



CONCRETE AGGREGATES CORPORATION

Don Mariano Santos Avenue, San Isidro, Angono, Rizal

Tel. No.: 651-3211 to 15 Telefax No.: 451-0192



April 16, 2007

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 Annual Report for the year 2006 (SEC Form 17-A), which we filed at the Securities and Exchange Commission today, April 16, 2007.

Thank you and best regards.

Very truly yours,


MICHAEL DAVID I. ABUNDO III
Corporate Information Officer

COVER SHEET

3 6 1 4 0

S.E.C. Registration Number

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

C O R P O R A T I O N

(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 ,

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)

MICHAEL DAVID I. ABUNDO III

Contact Person

6311231

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

0 6 2 8

Month Day
Annual Meeting

S E C F O R M 1 7 - A

FORM TYPE

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

27,466,449

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

PSE Security Code _____
SEC Number 36140
File Number _____

CONCRETE AGGREGATES CORPORATION

(Company's Full Name)

DON MARIANO SANTOS AVENUE, BARRIO SAN ISIDRO, ANGONO, RIZAL

(Company's Address)

651-32-11 to 15 / 451-11-02
fax no.: 651-3211 to 15

(Company's Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-A (Year 2006)

(FORM TYPE)

(Amendment Designation if Applicable)

Period Ended Date

(Secondary License Type, if any)

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. As Assistant Corporate Secretary, I caused the preparation of the Corporation's SEC Form 17-A, Annual Report for Year 2006 for filing with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

3. In compliance with the Policy on Electronic Release of SEC Forms, together with the required hardcopies of the SEC Form 17-A Annual Report for year 2006, we are to file a diskette containing the said SEC Form 17-A in the prescribed format.

4. This is to certify that the hard copies of the SEC Form 17-A Annual Report for Year 2006 and the diskette have exactly identical contents as far as all the basic and material data and information are concerned.

5. This Certification is issued for the purpose of attesting to the truth of the foregoing and for whatever legal purpose it may serve..

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____ at Pasig City.


MICHAEL DAVID I. ABUNDO III
Assistant Corporate Secretary

APR 16 2007

SUBSCRIBED AND SWORN to before me this ____ day of _____, affiant exhibiting to me his Community Tax Certificate No. 18165691 issued on February 02, 2007 at Pasig City.

Doc. No. 458
Page No. 93
Book No. 11
Series of 2007.


AMADO DANILO G. TAYAG
NOTARY PUBLIC
UNTIL DECEMBER 31, 2007
PTR NO. 3665302-01/06/06 RIZAL
IBP NO. 668661-01/06/06 RIZAL
SAN JUAN-MANDALUYONG
ROLL NO. 43175

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 - A, As Amended

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE



1. For the fiscal year ended **2006**
2. SEC Identification Number **36140**
3. BIR Tax Identification No. **000-201-881**
4. Exact name of registrant as specified in its charter **CONCRETE AGGREGATES CORPORATION**
5. **Philippines**
Province, Country or other jurisdiction of
Incorporation or organization
6. (SEC Use Only)
Industry Classification Code;
7. **Don Mariano Santos Avenue, Barrio San Isidro, Angono, Rizal** **1930**
Address of principal office Per Amended Articles of Incorporation approved
by the SEC on December 2, 1999 Postal Code
8. **(02) 651-32-11 to 15 / 451-11-02 fax no.: 451-01-92**
Registrant's telephone number, including area code
9. **No. 70 Industria St., Bagumbayan, Quezon City**
Former address

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

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

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

Yes (x) No ()

12. Check whether the registrant:

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

Yes (x) No ()

has been subject to such filing requirements for the 90 days.

Yes (x) No ()

PART 1 – 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, 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 has 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 present workforce.

After a series of careful deliberations and considerations, the Board of Directors of CAC, in an emergency meeting held on September 14, 1999, at which 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.

In a nutshell, **business development for the last three (3) 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. A more detailed discussion on the execution of the Management Agreement is given below.

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 Barrio San Isidro, 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 6,500 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 sizes are ¾, 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 at Barrio San Isidro, Angono, Rizal incurred an amount of P7,795,679.00 in compliance with the environmental laws in year 2006. Bureau of Mines regulations have been complied with religiously, as CAC invests more on environmental protection.

The Company's name and logo have been duly registered with 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 1/2 (G-1)	141,354	13.34%	₱33,155,562	11.13%
Aggregate 3/4	484,399	45.73%	162,877,380	54.67%
Aggregate 3/8	134,612	12.71%	33,382,548	11.20%
Coarse sand (S-1)	213,847	20.19%	51,453,879	17.27%
Base coarse - A	75,905	7.17%	16,324,426	5.48%
Sub-base coarse	1,029	0.10%	163,588	0.05%
Boulders	1,785	0.17%	228,592	0.08%
Composite materials	6,361	0.60%	352,693	0.12%
TOTAL	1,059,292	100.00%	₱297,938,669	100.00%

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 to the customers' project site.

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
2004	No Export Sales		
2005	Daewoo Engineering & Construction Corporation - Palau	12,157.23	₱9,701,469.55
	Anderson Pavement Corporation - Marshall Islands	4,492.87	2,580,479.77
2006	Anderson Pavement Inc. - Marshall Islands	17,598.88	9,624,550.35
	Daewoo Engineering & Construction Corporation - Palau	12,897.62	7,942,974.36
	Polycarp International - Palau	12,664.64	8,518,922.77

New Product or Service

For the year 2006, the company has stepped up its research and development activities which were geared towards developing new products that may be introduced 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 principally the National Capital Region and Regions 3 and 4. A fractional but significantly growing portion of the company's sales goes to significant infrastructure projects in other regions and the export market.

Competition

There are approximately 10 to 15 competitive quarry operators within the National Capital Region. However, only about 5 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, 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 to customers.

