE) IN CASH	(47,465,313)	229,101
CASH AT BEGINNING OF YEAR	116,567,699	16,358,873
CASH AT END OF THE QUARTER	₱69,102,386	₱16,587,974

See accompanying Notes to the Company's Financial Statements.

**CONCRETE AGGREGATES CORP.
ACCOUNTS RECEIVABLE AGING (Unaudited)
FOR THE 1ST QUARTER ENDING MARCH 31, 2008**

Description	Total	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days	Under Litigation
AGING SCHEDULE								
A. Trade Receivables								
Angono Aggregates	49,992,104	26,053,567	10,837,506	937,641	(137,418)	25,840	12,274,968	-
Pangasinan Aggregates	2,241,979	-	-	-	-	-	2,241,979	-
Subtotal	52,234,083	26,053,567	10,837,506	937,641	(137,418)	25,840	14,516,947	-
Less: Allowance For Doubtful Accounts	14,791,869	-	-	249,082	-	25,840	14,516,947	-
Net Trade Receivable	37,442,214	26,053,567	10,837,506	688,559	(137,418)	-	-	-
B. Non-trade Receivables								
Discontinued Division								
ReadyMix	12,124,268	-	-	-	-	-	12,124,268	-
Asphalt Mix	17,258,025	-	-	-	-	-	17,258,025	-
Hollow Blocks	1,089,281	-	-	-	-	-	1,089,281	-
Prestress	7,976,809	-	-	-	-	-	7,976,809	-
Construction	17,313,353	-	-	-	-	-	17,313,353	-
Quality Control	89,606	-	-	-	-	-	89,606	-
Sub-total	55,851,342	-	-	-	-	-	55,851,342	-
Other Non-trade Receivables	27,625,856	26,502,118	-	-	-	-	1,123,738	-
Sub-total	83,477,198	26,502,118	-	-	-	-	56,975,080	-
Less: Allowance for Doubtful Accounts	56,975,080	-	-	-	-	-	56,975,080	-
Net Non-trade Receivables	26,502,118	26,502,118	-	-	-	-	-	-
NET RECEIVABLES	63,944,332	52,555,685	10,837,506	688,559	(137,418)	-	-	-

Statement of Management's Responsibility

The Management of Concrete Aggregates Corp. (CAC) is responsible for all information and representations contained in the financial statements for the period ended March 31, 2008. The financial statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting, which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized disposition and liabilities are recognized. The management likewise discloses to the Company's audit committee and to its external auditor any: (i) significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process and report financial data; (ii) material weaknesses in the internal controls; and (iii) fraud that involves management or other employees who exercise significant roles in internal controls.

CONCRETE AGGREGATES CORP.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Business Operations

Corporate Information

Concrete Aggregates Corp. (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 23, 1968. The Company is listed in the Philippine Stock Exchange and is primarily engaged in quarrying, crushing and selling basalt concrete aggregates. The 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 Company's wholly owned subsidiaries, namely, CAC Insurance Agency Corp. (CIAC) and CAC Marketing and Services Corp. (CMSC) are both incorporated in the Philippines and are currently dormant companies. The Company and its subsidiaries' ultimate parent is Ortigas & Company, Limited Partnership (OCLP).

The Company has a management agreement with its parent company and majority stockholder, OCLP.

The registered office address of the Company, CIAC and CMSC, [collectively referred to as the Group], is Don Mariano Santos Avenue, Barangay San Isidro, Angono, Rizal.

The consolidated financial statements of the Company as of and for the year ended December 31, 2007 were authorized for issue in accordance with a resolution of the Board of Directors (BOD) on April 11, 2008.

Quarry Operations

On November 29, 2007, the Company's BOD declared the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the Consortium) as the winning bidder in the bidding for the purpose of selecting a third party to operate its quarry in Angono, Rizal, which offered to pay the Company the amount of ₱670 million on the Closing Date of the transaction. In addition, the Company will be paid royalty fees during the term of the Operating Agreement. On January 18, 2008, the Company's stockholders approved the declaration made by the BOD and the transactions and contracts to be entered into by the Company in connection with the bidding out of the right to operate its quarry.

Upon the approval on January 18, 2008 by the Company's Stockholders of the declaration, the Consortium entered into a Memorandum of Agreement with the Company, providing among others, that at the Closing Date, which will be at the end of the period of ninety (90) days (or such other period as may be agreed upon) counted from the date of execution of the Memorandum of Agreement:

- a. The Company shall have incorporated a New Company (NewCo) and have subscribed to all of NewCo's authorized capital stock;
- b. The Company and NewCo will execute an Asset Purchase Agreement by virtue of which the Company shall sell to NewCo, and the NewCo shall purchase from the Company, certain operating assets on an "As Is, Where Is" basis;
- c. The Company and NewCo will execute an Operating Agreement which gives NewCo the right to engage in quarrying operations within the property owned by the Group in Angono, Rizal; and,
- d. The Company and the Consortium will execute a Share Purchase Agreement for the sale of the Company and the purchase of the Consortium of 100% of the outstanding capital stock of NewCo.

The Operating Agreement will be executed, after the execution of the Memorandum of Agreement and upon incorporation of NewCo, by and between the Company and NewCo giving NewCo the right to engage in quarrying operations within the quarry land owned by the Company (the Property) and within the parameters of the MPSA between the Company and the Department of Environment and Natural Resources (DENR), and the ECC issued by the DENR to the Company. The Operating Agreement shall specify, among others:

- a. The minimum extraction rate of aggregates per annum;
- b. The right to conduct quarrying operations within the Property for a period of fifteen (15) years from the date of the closing of the transactions (unless sooner terminated in accordance with the provisions of the agreement), which period may also be extended upon agreement of the parties; and,
- c. Termination of the Operating Agreement upon breach of any of its provisions.

As operator under the Operating Agreement, NewCo, in coordination with the Company, shall be obliged to comply with any and all terms and conditions and such other requirements under the MPSA entered into by, and the ECC issued to, the Company, including any amendments or supplements thereto. The Company shall cooperate with the Consortium in any future application to increase the annual extraction rate in excess of what has been or is to be approved by the DENR, provided that this is consistent with the mining plan submitted to, and accepted by, the Company.