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 draw competitive advantage from its proximity to the markets which it serves, a team of competent and committed professionals and technical knowledge drawn from 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 performance measure to manage crises, 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, 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. Customers' 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 quarrying activities, and sources the materials for production. 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
 - Synchromesh Asia,
 - Tokai Rubber Products
 - Tomerson Phils. Corp.
 - Royal Jade Machinery Phils.
- Vibrating Bearings for Screens, Crusher and Motors:
 - Bearing Center Machinery, Inc.
 - Universal Bearing Corp.
 - Wincorp Ent., 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:
 - 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.

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).

Customer Dependence

CAC has almost (200) customers, 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 property in Barangay San Isidro, Angono, Rizal is legitimately owned and covered by a number of Transfer Certificates Title (TCT), corresponding to an aggregate area of 214 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 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 P46.0 million. For the year 2006, the company spent 0.28% or about P820,000.00 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

Pursuant to its aim of achieving economy of operations, improved competitiveness and long term viability, the company implemented a reorganization and restructuring plan which affected a total of seventy three (73) employees. The separation from the company of the affected employees took effect on March 2006. By the end of the year, the company had a total of 134 personnel, 84 of which were on regular status and the remaining 50 were either contractual or employees of independent service contractors. Of the 84 regular employees, 12 belong to the Finance, 20 perform other sales and marketing as well as other support functions and 52 belong to the Operations Department.

About 50% of the regular work force for 2006 are members of the Union. In the middle of 2006, the company also held and concluded negotiations with the Union over certain economic provisions of the Collective Bargaining Agreement (CBA). The next round of discussions between Management and the Union is scheduled on May 2007.

CBA benefits consist of Medical/Dental Care, Hospitalization Assistance, Funeral Assistance, Clothing Allowance/Work Gadgets, Rice Subsidy, Calamity Assistance, Birthday Leave, 30 days VL/SL, 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 2006 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 DOMSA, by providing a concrete pedestrian pathway or walkway. The total length accomplished was 1.6 kilometers exceeding the target by 60% as stated in the Annual SDMP for year 2006.
- B. Medical Mission – the company provided free medical assistance for identified underprivileged residents of Angono, Rizal. About 250 patients were diagnosed and treated last June 30, 2006 and this was made possible in cooperation with the Philippine Medical Practitioners Association which provided the services of doctors free of charge.
- C. Other accomplishments – the company supported different community-related, government and non-government organizations' initiated activities such as OBRA Art Exhibit, 1st World Art Experience and even sponsored students to the Regional Pilot School for the Arts.

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.

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	2006	2005	2004
Repair & maintenance	₱3,583,024	₱1,593,608	₱1,146,302
Equipment rentals	869,070	459,910	17,000
Salaries, wages and benefits	1,921,767	2,123,245	2,150,197
Consultants', legal & other fees	383,214	373,655	140,000
Representation & Entertainment	236,775	172,466	178,835
Security services	215,200	1,283,536	1,183,214
Fuel, oil & lubricants	125,041	98,881	311,482
Office Supplies	86,025	56,637	75,131
Donations & other contributions	83,272	168,164	356,704

Seedlings	72,010	3,850	-
Depreciation	56,231	58,577	80,127
Taxes, Fees & Licenses	50,625	71,138	80,906
Transportation & Traveling	37,985	10,033	12,619
Membership dues	24,000	24,500	22,295
Insurance & bonds	13,081	10,437	10,964
Telephone, postage & courier	13,028	18,899	22,611
Miscellaneous expenses	25,331	37,136	25,033
TOTAL	P7,795,679	P6,564,672	P5,813,390

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 equipments 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.

PROPERTIES

The present center of CAC's main activity of mining is located at Barangay San Isidro, Angono, Rizal. The company's batching plants located at Quezon City and San Fernando, Pampanga were sold in 2000. Some of the company's properties are currently mortgaged including several properties located in Longos, which were mortgaged with the Bank of Philippine Islands for a P200 million revolving promissory note line of which P117 million was availed as of December 31, 2006. These facilities consist of sales and administrative offices, warehouse, quarrying and manufacturing facilities.

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. These plants are at least thirty years old. Likewise, transportation and rolling equipment, machinery, office furniture, fixtures and tools and implements are old and if depreciation is taken into consideration, the aforesaid plants are valued almost at zero. Other properties of the company include parcels of land located at Angono, Rizal, Cebu City, Batangas, Cardona and Binagunan, 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
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-	Quezon City	Former office	None	

216373			compound		original hereof at the time it was lost or destroyed.
TCT No. N-216374	Quezon City	Former office compound		Serves as collateral for the P200,000.00 Revolving Promissory Note with the Bank of the Philippine Islands	
TCT No. N-216375	Quezon City	Former office compound			
TCT No. N-216376	Quezon City	Former office compound			
TCT No. N-216368	Quezon City	Former office compound			
TCT No. N-216369	Quezon City	Former office compound			
RT-107470	Quezon City	Former office compound			
RT-107471	Quezon City	Former office compound			
TCT No. 60469	Talisay, Cebu	Idle	None	None	None
TCT No. T-67490	Talisay, Cebu	Idle	None	None	None
TCT No. T-61014	Sto. Tomas, Batangas	Idle	None	None	None
TCT No. T-71928	Sto. Tomas, Batangas	Idle	None	None	None
TCT No. 134650-R	San Fernando, Pampanga	Idle	None	None	None
TCT No. 177339-R	San Fernando, Pampanga	Idle	None	None	None
TCT No. 448320-R	Floridablanca, Pampanga	Idle	None	None	None
TCT No. N-21846	Marikina City	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>	None

			d) Entry No 249413/T-N-21846-MORTGAGE in favor 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. 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. M-99732	Binangonan, Rizal	Raw land	None	None

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.

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

Management Agreement

On August 30, 2005, the company's Board of Directors approved the execution of a Management Agreement with OCLP (see discussion above). Pursuant to the requirements of Article 44 of the Corporation Code, a Special Stockholders' Meeting was held 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.

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 was submitted by the company for the last quarter of year 2006.

Market for Issuer's Common Equity and Related Stockholders Matters

Dividends

For the years 2004, 2005 and 2006, no dividends, cash or otherwise, were given 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

In year 2006, the company experienced a marginal drop of 6% or P20.21 million and 11% or P36.35 million, respectively, from year 2005 and 2004 revenues. Despite the good news on fiscal and macroeconomic fronts particularly the strong peso and the bullish stock market, year 2006 barely resulted in major infrastructure development projects. The construction of the New Iloilo Airport was the only major project where the company supplied aggregates of 106,733 cubic meters while sales to major customers such as Dee Concrete Inc. (89,929 cubic meters) and Premiere Ready Mix (86,538 cubic meters) were basically intended for batching plant requirements for private construction.

The fall in sales volume by 74,333 cubic meters or 7% from 2005 levels was partially softened by export sales which were sold at higher prices. Export sales increased in peso value by 112% or P13.80 million and in volume by 159% or 26,511 cubic meters, respectively, as compared to year 2005.

2006 net loss after tax amounting to P33.55 million is a reduction of 252% or P55.60 million and 238% or P57.95 million in profitability compared to years 2005 and 2004 net income, respectively. Aside from the drop in sales, several factors that substantially resulted to the net loss registered by the company in year 2006 include the following:

1. The reorganization/restructuring in January 2006 which affected a total of seventy four (74) employees; redundancy costs as a result of which amounted to P14.98 million.
2. The additional provision for inventory obsolescence amounting to P8.02 million.
3. The additional allowance for bad debts provided during the year amounting to P8.14 million.
4. The increase in operating expenses particularly on professional/management fees and other services aimed to turnaround the company's operating results while assuring long term profitability and growth.
5. The increase in extraction costs and product transfers/handling rates per unit and the additional mobile production equipment rentals.
6. The write-off of Net Operating Loss Carryover (NOLCO) and minimum corporate income tax of P16.68 million.

On the other hand, the Company had a one one-time gain on sale of a property in Cebu City in year 2004, while there was no similar transaction accounted for in years 2005 and 2006.

Forecast for year 2007

The company's sales and net income is forecasted to increase significantly in 2007. Additional massive government infrastructure projects which includes, among others, the Manila-Cavite Coastal Road and the Northrail Projects, will commence aside from the ongoing South Luzon Expressway project which started belatedly during the last quarter of 2006. Also, growth in private construction is seen during the year 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 through the completion of its manpower complement in 2006, the company is set to introduce additional products derived from its mined aggregates into the market. It also aims to further improve and expand its export sales in 2007.

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 2004, 2005, and 2006, all ending December 31, to wit:

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

	Year 2006	Year 2005	Year 2004
Total Current Assets	83.43	115.38	136.20
Total Current Liabilities	201.45	207.40	235.20
Net Working Capital	(118.02)	(92.02)	(99.00)
Current Ratio	0.41:1	0.56:1	0.58:1
Total Assets	414.14	449.96	436.20
Total Stockholders Equity	207.03	242.53	201.00
Sales	297.94	318.14	334.29
Cost of Sales	198.56	185.60	199.58
Gross Profit	99.38	132.54	134.71
General & Administrative Expenses	(106.11)	(82.77)	(90.35)
Selling Expenses	(18.09)	(19.81)	(16.98)
Income (Loss) before Tax	(24.70)	26.01	49.15
Net Income (Loss) After Tax	(33.55)	22.05	24.40
Earnings (Loss) Per Share	(1.222)	0.803	0.888

2006 PERFORMANCE

Sales

Sales for year 2006 is a drop of 6% or ₱20.21 million and 11% or ₱36.35 million from year 2005 and 2004 revenues, respectively. The absence of major road projects and the marginal demand for private and public construction during the year contributed to the drop in sales. The construction of the New Iloilo Airport was the only major project where the Company supplied aggregates of 106,733 cubic meters while sales to major customers such as Dee Concrete Inc. (89,929 cubic meters) and Premiere Ready Mix (86,538 cubic meters) were basically intended for batching plant requirements for private construction. The fall in sales volume by 74,333 cubic meters or 7% from 2005 levels was partially softened by export sales which were sold at higher prices. Export sales increased in peso value by 112% or ₱13.80 million and in volume by 159% or 26,511 cubic meters, respectively, as compared to year 2005.

Cost of Sales

Cost of sales increased by 7% or ₱12.96 million in year 2006 as compared to year 2005. However, year 2006 cost of sales registered a favorable decrease of 1% or ₱1.02 million as compared to year 2004.

2006 aggregate production costs is lower (from ₱199.40 million in year 2004 and ₱196.08 million in year 2005) due to lower production volume resulting from reduced sales demand; and the lesser personnel costs as a consequence of the redundancy program at the start of the year. However, extraction costs and product transfers/handling rate per unit was

increased during the year after a series of negotiations with the contractor. Also, mobile production equipment rentals increased from P1.98 million in year 2004 to P5.27 million and P11.27 million in years 2005 and 2006, respectively.

General and Administrative Expenses

General and administrative expenses increased by 29% or P23.97 million and by 18% or P16.39 million as compared to years 2005 and 2004, respectively. This is due largely to the redundancy costs of P14.98 million; management fee recognized in year 2006 to OCLP amounting to P9.0 million; the extensive training programs implemented during the year amounting to P900,000.00; and the additional provision made for inventory obsolescence amounting to P8.02 million.

Selling Expenses

Selling Expenses marginally decreased by 12% or P2.36 million as compared to year 2005. The decrease is due considerably to the drop in sales which also reduced sales loading, transfers and handling charges. Meanwhile, selling expenses registered an unfavorable increase of 3% or P475,000.00 as compared to year 2004.