On January 23, 2008, the Company executed the Operating Agreement with Batong Angono Aggregates Corp. (BAAC), the actual name of NewCo which was formed by the Company.

The Asset Purchase Agreement will be executed on Closing Date by and between the Company and NewCo by virtue of which the Company shall sell to NewCo, and NewCo shall purchase from the Company, the Assets on an "As Is, Where Is" basis. The "As Is, Where Is" condition of the Assets shall be reckoned on a date to be agreed upon by the parties. The Asset Purchase Agreement will include customary representations, warranties and covenants.

The Share Purchase Agreement will be executed on Closing Date by and between the Consortium and the Company by virtue of which the Company shall sell and the Consortium shall purchase the Shares comprising 100% of the outstanding capital stock of NewCo. This agreement will include customary representations, warranties, covenants, and payment in full of the purchase price in same day funds upon Closing Date.

The Transaction Service Agreement and Trademark License Agreement will be executed on Closing Date for the provision of service by certain key personnel belonging to the Company's Parent Company, OCLP, for a specified period of time as well as the use of Company-owned trademarks and service marks under terms and conditions agreed upon by the parties.

2. Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for available-for-sale investments that have been measured at fair value. The financial statements are presented in Philippine peso, which is the Company's functional currency and rounded to the nearest peso except when otherwise indicated.

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new standard and amendments to previously issued standards and Philippine Interpretation of International Financial Reporting Interpretation Committee (IFRIC) interpretations during the year. Adoption of these standards, amendments and interpretations did not have a material effect on the Company's financial statements except for the additional disclosures where required.

- PFRS 7, *Financial Instruments: Disclosures*, introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, as well as sensitivity analysis to market risk. It replaces disclosure requirements in Philippine Accounting Standard (PAS) 32, *Financial Instruments: Disclosures and Presentation* and PAS 30, *Disclosure in the Financial Statements of Banks and Similar Financial Institutions*. It is applicable to all entities that report under PFRS.

The Company adopted the amendment to the transition provisions of PFRS 7, as approved by the Financial Reporting Standards Council, which gives transitory relief with respect to the presentation of comparative information for the new risk disclosures about the nature and extent of risks arising from financial instruments. Accordingly, the Company does not need to present comparative information for the disclosures required by paragraphs 31 to 42 of PFRS 7, unless the disclosure was previously required under PAS 32. Adoption of PFRS 7 resulted in additional disclosures, which are included throughout the consolidated financial statements. These disclosures include presenting the different classes of loans and receivables, rollforward of allowance for impairment losses, credit quality of financial assets and aging of past due but not impaired financial assets.

- Amendments to PAS 1, *Presentation of Financial Statements: Capital Disclosures*, require the following additional disclosures: (a) an entity's objectives, policies and processes for managing capital; (b) quantitative data about what the entity regards as capital; (c) whether the entity has complied with any capital requirements; and (d) if it has not complied, the consequences of such noncompliance. The disclosures required by this amendment were included in the consolidated financial statements.
- Philippine Interpretation IFRIC 7, *Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies*, provides guidance on how to apply PAS 29 when an economy first becomes hyperinflationary. As the Company currently has no such transactions, the interpretation did not have any effect on its consolidated financial statements.
- Philippine Interpretation IFRIC 8, *Scope PFRS 2*. This Interpretation requires PFRS 2 to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value. As the Company currently has no such transactions, the interpretation did not have any effect on its consolidated financial statements.
- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to a contract, with assessment only if there is a change to the contract that significantly modifies the cash flows. As the Company currently has no such transactions, the interpretation did not have any effect on its consolidated financial statements.
- Philippine Interpretation IFRIC 10, *Interim Financial Reporting and Impairment*, prohibits the reversal of impairment losses on goodwill and available-for-sale equity investments recognized in the interim financial reports even if impairment is no longer present at the annual balance sheet date. As the Company currently has no such transactions, the interpretation did not have any effect on its consolidated financial statements.

Summary of Significant Accounting Policies

Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

Date of recognition

The Company recognizes a financial asset or financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial recognition of financial instruments

All financial assets and financial liabilities are recognized initially at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Company's financial assets are further classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, and available-for-sale (AFS) financial assets. The Company also classifies its financial liabilities as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or whether they are quoted in an active market. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial instruments are classified as liabilities and equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to stockholders' equity net of any related deferred income tax benefits.

As of March 31, 2008 and December 31, 2007, the Company has no financial assets and financial liabilities at FVPL and HTM investments.

Determination of fair value

The fair value for financial instruments traded in active markets as at balance sheet 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 methodologies. Valuation methodologies include net present value techniques, comparison to similar instruments for which market observable prices exists, options pricing models and other valuation models.

Day 1 Profit

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a Day 1 profit) in the statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried either at amortized cost in the balance sheet. Amortization is determined using the effective interest method. Loans and receivables are included in current assets if maturity is within twelve months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

As of March 31, 2008 and December 31, 2007, this category includes the Company's cash in banks and short term investments, trade receivables, advances to officers and employees, advances to suppliers, other receivables, and installment receivable.

AFS financial assets

AFS financial assets are nonderivatives that are either designated in this category or not classified in any of the other categories. AFS assets are carried at fair value in the balance sheet. Changes in the fair value of such assets are accounted for in equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of income. These financial assets are classified as noncurrent assets unless the intention is to dispose such assets within twelve months from the balance sheet date.

As of March 31, 2008 and December 31, 2007, included in this category are the Company's investments in golf club shares and investments in shares of stock relative to the Company's electric and telephone subscription.

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., payables, accruals).

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

As of March 31, 2008 and December 31, 2007, this category includes the Company's trade payables, accrued liabilities and other payables and short-term bank loans.

Impairment of Financial Assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Loans and receivables

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as a difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account. The amount of loss is recognized in the consolidated statement of income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Company about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. 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 the group of financial assets with similar credit risk and 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.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced either directly or through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

AFS financial assets

If an AFS investment is impaired, the cumulative loss that had been recognized directly in equity (resulting from decline in fair value) shall be removed from equity and recognized in the consolidated statement of income even though the investment has not been derecognized. The amount of the cumulative loss that is removed from equity and recognized in the consolidated statement of income shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income.