Interest and Other Financing Charges

Interest and other financing charges went down favorably by 31% or P4.15 million and 43% or P7.03 million as compared to years 2005 and 2004, respectively.

In year 2006, despite of the P9.0 million increase on short term loans, the company managed to lower its interest rates from 9.5% to 7.2% as opposed to that of 12% to 8.5% in year 2005. Meanwhile, the decrease in short term loans from P140.0 million in year 2004 to P108.0 million in year 2005 accounts for the 43% favorable decrease in interest and other financing charges.

Interest Income

Interest income decreased by 11% or P58,000.00 and by 58% or P669,000.00 compared to years 2005 and 2004, respectively. 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 2004, the company sold a parcel of land located in Cebu with a cost of P3.22 million for P25.74 million, net of selling expenses, and resulted to a gain of P22.52 million. There was no similar transaction in years 2005 and 2006.

Others – net

Other income (net) decreased by 16% or P1.66 million and 35% or P4.82 million as compared to years 2005 and 2004, respectively. The decrease is basically due to the decline in sales of scrap materials and other idle assets. However, in 2006, hauling income was higher by P5.40 million and P5.26 million as compared to 2005 and 2004, respectively.

Cash

Cash decreased by 50% or P16.30 million from P32.66 million in 2005 to P16.36 million in 2006. This is basically due to marginal inflow of collections from past due receivables as opposed to the company's improved processing and releasing of payments to its contractors, vendors and suppliers based on the agreed credit terms. In addition, any excess operating cash is used to settle interest-bearing loans instead of investing it on short-term instruments.

Receivables

Receivables (net of allowance for doubtful accounts) declined by 9% or P4.0 million from P44.53 million in year 2005 to this year's balance of P40.53 million. The decline was brought about by the decrease in sales from year 2004 to year 2006 and the additional allowance for doubtful accounts provided during the year amounting to P8.14 million.

Inventories

Ending inventories (finished goods, spare parts and supplies) in 2006 amounting to P19.21 million decreased by 46% or P16.13 million as compared to year 2005 balance of P35.34 million. This was due largely to lower production volume in year 2006 associated with the three-month quarry holiday from January 2006 to March 2006. Since the company then had sufficient volume of boulders, extraction was put to a halt to avert a possible unhealthy inventory build up. Secondly, since inventories are valued at lower of cost and net realizable value, spare parts and supplies inventories, an additional P8.02 million allowance for inventory obsolescence was made.

Other Current Assets

Other current assets (net) increased by 158% or P4.48 million due largely to increased input VAT rate on purchases of spare parts, supplies, services and equipments from 10% in year 2005 to 12% in year 2006. Also, input VAT on services substantially increased since most of the company's major activities in year 2006, particularly in production operations, were facilitated by various contractors as compared to the in-house services carried out in previous years.

Investment Properties

Investment properties consisting of land, land improvements and building decreased by 3% or P2.81 million. This was basically due to the annual depreciation expense charged to investment properties in year 2006.

Property, Plant and Equipment - net

Property, plant and equipment (net) increased by 7% or P11.60 million from the year 2005 balance of P164.60 million to P176.20 million in 2006. Increase was due largely to the acquisitions/additions in year 2006 amounting to P6.56 million for development cost, P3.04 million for plant site improvements, P5.85 million for machinery and equipment, P7.16 million for transportation and rolling equipment, P4.07 million for furniture and fixtures, and lastly P113,000.00 for tools and implements. However, charges for depreciation amounting to P15.18 million leveled off the accounted acquisitions/additions in year 2006.

Deferred Income Tax Assets - net

Deferred income tax assets (net) decreased by 10% or P6.88 million; from its year 2005 balance of P65.76 million, it went down to P58.88 million. This was due largely to the expiration of Net NOLCO incurred during the year amounting to P44.06 million equivalent to a tax benefit of P15.42 million as compared to the P483,000.00 tax benefit arising from year 2006 NOLCO of P1.38 million.

Short Term Bank Loans

Short term bank loans increased by 8% or P9.0 million from a total of P108.0 million in year 2005 to P117.0 million in year 2006. Again, the company's availment of loans was largely attributable to the marginal cash flows internally generated particularly on collections from past due accounts receivable as opposed to the improved processing and releasing of payments to contractors, vendors and suppliers based on agreed credit terms.

Trade Accounts Payable

Trade accounts payable marginally increased by 14% or P3.54 million due largely to the higher payables to contractors for extraction and equipment rentals amounting to P1.08 million and around P1.44 million payable to various suppliers and vendors.

Accrued Expenses

Accrued expenses and other accounts payable decreased by 25% or P18.49 million, from P74.21 million in year 2005, it went down to P55.72 million in year 2006 due to the improved processing and releasing of payments to contractors, vendors and suppliers based on agreed credit terms. This balance also includes payroll related expenses, outsourced services, mining related costs, among others.

Stockholders' Equity

Stockholders' Equity decreased by 15% or P35.51 million from the year 2005 balance of P242.53 million to the year 2006 amount of P207.03 million. The decrease was basically attributable to the P33.55 million net loss accounted for in year 2006 compared to the P22.05 million and P24.40 million net income posted in years 2005 and 2004, respectively. Restatements had been made in the financial statements prior to 2006 arising primarily from the change in the amortization method for quarry development costs and additional allowance for doubtful accounts. The effects of these changes are fully described in Notes 2 and 25 of the attached 2006 Audited Financial Statements.

A) Key Performance Indicators

- | | |
|--------------------------------|--|
| 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 Fiscal 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 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. In addition, some of the government projects that were started belatedly in 2006 like the South Luzon Expressway Rehabilitation will be in full blast in 2007.
- vii. The causes for any material changes in the financial statements from 2004 to 2006 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	2006	2005	Increase (Decrease)	Remarks
Sales	₱297,938,669	₱318,144,003	(20,205,334)	Sales decreased due to the absence of major infrastructure development projects and the marginal demand for private and public construction in year 2006. The fall in sales was partially softened by export sales which were sold at higher prices.
Cost of sales	198,560,703	185,600,733	12,959,970	Extraction costs and product transfers/handling rate per unit

				and mobile equipment rentals increased during the year.
General and admin expenses	(106,740,902)	(82,768,107)	23,972,795	General and administrative expenses increased due largely to the redundancy costs; OCLP management fees; extensive training programs; and additional provision made for inventory obsolescence.
Selling expenses	(17,458,058)	(19,813,370)	(2,355,312)	Selling expenses marginally decreased due to the drop in sales which also reduced sales loading, transfers and handling charges.
Receivables	40,534,838	44,531,120	(3,996,282)	The decline in receivables is brought about by the decrease in sales and the additional allowance for doubtful accounts provided during the year.
Inventories	19,213,781	35,344,555	(16,130,774)	Inventories (finished goods, spare parts and supplies) decreased due largely to lower production volume associated with the three-month quarry holiday from January 2006 to March 2006. Secondly, spare parts and supplies inventories were provided with additional allowance for inventory obsolescence.
Investment Properties	78,522,267	81,332,863	(2,810,596)	Investment properties decreased due to the annual depreciation.
Property, plant & equipment – net	176,199,872	164,599,458	11,600,414	Property, plant and equipment (net) increased due to the acquisitions/additions leveled off by depreciation charges.
Deferred income tax assets – net	58,880,098	65,763,507	(6,883,409)	Deferred income tax assets (net) decreased due largely to the expiration of NOLCO.
Short term bank loans	117,000,000	108,000,000	9,000,000	Short term bank loans increased due to the marginal cash flows internally generated by the company as compared to the improved processing and releasing of payments to contractors, vendors and suppliers based on agreed credit terms.
Trade accounts payable	28,729,661	25,190,363	3,539,298	Trade accounts payable marginally increased due to higher payable to contractors for extraction and equipment rentals and various suppliers

				and vendors.
Accrued expenses	55,719,613	74,210,867	(18,491,254)	Accrued expenses decreased due to improved processing of payments in accordance with credit terms.
Stockholders' Equity	207,027,228	242,533,887	(35,506,659)	Stockholder's Equity decreased due to the 2006 net loss.

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

There are 629 stockholders of record of the company. The top 20 stockholders of the company as of December 31, 2006 (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	16,021,982	4,985,612	21,007,594	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	206,351		206,351	0.75
10. The Roman Catholic Archbishop of Manila	78,486		78,486	0.29
11. Arleo E. Magtibay	59,905		59,905	0.22
12. Francisco Ortigas Securities, Inc. A/C#33149	58,240		58,240	0.21
13. Francisco Ortigas III	53,085		53,085	0.19
14. Juan C. Buenviaje	48,778		48,778	0.18
15. Celia D. Laurel	27,767		27,767	0.10
16. Luisa D. Lacson	26,704		26,704	0.10
17. Francisco Ortigas Securities, Inc A/C #756	25,621		25,621	0.09
18. Li Seng Giap & Sons, Inc	19,004		19,004	0.07
19. Ma. Victoria Ortigas	18,859		18,859	0.07
20. Remedios O. Luzuriaga	18,859		18,859	0.07
Others	349,340	1,451	350,791	1.28
Total	22,077,771	5,388,678	27,466,449	

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 P10.00 each.

For the years 2004, 2005 and 2006, the following are the quarterly high and low sales prices for CAC Class A shares:

	2004			2005			2006		
	High	Low	Close	High	Low	Close	High	Low	Close

Q1	-	-	-	-	-	-	-	-	-
Q2	-	-	-	6.00	6.00	6.00	7.00	7.00	7.00
Q3	-	-	-	-	-	-	-	-	-
Q4	-	-	-	6.00	6.00	6.00	-	-	-

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. (SGV) was the company's independent auditor for the fiscal year ending December 31, 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. For the year 2006, there were no disagreements relating to accounting principles, practices and financial disclosures with 2006. Financial statements prior to 2006 have been restated in 2006, the details of which are fully described in Notes 2 and 25 of the attached 2006 audited financial statements

External Audit Fees

	2006	2005
(a) The aggregate fees, net of VAT, billed for professional services rendered by SGV in year 2006 & by KPMG in year 2005 for: 1. The audit of the company's annual financial statements for the years ended December 31, 2006 and December 31, 2005. 2. Other assurance and related services rendered by SGV in year 2006 & by KPMG in year 2005 that are reasonably related to the performance of the audit of the company's financial statements.	P500,000.00	P330,000.00
(b) Tax Fees The aggregate fees, net of VAT, billed for professional services rendered by SGV for tax accounting, compliance, advice, planning and any other form of tax services.	350,000.00	150,000.00
(c) All Other Fees The aggregate fees, net of VAT, billed for products and services provided by SGV in year 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.	42,275.00	74,601.25

(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, 2006 and for the year ended December 31, 2006 with comparative figures for 2005 and 2004 and Independent's Auditors' Report.