In case of equity securities classified as AFS financial asset, objective evidence would include a significant or prolonged decline in the fair value of the financial assets below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Company treats "significant" generally as 20% or more of the original cost of investment, and "prolonged" as greater than 6 months. In addition, the Company evaluates other factors, including normal volatility in share price for unquoted equities.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

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

- The rights to receive cash flows from the asset have expired;

- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset 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 Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the carrying value of the original liability and the recognition of a new liability at fair value, and any resulting difference is recognized in the consolidated statement of income.

Embedded Derivatives

An embedded derivative is separated from the host financial or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized at FVPL.

The Company assesses whether embedded derivatives are required to be separated from host contracts when the Company first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements whereby the related assets and liabilities are presented gross in the consolidated balance sheet.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Mine products	- determined using the moving average method; cost includes direct labor and a proportion of manufacturing overhead cost based on actual production but excluding borrowing cost
Spare parts, fuel and supplies	- purchase cost using the moving average method

The NRV for mine products is the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale. The NRV for fuel is current replacement cost. The NRV for spare parts and supplies is the estimated scrap value.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties, except land, are carried at cost less accumulated depreciation and amortization, and any impairment losses. Land is carried at cost less any impairment in value.

Depreciation and amortization of investment properties is computed using the straight-line method over the asset's useful life, regardless of utilization. The estimated useful lives of the assets are as follows:

	Number of Years
Land improvements	10
Building	6 to 10

Investment properties are removed from the accounts (i.e., derecognized) when they have been either disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or losses on the retirement or disposal of investment properties are credited or charged to the consolidated statement of income.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner occupied property, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property, plant and equipment consists of their purchase price and any directly attributable costs of bringing the assets to their working condition and location for their intended use and any estimated cost of dismantling and removing the property, plant and equipment item and restoring the site on which it is located to the extent that the Company had recognized the obligation of that cost. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standards of performance, the expenditures are capitalized as additional costs of the property, plant and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment loss are removed from the accounts and any resulting gain or loss is recognized in the consolidated statement of income.

Amortization of quarry development costs is computed using the units of production method based on estimated recoverable reserves. The units of production method uses an extraction rate per unit which is computed by dividing the quarry development cost by the estimated quantity of recoverable reserves to be extracted. The extraction rate per unit is multiplied by the quantity extracted during the period to obtain the amortization for the period.

Depreciation and amortization of other items of property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of 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
Tools and implements	1 to 2

Depreciation and amortization of other items of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal company that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

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

Impairment of Nonfinancial Assets

The carrying values of property, plant and equipment and other noncurrent assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their estimated recoverable amounts which is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment loss is recognized in the consolidated statement of income.

Previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not, however, to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had there been no impairment loss recognized for the asset in prior years. A reversal of an impairment loss is recognized in the consolidated statement of income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sales are recognized when the goods are delivered to and accepted by the customer.

Interest income is recognized as the interest accrues, taking into account the effective interest yield on the asset.

Borrowing Costs

Borrowing costs are expensed as incurred.

Retirement Benefits Costs

Retirement benefits costs are actuarially determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Retirement expense includes current service cost, interest cost, expected return

on plan assets, amortization of unrecognized past service costs, recognition of actuarial gains or losses and effect of any curtailment or settlement. Upon introduction of a new plan or improvement of an existing plan, past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. To the extent that the benefits are already vested immediately, past service cost is immediately expensed. Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan. Past service cost, on the other hand, is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, past service cost is recognized immediately. Gains or losses on the curtailment or settlement of retirement benefits are recognized when the curtailment or settlement occurs.

The defined retirement benefit liability (net retirement benefits liabilities) is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized reduced by the past service cost not yet recognized and the fair value of the plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for the benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Company is the Lessee

Leases where the Company retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to income on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized.

Company is the Lessor

Assets leased out under operating leases which include freehold land and freehold building are included in the investment property account in the consolidated balance sheet. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations; and a reliable estimate can be made of the amount of the obligation.

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

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the applicable functional currency exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the applicable functional currency closing exchange rate at the balance sheet date. Foreign exchange gains or losses arising from foreign currency transactions and balances are recognized to the consolidated statement of income.

Income Tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax

Deferred income tax is recognized on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from excess of minimum

corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused tax losses from net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of unused excess MCIT over RCIT and NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income or loss for the year attributable to common stockholders by the weighted average number of shares outstanding during the year and adjusted for the effects of all potential dilutive common shares, if any.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

Events After the Balance Sheet Date

Post year-end events that provide additional information about the Company's position at 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 consolidated financial statements when material.

Future Changes in Accounting Policies

The following are the new and amended accounting standards and interpretations that will become effective subsequent to 2007:

- PFRS 8, *Operating Segments* (effective for annual periods beginning on or after January 1, 2009), requires a management approach to reporting segment information. PFRS 8 will replace PAS 14, *Segment Reporting*, and is required to be adopted only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the Philippine SEC for purposes of issuing any class of instruments in a public market. The Company is currently in the process of assessing the impact of this PFRS but is not yet in a position to state whether it could have a significant impact on the consolidated financial statements.

- Amendments to PAS 1, *Presentation of Financial Statements*, (effective for annual periods beginning on or after January 1, 2009), introduces new disclosures to aggregate information in the financial statements on the basis of shared characteristics. It requires the following presentations: (a) all changes in equity arising from transactions with owners are to be presented separately from non-owner changes in equity, (b) income and expenses are to be presented in one statement (a statement of comprehensive income) or in two statements (a separate income statement and a statement of comprehensive income), separately from owner changes in equity, (c) components of other comprehensive income to be displayed in the statement of comprehensive income and, (d) total comprehensive income to be presented in the consolidated financial statements. The Company is currently in the process of assessing the impact of this Amendment but is not yet in a position to state whether it could have a significant impact on the consolidated financial statements.
- Amendments to PAS 23, *Borrowing Costs* (effective for annual periods beginning on or after January 1, 2009), requires capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale. In accordance with the transitional requirements in the standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.
- Philippine Interpretation IFRIC 11, *Group and Treasury Share Transaction* (effective for annual periods beginning on or after March 1, 2007), requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g., treasury shares) from another party, or (b) the shareholder(s) of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when the subsidiary's employees receive rights to the equity instruments of the parent company. The Company currently does not have any stock option plan and therefore, does not expect this Interpretation to have any impact on its consolidated financial statements.
- Philippine Interpretation IFRIC 12, *Service Concession Arrangements* (effective for annual periods beginning on or after January 1, 2008), covers contractual arrangements arising from entities providing public services. The Company is not a party to any concession arrangement and, thus, expects that this Interpretation will not have any impact on its consolidated financial statements.
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*, (effective for annual periods beginning on or after July 1, 2008). This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the loyalty award credits are redeemed. The Company expects that this Interpretation will have no impact on the consolidated financial statements as no such programs currently exist.

- Philippine Interpretation IFRIC 14, *The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after January 1, 2008), provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits*. The Company expects that this Interpretation will have no impact on the financial position or performance of the Company as all defined benefit schemes are currently in deficit.

The Company continues to assess the impact on the consolidated financial statements of the foregoing standard, amendments and interpretations. The revised disclosures in the consolidated financial statements provided by the above standard, amendments and interpretations, where applicable, will be included in the consolidated financial statements when these are adopted upon their effectivity.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as of date of the consolidated financial statements. Actual results could differ from these estimates and assumptions used.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of the Company's functional currency

Management considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency in which the Company measures its performance, reports its results and influences the sale of goods.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheet. Classification of financial instruments is reviewed at each balance sheet date.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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:

Estimation of allowance for doubtful accounts

The Company maintains allowance for doubtful accounts based on the result of the individual and collective assessment under PAS 39, *Financial Instruments: Recognition and Measurement*. Under the individual assessment, the Company is required to obtain the present value of estimated cash flows using the receivables original effective interest rate. Impairment loss is determined as the difference between the receivables, carrying balance and the computed present value. If no future cash flows is expected, impairment loss is equal to the carrying balance of the receivables. Factors considered in individual assessment are payment history, inactive accounts, past due and term. The collective assessment would require the Company to classify its receivables based on the credit risk characteristics (customer type, payment history, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

Allowance for doubtful accounts amounted to ₱76,766,948 as of March 31, 2008 and December 31, 2007, respectively. The amount of receivables, net of allowance for doubtful accounts, amounted to ₱63,944,332 and ₱51,161,810 as of March 31, 2008 and December 31, 2007, respectively.

Determination of net realizable values of inventories

The Company's estimates of the net realizable values of inventories are based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made at net realizable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in net realizable value because of change in economic circumstances, the amount of the write down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value. Inventories stated at net realizable value amounted to ₱2,823,927 as of December 31, 2007.

Impairment of AFS financial assets

The Company treats AFS financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Company treats 'significant' generally as 20% or more and 'prolonged' as greater than 6 months for quoted equity securities. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted securities. As of March 31, 2008 and December 31, 2007, there is no indication of impairment. The carrying value of the Company's AFS financial assets amounted to ₱1,821,875 as of March 31, 2008 and December 31, 2007, respectively.

Impairment of investment property and property, plant and equipment

The Company determines whether its assets are impaired, at least on an annual basis. This requires an estimation of recoverable amount which is higher of an asset's or cash-generating unit's fair value less cost to sell and value in use. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. Estimating the fair value less cost to sell is based on the information available to reflect the amount that the Company could obtain as of the balance sheet date. In determining this amount, the Company considers the outcome of recent transactions for similar assets within the same industry. The total carrying value of the Company's property, plant and equipment as of March 31, 2008 and December 31, 2007 amounted to ₱103,181,809 and ₱100,748,885, respectively. The total carrying value of the Company's investment properties amounted to ₱72,014,590 and ₱72,711,767 as of March 31, 2008 and December 31, 2007, respectively.

As of March 31, 2008 and December 31, 2007, the management's assessment showed no sign of impairment indicators.

Estimation of useful lives of property, plant and equipment and investment properties

Useful lives of property, plant and equipment and investment properties are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property, plant and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. Any reduction in the estimated useful lives of property, plant and equipment and investment property would increase the Company's recorded cost of sales and general and administrative expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment and investment properties as of March 31, 2008 and December 31, 2007.

Estimation of recoverable mine reserves and resources

Mine reserves and resources are based on the interpretation of geological data obtained from sampling techniques and feasibility studies. Estimated reserves are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors including mine development plans. There is no change in the Company's estimated recoverable mine reserves.

Estimation of asset retirement obligation

The determination of asset retirement obligation requires estimation of the cost of dismantling, installation and restoring leased properties to their original condition. Based on the Company's evaluation, management believes that there is no asset retirement obligation to be recognized in the financial statements as of March 31, 2008 and December 31, 2007.

Estimation of allowance for sales volume discrepancies

The Company recognizes revenue from sale of mine products at the time these are delivered to the customer. Revenue is measured based on the applicable quoted price and delivered quantity of mine products using the Company's weighing scale which may differ from the quantity received and acknowledged by the customers. The Company accordingly estimates an allowance for sales volume discrepancies. No allowance for volume discrepancies was provided in March 31, 2008 and in 2007.

Estimation of retirement benefits costs

The determination of the Company's obligation and cost for retirement benefits is dependent on management's selection of certain assumptions used by actuaries in calculating such amounts. Actual results that differ from assumptions are accumulated and amortized over future periods and therefore, generally affect the Company's recognized expense and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Company's retirement obligations. Net retirement plan assets as of March 31, 2008 and December 31, 2007 amounted to ₱3,682,978.

Recognition of deferred income tax assets

The Company reviews the carrying amounts of deferred income tax assets at each balance sheet date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. As of March 31, 2008 and December 31, 2007, the Company has recognized deferred income tax assets amounting to ₱74,869,499.

Provisions and contingencies

The estimate of probable costs of resolution of possible claims has been developed in consultation with external counsels handling the Company's defense in these matters and is based upon an analysis of potential results. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. Accordingly, no provision for probable losses arising from contingencies was recognized in the consolidated financial statements as of March 31, 2008.