PART III-CONTROL AND COMPENSATION INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Directors

Ignacio R. Ortigas (Chairman of the Board)

66 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 2006 to June 2007

Period Served: June 2006 to present

General Partner, 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 2006 to June 2007
Period Served: June 2006 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

Warner G.N. Manning (Vice President)

54 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 2006 to June 2007
Period Served: June 2005 up to December 2006
CEO, Hongkong & Shanghai Banking Corporation Limited, Philippines
CEO/Chairman, Hongkong & Shanghai Banking Corporation Limited, Brunei
General Partner, Ortigas & Company, Ltd. Partnership
Member, Brunei Exchange Committee
Member, APEC 2000 Summit Advisory Council and Brunei Information Council

Rex C. Drilon II (Executive Vice-President)

60 years old

Filipino

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

Director, Concrete Aggregates Corporation
Term of Office: June 2006 to June 2007
Period Served: June 2006 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 2006 to June 2007
Period Served: June 2005 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)

36 years old

Filipino

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

Director, Concrete Aggregates Corporation

Term of Office: June 2006 to June 2007

Period Served: June 2006 to the present

Jaime M. Ortigas

62 years old

Filipino

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

Director, Concrete Aggregates Corporation

Term of Office: June 2006 to June 2007

Period Served: June 2005 1992 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

35 years old

Filipino

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

Director, Concrete Aggregates Corporation

Term of Office: June 2006 to June 2007

Period Served: June 2006 to the present

Alberto M. Montilla

71 years old

Filipino

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

Director, Concrete Aggregates Corporation

Term of Office: June 2006 to June 2007

Period Served: June 2006 to the present

President, Itogon-Suyoc Mines

Vice President/Secretary, Sagitro, Inc.

Assistant General Manager, Creative Trade Center (Metal Manufacturing)

Generosa P. Reyes

(until June 29, 2006)

41 years old

Filipino

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

Director, Concrete Aggregates Corporation

Term of Office: June 2005 to June 2006

Period Served: June 2005 up to June 2006

Vice President (Credit Risk Management), Hongkong & Shanghai Banking Corporation

Roberto M. Paterno

71 years old

Filipino

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

Director, Concrete Aggregates Corporation

Term of Office: June 2006 to June 2007

Period Served: June 2006 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:

Director, Concrete Aggregates Corporation

Term of Office: June 2006 to June 2007

Period Served: June 2006 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 registrant 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. Pursuant to Section 38 of the Securities Regulation Code **Mr. Paterno** and **Mr. Lazo** served as independent directors of the company.

Significant Employees**Joel G. Laporga (connected with CAC until March 2006)**

45 years old

Filipino

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

Assistant General Manager, Concrete Aggregates Corporation

Mine Planning and Engineering Dept. Head, Concrete Aggregates Corporation

Consultant, Mine Planning and Engineering Works, Philex Mining Corporation

Rolando R. Cruz

46 years old

Filipino

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

Acting General Manager, Concrete Aggregates Corporation
Manager, Mine Engineering, Tailings Dams & Civil Construction, Philex Mining Corp.
Senior Manager, Corporate Mine Engineering, Philex Mining Corporation

Danilo L. Roa

50 years old

Filipino

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

Finance Division Head, Concrete Aggregates Corporation
Administration Division Head, Concrete Aggregates Corporation
Audit Consultant, Concrete Aggregates Corporation
Private Accounting Practice
Consultant, Philplan M.A., Inc. (Planners & Management Advisors)
Finance & Administrative Officer, Alabanza Associates Consultancy, Inc.
Chief Accountant, The Light of Jesus Community Foundation, Inc.

Ma. Carmela C. Lajom (connected with CAC until March 2006)

36 years old

Filipino

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

Legal Counsel/Asst. Corporate Secretary, Concrete Aggregates Corporation
Legal Consultant, Concrete Aggregates Corporation
Senior Associate, Belo Gozon Elma Law Offices
Junior Associate, Andrew Lagmay & Associates

Dolores N. Dollaga

50 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

47 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

37 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

Emmanuel A. Rapadas

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

47 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

Eleanor C. Trumata

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

31 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

The company's business is not dependent on the services of certain personnel. Consequently, no special arrangement to ensure that any person will stay is necessary.

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

In view of the continuing economic crisis, the directors of the registrant received a negligible amount by way of per diem allowance for each board meeting scheduled. A regular Board meeting is scheduled once a month, and each director receives a token sum of P7,500.00 per regular meeting, or a total of yearly sum of P90,000.00 each, or a negligible sum of P990,000.00 per year for all the directors as a group for the regular meetings attended. In addition, each director receives a P5,000.00 per diem allowance for each board committee meeting attended. Committee meetings are held in accordance with the specific committee charters 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.

A 10.5% bonus is given based on net income after tax and after such bonus in case the company earns a profit (5.5% to directors and 5.0% to management and employees).

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	P2,573,537	P643,384	-
All officers and directors (per diem allowance only) as a group unnamed.	P4,605,318	P800,256	-

Annual Compensation for year 2005

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	P2,653,553	P968,384	-
All officers and directors (per diem allowance only) as a group unnamed	P4,810,914	P1,164,739	-

Annual Compensation for year 2006

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	P4,713,820	P472,367	-
All officers and directors (per diem allowance only) as a group unnamed	P2,042,725	P830,539	-

Estimated Annual Compensation for year 2007

Particulars	Salary (Aggregate Amount)	Bonus (Aggregate Amount)	Other Annual Compensation
Key management personnel	P6,866,000	P1,144,000	-

The following benefits apply to key management personnel:

Benefit	Criteria
Trainings and seminars	P70,000 per senior manager and P50,000 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	P3,500 per person
Rice subsidy	One sack of rice per month
Health insurance	P300,000 coverage
Life and accident insurance	P2.5 million coverage per senior manager and P1 million per manager
Accident insurance	P500,000 coverage per senior manager and P300,000 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 nominal 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	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class
Class "A" and "B"	Ortigas & Co. Ltd. Part. 9 th flr, Ortigas Bldg., Ortigas Ave., Pasig City	Ortigas & Co. Ltd. Partnership, same entity	Filipino	21,007,594	76.48
Class "A"	Ramon E. Rodriguez, temple Drive, Greenmeadows, Quezon City	Same Person	Filipino	2,309,939	8.41

The voting power of Ortigas & Co., Limited Partnership ("OCLP") in CAC is exercised by Atty. Ignacio R. Ortigas, who is a Director of CAC, as well as a General Partner of OCLP.

Cut off date for the determination of the above is December 31, 2006.