4. Cash and cash equivalents

	Unaudited March 2008	Audited December 2007
Cash on hand and in bank	₱69,102,386	₱16,567,699
Short term investment	-	100,000,000
	₱69,102,386	₱116,567,699

Cash in banks earns interest at the respective banks' deposit rates. Short-term investments are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term investments rates.

5. Receivables

	Unaudited March 2008	Audited December 2007
Trade - net of allowance for doubtful accounts of ₱14,791,869 in 2008 & 2007, respectively.	₱37,442,214	₱42,586,693
Advances to officers and employees - net of allowance for doubtful accounts of ₱1,123,738 in 2008 & 2007, respectively.	429,461	409,252
Receivables of discontinued Engineering and Construction Division - net of allowance for doubtful accounts of ₱55,851,342 and ₱60,851,342 in 2008 and 2007, respectively.	-	-
Others	26,072,657	8,165,865
	₱63,944,332	₱51,161,810

Trade receivables are due within 30 to 45 days and do not bear interest.

6. Inventories

	Unaudited March 2008	Audited December 2007
Mine products - at cost	₱7,675,743	₱13,008,658
Spare parts, fuel, and supplies	10,749,532	15,421,181
	₱18,425,275	₱28,429,839

7. Other current assets

	Unaudited March 2008	Audited December 2007
Due to/from related parties	₱6,719,072	₱807,221
Prepaid Taxes & Licenses	2,795,165	700,330
Advances to suppliers	2,172,939	1,242,509
Input Taxes	1,881,994	2,902,690
Prepaid Insurance	640,915	804,741
Creditable withholding tax	101,542	927,008
Others	4,405,745	3,827,300
	₱18,717,372	₱11,211,799

10. Property, Plant and Equipment
 Unaudited March 31, 2008.

	Land	Quarry Land	Quarry Development Cost	Buildings and Improvements	Plant Site Improvements	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Tools and Implements	Total
Cost										
Beginning of year	₱42,285	₱16,209	-	₱25,933	₱29,909	₱15,743	₱29,795	₱555	-	₱160,430
Additions	-	-	409	308	-	28	1,544	812	97	3,199
Reclassification to noncurrent assets held for sale	-	-	-	-	-	-	(2,308)	-	-	(2,308)
End of year	42,285	16,209	409	26,241	29,909	15,771	29,031	1,367	97	161,321
Accumulated Depreciation and Amortization										
Beginning of year	-	-	-	8,775	14,619	6,516	29,242	529	-	59,681
Depreciation and amortization for the year	-	-	367	341	5	-	52	-	-	766
Reclassification to noncurrent assets held for sale	-	-	-	-	-	-	(2,308)	-	-	(2,308)
End of year	-	-	367	9,115	14,624	6,516	26,986	529	-	58,139
Net Book Value	₱42,285	₱16,209	₱42	₱17,126	₱15,285	₱9,255	₱2,045	₱837	₱97	₱103,182

Audited December 31, 2007:

	Land	Quarry Land	Quarry Development Cost	Buildings and Improvements	Plant Site Improvements	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Tools and Implements	Total
(Amounts in thousands)										
Cost										
Beginning of year	₱42,285	₱16,209	₱66,318	₱24,363	₱29,879	₱134,716	₱50,612	₱15,519	₱2,069	₱381,971
Additions	-	-	18,029	1,570	30	23,353	21,535	3,626	279	68,421
Reclassification to noncurrent assets held for sale	-	-	(84,347)	-	-	(142,326)	(42,351)	(18,589)	(2,348)	(289,961)
End of year	42,285	16,209	-	25,933	29,909	15,743	29,795	555	-	160,430
Accumulated Depreciation and Amortization										
Beginning of year	-	-	3,352	7,562	9,524	127,683	43,093	12,598	1,960	(205,771)
Depreciation and amortization for the year	-	-	1,534	1,213	5,095	4,314	4,118	2,690	96	19,062
Reclassification to noncurrent assets held for sale	-	-	(4,886)	-	-	(125,480)	(17,969)	(14,760)	(2,056)	(165,151)
End of year	-	-	-	8,775	14,619	6,516	29,242	529	-	59,681
Net Book Value	₱42,285	₱16,209	₱-	₱17,159	₱15,290	₱9,226	₱554	₱26	₱-	₱100,749

8. Noncurrent Assets Held for Sale - net

Unaudited March 31, 2008

	Quarry Development Cost	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Tools and Implements	Total
(Amounts in thousand)						
Cost						
Beginning of year	₱84,347	₱142,326	₱42,351	₱18,589	₱2,348	₱289,961
Additions	-	-	-	-	-	-
End of year	₱84,347	₱142,326	₱42,351	₱18,589	₱2,348	₱289,961
Accumulated Depreciation and Amortization						
Beginning of year	4,886	125,480	17,969	14,760	2,056	165,151
Depreciation and amortization for the year	-	2,826	1,638	764	47	5,275
End of year	4,886	128,306	19,607	15,524	2,103	(170,426)
Net Book Value	₱79,461	₱14,020	₱22,744	₱3,065	₱245	₱119,535

Audited December 31, 2007

	Quarry Development Cost	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Tools and Implements	Total
(Amounts in thousand)						
Cost						
Cost	₱84,347	₱142,326	₱42,351	₱18,589	₱2,348	₱289,961
Accumulated Depreciation and amortization						
Accumulated Depreciation and amortization	4,886	125,480	17,969	14,760	2,056	165,151
Net Book Value	₱79,461	₱16,846	₱24,382	₱3,829	₱292	₱124,810

9. Investment Properties - net

Unaudited March 31, 2008

	Land	Land improvement	Building	Total
Cost				
Beginning of year	₱65,835	₱15,203	₱19,342	₱100,380
Additions				
Sale	-	-	-	-
End of year	65,835	15,203	19,342	100,380
Accumulated Depreciation:				
Beginning of year	-	11,851	15,817	27,668
Depreciation and amortization for the year	-	357	340	697
Sale	-	-	-	-
End of year	-	12,208	16,157	28,365
Ending balance	₱65,835	₱2,995	₱3,185	₱72,015

Audited December 31, 2007

	Land	Land improvement	Building	Total
Cost				
Beginning of year	₱68,806	₱15,203	22,442	106,451
Additions				
Sale	(2,971)	-	(3,101)	(6,072)
End of year	₱65,835	₱15,203	₱19,341	₱100,379
Accumulated Depreciation:				
Beginning of year	-	10,423	17,506	27,929
Depreciation and amortization for the year	-	1,428	1,411	2,839
Sale	-	-	(3,101)	(3,101)
End of year	-	11,851	15,816	27,667
Ending balance	₱65,835	₱3,352	₱3,525	₱72,712

In 2007, the Company agreed to sell various parcels of land with buildings thereon located in Longos, Bagumbayan, Quezon City with a total carrying value of ₱3.0 million (land: ₱3.0 million; building: nil) to OCLP for ₱1.13 billion and resulted to a gain of ₱1.0 billion. Certain parcels of land with carrying value of ₱1.4 million as of December 31, 2006 are mortgaged as collateral to secure the Company's bank loans.

Certain parcels of land (classified as property, plant and equipment, property available for sale, and investment properties) acquired up to July 5, 1996 with total carrying value of ₱127.3 million as of December 31, 2006 were appraised in 2003 by an independent firm of appraisers. The appraised value of these parcels of land amounted to ₱2.1 billion as of the date of appraisal. The fair value of land is based on sales and listings, which are adjusted for the time of sale, location and general characteristics of similar parcel of land located in the area.

10. Other Noncurrent Assets

	Unaudited March 2008	Audited December 2007
Investment in subsidiaries	₱17,881,586	₱1,631,586
Mine rehabilitation fund	5,218,901	5,218,901
Available-for-sale investments	1,821,875	1,821,875
Computerization costs	988,438	988,438
Others – net	5,398,213	5,398,213
	₱31,309,013	₱15,059,013

Pursuant to the requirements of Republic Act (RA) No.7942, otherwise known as "The Philippine Mining Act of 1995," the Company maintains a mine rehabilitation fund (MRF) with Land Bank of the Philippines. The MRF shall be used for the physical and social rehabilitation of areas affected by the Company's quarrying activities, and for research in the social, technical and preventive aspects of the mine rehabilitation.

AFS investments include investment in golf shares and investment in shares of stocks relative to the Company's electrical and telephone subscription.

Other inventories pertain to those of the Company's discontinued Engineering and Construction Division which were fully provided with allowance for probable losses.

11. Accrued Expenses and Other Payables

	Unaudited March 2008	Audited December 2007
Accrued expenses	₱113,797,660	₱177,741,312
Due to a stockholder	51,163,287	50,272,267
Output taxes	7,866,416	5,150,071
Others	3,140,870	3,956,082
	₱175,968,233	₱237,119,732

12. Cost of Sales

	Unaudited January to March 2008	Unaudited January to March 2007
Production cost:		
Extraction cost	₱27,400,768	₱24,987,010
Repairs and maintenance	15,127,364	9,417,208
Fuel, oil and lubricants	6,778,572	2,029,946
Personnel costs	5,919,669	4,159,681
Water, light and power	5,589,761	6,386,809
Depreciation and amortization	4,760,181	2,339,065
Security and janitorial services	4,236,622	2,218,977
Taxes and licenses	3,719,900	3,704,555
Rent	3,370,936	3,438,774
Amortization of development costs	366,969	641,393
Insurance	108,375	67,492
Others	1,821,638	1,329,053
	79,200,755	60,719,963
Add mine products inventory at beginning of year	2,139,344	2,731,828
Total goods available for sale	81,340,099	63,451,791
Less mine products inventory at end of year	2,647,024	669,381
	₱78,693,075	₱62,782,410

13. General and Administrative Expenses

	Unaudited January to March 2008	Unaudited January to March 2007
Professional fees	₱5,566,135	₱3,612,556
Personnel costs	2,479,620	2,419,597
Securities and janitorial services	2,465,575	1,951,878
Taxes and licenses	2,082,742	1,789,423
Depreciation	1,543,951	1,568,198
Repairs and maintenance	1,241,317	537,261
Transportation and communication	660,336	245,247
Fuel, oil and lubricants	205,238	126,535
Power, light and water	259,859	454,526
Supplies	137,655	156,522
Others	1,327,018	1,709,327
	₱17,969,446	₱14,571,070

14. Selling Expenses

	Unaudited January to March 2008	Unaudited January to March 2007
Rent	₱2,582,178	₱3,229,744
Personnel costs	1,216,480	1,165,897
Entertainment, amusement and recreation	486,300	116,449
Advertising and promotions	420,278	619,374
Transportation and communication	281,434	120,728
Repairs and maintenance	226,692	108,721
Fuel, oil and lubricants	85,461	122,557
Depreciation	67,167	203,307
Supplies	55,251	97,315
Insurance	20,469	24,093
Others	322,350	124,261
	₱5,764,060	₱5,932,446

15. Personnel Costs

	Unaudited January to March 2008	Unaudited January to March 2007
Salaries and wages	₱7,099,408	₱5,598,460
Others	2,516,361	2,146,715
	₱9,615,769	₱7,745,175

16. Capital Stock

Type of Common Shares	Number of Authorized Shares	Number of Issued and Outstanding Shares	Amount
Class A	40,000,000	22,077,771	₱220,777,710
Class B	10,000,000	5,388,678	53,886,780
	50,000,000	27,466,449	₱274,664,490

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

17. Related Party Transactions

- a. In 2007, the Company agreed to sell its twelve (12) hectares of land located in Longos, Bagumbayan, Quezon City to OCLP for ₱1.13 billion with ₱260 million downpayment and the remaining balance payable in forty (40) equal quarterly payments starting April 2009 at 6% interest per annum on the principal. As of December 31, 2007, the outstanding balance due from OCLP amounting to ₱870 million was initially recorded at fair value of ₱835.26 million with the Day 1 difference charged to retained earnings. Title over the land shall transfer to OCLP upon full payment of the downpayment. Meanwhile, the Company has the right to rescind the contract on OCLP's third default arising from its failure to pay within the second grace period as stated in the contract.
- b. The Company entered into a management agreement with OCLP on January 24, 2006 under which the Company shall pay OCLP a monthly fee of ₱700,000 from commencement of the agreement up to December 31, 2005, subject to an annual escalation fee of 5% or the average inflation rate for the immediately preceding year, whichever is higher, plus an additional fee of 5% of incremental audited net income after tax, starting on January 1, 2006 with the 2005 audited net income as base year. OCLP waived the Company's payment of management fee for the first two months of the implementation of the contract. Total management fee recognized during the first quarter of year 2008 amounted to ₱2.52 million. The outstanding balance due to OCLP amounted to ₱50.25 million and ₱50.27 million as of March 31, 2008 and December 31, 2007, respectively.
- c. The Company has a banking relationship with a related party. The total cash deposit maintained with the related party amounted to ₱31.65 million and ₱10.01 million as of March 31, 2008 and December 31, 2007, respectively.
- d. The compensation of key management personnel of the Company amounted to ₱1.69 million and ₱8.20 million as of March 31, 2008 and December 31, 2007, respectively.