Security Ownership 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.	100	British National	Negligible
Class B	Reyes, Generosa P. (Director)*	10	Filipino	Negligible
Class B	Manning, Warner G. N. (Director, Vice- President)	91	Filipino	Negligible
Class A	Montilla, Alberto M. (Director)	126	Filipino	Negligible
Class A	Ortigas, Rafael B. (Director)	633	Filipino	Negligible
Class A	Ortigas, Ma. Victoria B. (Director, Corporate Secretary)	100	Filipino	Negligible
Class A	Rex C. Drilon II	81	Filipino	Negligible
Class A	Roberto M. Paterno	01	Filipino	Negligible
Class A	Samson C. Iazo	01	Filipino	Negligible
Total		58,149		Negligible

*served as director until June 29, 2006

Cut off date for the determination of the above is December 31, 2006.

All other members aside from those cited above (General Manager, Assitant Corporate Secretary) do not hold any shares in the company.

The voting powers of OCLP reside with the duly authorized person (usually one of its General Partners), who is designated to attend the Annual Stockholders' Meeting of CAC.

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. The company has adopted the Self-rating Form issued by the

Securities and Exchange Commission, to measure the extent and nature of compliance with the company's own Manual on Corporate Governance. Since compliance with the requirements of the Manual and the Code of Corporate Governance is still being effected, the company deemed it best to adopt the self-rating criteria/guidelines set as these reflect the objectives of good corporate governance.

Measures for full compliance with the adopted leading practices on good corporate governance. Seminars and trainings were the first item in the plan towards full compliance with the mandates of good corporate governance. Thereafter, Board Committees were established to perform their respective roles as envisioned by the company's Manual. Risk assessment and management, and effective internal control monitored by the company's own internal auditor, were then included in the agenda and corporate objectives. Moreover, adherence to the principles of good corporate governance and the best practices were encouraged, 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 the company to slowly but surely achieve complete self-discipline and documentation.

Deviations. No significant deviation has occurred from the company's Manual on Corporate Governance. However, the company received a written reprimand dated October 23, 2006 from the SEC regarding a compliance issue relating to SRC Rule 23, in respect of independent director, Samson C. Lazo.

Improvement of Corporate Governance. Plans to improve the company's corporate governance consist of continuous seminars and trainings, as well as monitoring the performance of key officers and employees.

Exhibit and Reports on SEC Form 17-C

The following reports on SEC Form 17-C were also filed during the last six-month period of 2006 (July – December 2006):

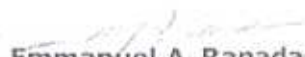
- a. Highlights of the Annual Stockholders' Meeting and of the Organizational Meeting of the Board of Directors – SEC Form 17-C filed July 04, 2006
- b. Amended Highlights of the Annual Stockholders' Meeting and of the Organizational Board Meeting of Concrete Aggregates – SEC Form 17-C filed July 07, 2006
- c. Amended Highlights of the Annual Stockholders' Meeting and of the Organizational Board Meeting of Concrete Aggregates – SEC Form 17-C filed July 27, 2006
- d. Announcement of the Replacement of the Corporate Information Officers of Concrete Aggregates Corporation – SEC Form 17-C filed August 25, 2006
- e. Announcement of the Resignation of Mr. Warner G.N. Manning as a Director and Vice-President of Concrete Aggregates Corporation – SEC Form 17-C filed December 15, 2006
- f. Certification of Directors' Fulfillment of the Required Number of Attendance – SEC Form 17-C filed December 27, 2006
- g. Independent Directors' Certification of Qualifications – SEC Form 17-C filed December 29, 2006.

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 __, 2007.

By: 
Ignacio R. Ortigas
Chairman, Board of Directors
(Principal Executive Officer)


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)

APR 16 2007

SUBSCRIBED AND SWORN to before me this __ day of January 2007, affiants exhibiting to me their respective Community Tax Certificates, as follows:

<u>Name</u>	<u>CTC No.</u>	<u>Date/Place of Issue</u>
Ignacio R. Ortigas	18197089	March 01, 2007; Pasig City
Francisco M. Ortigas III	18133235	January 18, 2007; Pasig City
Emmanuel A. Rapadas	18161019	February 02, 2007; Pasig City
Eleanor B. Trumata	18466247	March 6, 2007, Binan, Laguna
Michael David I. Abundo III	18165691	February 05, 2007; Pasig City

Doc. No. 457 ;
Page No. 93 ;
Book No. 51 ;
Series of 2007.


AMADO DANILLO G. JAYAG
NOTARY PUBLIC
UNTIL DECEMBER 31, 2007
PTR NO. 3665302-01/06/06/INZAL
IBP NO. 888661-01/06/06/INZAL
SAN JUAN-MANDALUYONG
ROLL NO. 43175

"ANNEX 68.1-K"
Balance Sheet

3. Other Current Assets

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

	2006	2005
Prepaid Insurance	P596,331	P993,192
Creditable withholding tax	1,139,856	
Input Tax – Spare parts/Supplies	832,772	1,669,336
Input Tax - Services	4,029,558	1,342,150
Input Tax – Equipments	723,817	(1,162,850)
TOTAL	P7,322,334	P2,841,827

8. Trade and Other Payables

(iv) Accrued Expenses

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

	2006	2005
Extraction Cost	P13,747,567	P10,988,564
Provision for BIR penalties	7,441,407	-
Equipment Rental – Operations	3,010,052	1,274,579
Payroll	2,010,227	7,080
Taxes and licenses	1,982,314	9,391,553
Loading & Hauling Charges	1,789,737	5,677,280
Accrual for Audit Fees	713,345	299,005
Vacation and sick leave	639,235	978,129
Withdrawals from MATCOR	250,000	-
Social cost	121,607	888,486
BIR expenses-1999	-	-
Development Cost	-	2,999,666
Social Development & Management Program for 2005	-	1,733,510
Additional Deficiency Tax Liability	-	1,678,894
Top Soil Loading	-	810,880
Security Services – Econ	-	515,936
Interest and other financing charges	-	483,333
Security Services – Angono	-	436,867
Bonus	-	230,075
Repairs and Maintenance	-	100,000
Banlik Handling	-	70,059
Others	93,865	7,678,770
TOTAL	P31,799,355	P46,242,666