18. Basic/Diluted Earnings (Loss) Per Share

Basic diluted earnings (loss) per share amounts are calculated as follows:

	Unaudited January to March 2008	Unaudited January to March 2007
Net income (loss)	₱30,180,583	₱9,568,856
Divided by weighted average number of common shares outstanding during the year	27,466,449	27,466,449
Basic/diluted earnings (loss) per share	₱1.10	₱0.35

The Company does not have dilutive potential common shares as of March 31, 2008 and December 31, 2007. Therefore, the basic and diluted earnings (loss) per share are the same as of those dates.

19. Long-term Mine Extraction Contract

On December 13, 2005, the Company entered into a mine extraction contract with Omengan Construction and Development Corporation (OCDC) for the latter to provide drilling, blasting, hauling, and delivery services for the Company's quarrying operations. The contract provides, among others, the supply of equipment complement to implement the extraction work, loading of aggregates and tailings handling for the Company. In addition, OCDC shall assist the Company in performing community service such as dredging of rivers and waterways, loading of filling materials for donation to various communities, grading of parks and playgrounds, etc., for which the Company shall pay equipment rental to OCDC at the agreed rate per metric ton of materials delivered to the crushers or any designated dumpsite. The term of the contract shall be for a period of five years, to start retroactively from May 5, 2004 and shall end on May 4, 2009.

In connection with the contract, in first quarter of 2008 and in year 2007, total extraction costs amounted to ₱27.40 million and ₱102.40 million, freight and handling charges amounted to ₱2.18 million and ₱10.50 million, and total rental charges amounted to ₱3.78 million and ₱13.00 million, respectively. These are included as part of cost of sales and selling expenses in the statements of income.

20. Contingencies

The Company is involved in various legal proceedings incidental to its normal business activities. The Company'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, results of operations or liquidity of the Company. Hence, no provision has been made as of March 31, 2008.

21. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and cash equivalents, installment receivable, AFS financial assets and short-term bank loans. The main purpose of these financial instruments is to ensure adequate funds for the Company's operations. The Company has other financial assets and financial liabilities such as receivables, trade payables and accrued liabilities and other payables, which arise directly from its operations.

Financial risk management by the Company is governed by policies and guidelines approved by the BOD. Company policies and guidelines cover credit risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and financial position.

Interest Rate Risk

The risks caused by changes in interest rates are minimal since the Company's only interest bearing financial assets pertains to cash and cash equivalents, which is subject to market rate of interest and installment receivable, which is subject to a fixed rate of interest. Also, the Company has no outstanding loans as of March 31, 2008.

Credit risk

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers that wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on a continuous basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the Company, which comprise mainly of cash and cash equivalents, the Company's exposure to credit risk arises from the default of the counterparties, with a maximum exposure equal to the carrying values of these instruments.

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and extension of suppliers' credit. The strong credit worthiness of the Company gives it the ability to save funds as the need arises. The Company presently has a credit facility with a local bank that allows it to borrow the needed funds from time to time.

The Company monitors its risk to a shortage of funds by overseeing the liquidity and funding requirements of its operations. The Company holds various deposits in the Company's bank accounts that can be used to meet its liquidity needs. Also, the Company has undrawn loan commitments facilities as to which all conditions precedent had been met.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of available instruments. The Company has no outstanding loans in the banks as of March 31, 2008.

22. Fair Values of Financial Assets and Financial Liabilities

The carrying values and estimated fair values of the Company's financial assets and liabilities as of March 31, 2008 and December 31, 2007 are presented below:

	Unaudited January to March 2008		Audited December 2007	
	Carrying Values	Carrying Values	Carrying Values	Fair Values
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	₱69,102,386	₱69,102,386	₱116,023,738	₱116,023,738
Receivables:				
Trading and others	63,944,332	63,944,332	42,586,693	42,586,693
Advances to officers and employees	429,461	429,461	409,252	409,252
Others	13,050,000	13,050,000	8,165,865	8,165,865
Installment receivable	835,261,220	835,261,220	835,261,220	835,261,220
Mine rehabilitation fund	5,218,901	5,218,901	5,218,901	5,218,901
	973,956,300	973,956,300	1,007,665,669	1,007,665,669

	Unaudited January to March 2008		Audited December 2007	
AFS financial assets:				
Quoted equity instruments	1,515,205	1,515,205	1,515,205	1,515,205
Unquoted equity instruments	306,670	306,670	306,670	306,670
	1,821,875	1,821,875	1,821,875	1,821,875
	₱975,778,175	₱975,778,175	₱1,009,487,544	₱1,009,487,544
Financial liabilities:				
Other financial liabilities:				
Trade payables	₱26,907,142	₱26,907,142	₱20,407,579	₱20,407,579
Accrued liabilities and other payables:				
Accrued liabilities	113,797,660	113,797,660	177,741,312	177,741,312
Due to a stockholder	51,163,287	51,163,287	50,272,267	50,272,267
Others	3,140,870	3,140,870	3,956,082	3,956,082
Short-term bank loans	-	-	-	-
	₱202,875,375	₱202,875,375	₱252,377,240	₱252,377,240

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

The fair values of the AFS financial assets are the quoted market bid price at the close of business. AFS financial assets with no available market prices are carried at cost less allowance for any impairment since the fair values are not readily determinable.

The fair value of the installment receivables is the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at prevailing market interest rate. The discount rate ranges from 5.54% to 7.75%.