"ANNEX 68.1-L"
Income Statement

Sales

	2006		2005		2004	
	Volume	Amount	Volume	Amount	Volume	Amount
Aggregates						
GRAVEL 1/2 (G-1)	141,354	₱33,155,562	161,306	₱37,448,806	221,072	₱45,995,741
GRAVEL ¾	484,399	162,877,380	531,025	187,649,246	570,613	176,150,291
GRAVEL 3/8	134,612	33,382,548	151,262	37,241,324	192,417	38,101,023
COARSE SAND (S-1)	213,847	51,453,879	200,901	37,110,271	222,754	28,581,484
DRY SAND S-2	-	-	-	-	11,458	1,220,225
BASE COARSE – A	75,905	16,324,426	69,553	14,440,306	93,715	16,351,366
ANGONO SUBBASE	1,029	163,588	5,872	1,230,447	157,692	27,159,389
BOULDERS	1,785	228,592	-	-	-	-
COMP. MATERIALS	6,361	352,693	13,706	3,023,602	5,947	733,436
TOTAL	1,059,292	₱297,938,669	1,133,625	₱318,144,003	1,475,667	₱334,292,955

"ANNEX 68.1-M"
SCHEDULES

Schedule B

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

	2006	2005	2004
Advances to Officers and Employees			
Indebtedness exceeding P100,000.00			
Aguinaldo, Rogel	-	₱196,379	-
Armendi, Arlinda	₱115,698	-	-
Cruz, Nelita	-	658,252	₱278,373
Galang, Corazon	116,765	-	283,235
Gelacio, Elpidio	120,040	123,693	-
Macaspac, Antonio	-	-	234,846
Montoya, Romeo	169,745	-	-
Pascual, Teody	237,224	104,369	-
Pilon, Luz	-	124,708	-
Roa, Danilo	-	441,522	-
Viscayno, Cyril	248,909	-	-
Others	1,245,191	2,283,355	1,469,306
Allowance for doubtful accounts	(1,123,738)	(711,170)	-
Advances to Officers and Employees-net	1,129,834	3,221,108	2,265,760

Due from CAC Insurance Agency Corporation	-	-	361,863
Total Receivable from Officers, Employees and Related Parties	P1,129,834	P3,221,108	P2,627,623

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. However, since these investments remained non-performing since 1999, these were reclassified to other non-current assets in year 2006.

The details of this account are summarized as follows:

Investment in Stocks reclassified to Other Non-Current Assets:

	2006	2005	2004
CAC Insurance Agency Corporation	P161,237	P159,714	P250,000
CAC Marketing and Services Corporation	1,470,348	2,052,974	1,125,000
TOTAL	P1,631,585	P2,212,688	P1,375,000

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, 2006

	Land	Land improvements	Building	Total
Acquisition Cost:				
Beginning Balance	P68,805,991	P15,202,640	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	P68,805,991	P6,164,160	P6,362,712	P81,332,863
Ending Balance	P68,805,991	P4,779,808	P4,936,468	P78,522,267

For the Year Ended December 31, 2005

	Land	Land improvements	Building	Total
Acquisition Cost:				
Beginning Balance	P68,805,991	P14,450,540	P22,442,531	P105,699,062
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	₱6,765,076	₱10,086,368	₱85,657,435
Ending Balance	₱68,805,991	₱6,164,160	₱6,362,712	₱81,332,863

In 2004, the company sold a parcel of land located in Cebu with a cost of ₱3,217,376 for ₱25,736,276, net of selling expenses, and resulted to a gain of ₱22,518,900. Certain parcels of land with carrying value of ₱1,363,178 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 and investment properties) acquired up to July 5, 1996 with total carrying value of ₱127,300,219 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.

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 2006 and these are as follows:

	2006	2005	2004
Due from CAC Insurance Agency Corporation	-	-	₱361,683
Total Indebtedness of Unconsolidated Subsidiary	-	-	₱361,683

Schedule G

Indebtedness to Related Parties

	2006	2005	2004
Due to OCLP	₱7,480,181	-	-
Due to CAC Marketing and Services Corporation	3,297,069	₱2,010,000	₱2,010,000
Due to CAC Insurance	192,779	-	-
Total Indebtedness to Related Parties	₱10,970,029	₱2,010,000	₱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	P400,000,000	22,077,771	P220,777,710
Common Class "B"				
at P10 par value each	10,000,000	100,000,000	5,388,678	53,886,780
	50,000,000	P500,000,000	27,466,449	P274,664,490

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.

Other Required Disclosures

Related Party Transactions

	2006	2005	2004
Due from CAC Insurance	-	-	P361,863
Due to OCLP	P7,480,181	-	-
Due to CAC Marketing and Services Corporation	3,297,069	P2,010,000	2,010,000
Due to CAC Insurance	192,779	-	-

- a. 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 P700,000 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 2006 amounted to P9.0 million. The outstanding balance due to OCLP amounted to P7.5 million as of December 31, 2006.
- b. 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 P412,212 in 2006. The company has no outstanding liability related to this contract as of December 31, 2006 and 2005.
- c. The Group has an ongoing banking relationship with a related party. The total cash in bank maintained with the related party amounted to P1,564,958 and P48,871 as of December 31, 2006 and 2005, respectively.
- d. The compensation of key management personnel of the Group amounted to P5,186,187, P3,621,937 and P3,216,921 for the years ended December 31, 2006, 2005 and 2004, respectively.