23. Segment Information

The Company processes and sells only one product line. Its operating business is neither organized nor managed by geographical segment.

24. Capital Management

The primary objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for 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 stockholders' equity as follows:

	2008	2007
Capital stock	₱274,664,490	₱274,664,490
Additional paid-in capital	1,069,304	1,069,304
Retained earnings (deficit)	931,142,499	900,961,915
	₱1,176,695,709	₱1,176,695,709

25. Key Performance Indicators

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

Measures	2008	2007	Highlights
Current Ratio: Current assets ÷ Current liabilities	1.43	1.29	The marginal improvement in current ratio is due to the settlement of short term bank loans last Nov 2007 and the significant increase in sales for the first quarter. In addition, there is significant improvement in processing of payments to suppliers.
Debt / Equity Ratio: Total liabilities ÷ Total Stockholders' Equity	0.17	0.22	This is due to the payment of loans and improvement in the processing of payment to suppliers.
Gross Profit Rate: Gross Margin ÷ Sales	33%	31%	This is due to increase in sales volume, increase in prices, and relatively at average cost levels.
Operating Profit Rate: Operating Profit ÷ Sales	18%	15%	The continual improvement in sales associated with the effective management of operating costs triggered the increase in operating profit rate.
Net Income Rate: Net Income ÷ Sales	26%	10%	This year's increase in net income rate is attributable to the improvement in sales, maintained average cost level, price increase made effective in January 2007 and effective management of operating costs.

Measures	2008	2007	Highlights
Return on Assets: Net Income ÷ Total Assets	9%	3%	The ₱18.39 million net income posted during the first quarter of 2008 set off favorably the Company's return on assets.
Return on Equity: Net Income ÷ Total Stockholder's Equity	10%	3%	This is also due to higher net income posted in the first quarter of 2008 as opposed to last year's first quarter net income.

"ANNEX 68.1-K"
Balance Sheet

Trade and Other Payables

(iv) Accrued Expenses

The components of the Company's Accrued Expenses are as follows:

	Unaudited March 2008	Audited December 2007
Others	₱35,174,679	₱34,163,126
Payroll & retirement	26,400,000	28,810,882
Taxes and licenses	25,698,916	91,897,897
Equipment rental – operations	4,294,636	1,297,243
Electricity	1,801,684	2,029,455
Loading & hauling charges	745,987	3,395,620
Extraction cost	19,681,759	16,147,089
TOTAL	₱113,797,661	₱177,741,312

"ANNEX 68.1-L"
Income Statement

Sales

Products	Unaudited January to March 2008		Unaudited January to March 2007	
	Volume in cubic meters	Amount	Volume in cubic meters	Amount
Aggregate 3/4	145,922	53,042,189	132,040	43,249,773
Aggregate 3/8	58,955	19,456,257	54,519	13,908,065
Coarse sand S-1/S-2	52,534	14,177,079	45,800	11,331,995
Aggregate G-1/G-2	37,732	₱9,976,106	50,328	₱11,208,326
Other materials	2,320	3,982,082	10,165	1,542,027
Base course, sub-base and CTB	62,198	16,359,797	44,725	10,120,877
Total	359,661	₱116,993,510	337,577	₱91,361,063

"ANNEX 68.1-M"
SCHEDULES

Schedule B

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

	Unaudited March 2008	Audited December 2007
Advances to officers and employees Indebtedness exceeding ₱100,000		
Armendi, Arlinda	₱135,832	₱115,166
Macaspac, Antonio	234,846	234,846
Montoya, Romeo	169,745	169,745
Others	1,012,776	1,040,698
Allowance for doubtful accounts	(1,123,738)	(1,123,738)
Advances to officers and employees - net	429,461	436,717
Installment receivable - OCLP	835,261,220	835,261,220
Interest receivable - OCLP	13,050,000	-
Due from BAAC	5,911,850	-
Due from CIAC	807,221	807,221
Total	₱855,459,752	₱836,505,158

Schedule C

Non-Marketable Equity Securities, Other Long Term Investments in Stocks, and Other Investments

This account consists of investments in shares of stocks of wholly owned subsidiaries accounted for under equity method. These accounts were classified as non-current assets.

The details of this account are summarized as follows:

Investment in Stocks classified as Other Non-Current Assets:

	Unaudited March 2008	Audited December 2007
CIAC	₱161,237	₱161,237
CMSC	1,470,348	1,470,348
BAAC	16,250,000	-
Total	₱17,881,585	₱1,631,585

Schedule D

Indebtedness of Unconsolidated Subsidiaries and Related Parties

The wholly owned subsidiaries and related parties indebtedness to the Company as of March 31, 2008 and December 31, 2007 are as follows:

	Unaudited March 2008	Audited December 2007
Installment receivable – OCLP	₱835,261,220	₱835,261,220
Interest receivable – OCLP	13,050,000	
Due from BAAC	5,911,850	-
Due from CIAC	807,221	807,221
Total	₱855,030,291	₱836,068,441

Schedule G

Indebtedness to Related Parties

	Unaudited March 2008	Audited December 2007
Due to OCLP	₱50,249,578	₱50,272,267
Due to CMSC	913,709	913,709
Total	₱51,163,287	₱51,185,976

Schedule I

Capital Stock

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

Type of Common Shares	Number of Authorized Shares	Number of Issued and Outstanding Shares	Amount
Class A	40,000,000	22,077,771	₱220,777,710
Class B	10,000,000	5,388,678	53,886,780
	50,000,000	27,466,449	₱274,664,490

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

As of March 31, 2008, there are 22,077,771 listed and outstanding Class A common shares of which 5,997,741 are floating shares whereas there are 5,388,678 listed and outstanding Class B common shares of which 402,975 are floating shares. The latest closing price for Class A common shares was recorded at ₱35.00 while Class B common shares have never been traded since their listing date.

Other Required Disclosures

Related Party Transactions

	Unaudited March 2008	Audited December 2007
Installment receivable - OCLP	₱835,261,220	₱835,261,220
Interest receivable – OCLP	13,050,000	-
Due from BAAC	5,911,850	-
Due from CIAC	807,221	807,221
Due to OCLP	(50,249,578)	(50,272,267)
Due to CMSC	(913,709)	(913,709)
