



CONCRETE AGGREGATES CORPORATION

1 July 2013

THE PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

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

Gentlemen:

In compliance with the Disclosure Rules of the Philippine Stock Exchange, we are submitting a copy of Concrete Aggregates Corporation's Amended Quarterly Report for the first quarter of 2013, which we also filed with the Securities and Exchange Commission last 28 June 2013. This Amended Quarterly Report includes the disclosures required by SEC Memorandum Circular No. 6, Series of 2013 (see Note 2.1, Changes in Accounting Policy and Disclosures, pages 13 to 14 of the Report).

Thank you and best regards.

Very truly yours,

JOSE ANTONIO V. EVANGELISTA III

Corporate Information Officer



CONCRETE AGGREGATES CORPORATION

28 June 2013

SECURITIES AND EXCHANGE COMMISSION

Corporation Finance Department

SEC Building
EDSA, Greenhills
Mandaluyong City

Attention: **Ms. Justina F. Callangan**
Acting Director

Gentlemen:

This is in response to your letter dated June 3, 2013 (received on June 24, 2013) directing the Corporation to submit an amended SEC Form 17-Q (for the first quarter of 2013) and an explanation why certain information was not reflected in the original Quarterly Report filed.

Please find attached the Amended SEC Form 17-Q containing the information required. Furthermore, it is respectfully noted that the basis for the additional information required, SEC Memorandum Circular No. 6, was issued only last April 23, 2013, which was just a little over two (2) weeks before the deadline to file the Quarterly Report for the first quarter of 2013 on May 15, 2013. Thus, it is respectfully manifested that there was little time for Memorandum Circular No. 6 to be circulated, for the Corporation to be notified thereof, and for the required information to be incorporated into the Quarterly Report that was to be filed shortly thereafter.

Rest assured that there was no intent on the part of the Corporation to disregard the Commission's directive, and that the Corporation continuously strives to faithfully comply with all the reportorial rules of the Commission.

Very truly yours,


Michael David I. Abundo III
Compliance Officer

PSE Security Code _____
SEC Number 36140
File Number _____

CONCRETE AGGREGATES CORP.

(Company's Full Name)

9TH FLOOR, ORTIGAS BUILDING, ORTIGAS AVENUE, PASIG CITY

(Company's Address)

631-1231 / Fax no.: 631-6517

(Company's Telephone Number)

DECEMBER 31

**(Fiscal Year Ending)
(Month & Day)**

SEC FORM 17-Q: 1st Quarter 2013

(FORM TYPE)

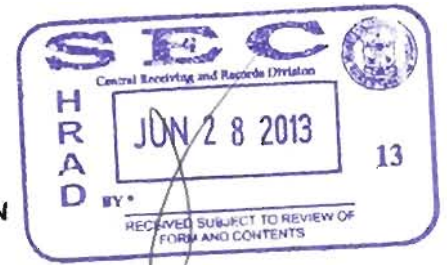
AMENDED QUARTERLY REPORT (First Quarter 2013)

(Amendment Designation if Applicable)

31 March 2013

Period Ended Date

(Secondary License Type, if any)



SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended 31 March 2013
2. SEC Identification Number 36140
3. BIR Tax Identification No. 000-201-881
4. Exact name of registrant as specified in its charter CONCRETE AGGREGATES CORP.
5. Philippines
Province, Country or other jurisdiction of
Incorporation or organization
6. (SEC Use Only)
Industry Classification Code;
7. 9th Floor, Ortigas Building, Ortigas Avenue, Pasig City
Address of issuer's principal office
- 1605
Postal Code
8. (02) 631-1231 / Fax no.: 631-6517
Registrant's telephone number, including area code
9. Not applicable
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
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Common Shares	27,466,449
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11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes (x) No () Classes Common "A" and Common "B"

12. Check whether the registrant:

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

Yes (x) No ()

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

Yes (x) No ()

FINANCIAL INFORMATION

Item 1. Financial Statements

Please see the following attached documents:

- Unaudited Balance Sheet Statement, as of 31 March 2013
- Unaudited Statement of Income, as of 31 March 2013
- Unaudited Statement of Changes in Stockholder's Equity, as of 31 March 2013
- Unaudited Statement of Cash Flows, as of 31 March 2013
- Aging of Accounts Receivables, as of 31 March 2013
- Statement of Management's Responsibility
- Notes to Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Concrete Aggregates Corporation ("CAC" or the "Company") underwent changes in 2008 which had a significant impact on its operations and, consequently, its financial condition. The most significant of these changes was the selection and appointment of a third party as the operator of the Company's quarry in Angono, Rizal. As discussed in previous disclosures, the Board of Directors of CAC, during a regular meeting held on 18 June 2007, authorized the conduct of a bidding to select an operator of its Angono quarry for a period of fifteen (15) years. Three companies qualified to participate in the bidding of which two submitted formal bids on 16 November 2007. On 29 November 2007, the Company's Board of Directors declared that the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the "Consortium") won the bid for the right to operate the Company's Angono quarry.

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

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

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

The Company recorded revenues of ₱6.53 million for the first quarter of 2013 as compared to ₱3.66 million for the first quarter of 2012 coming from the 2.5% royalty on the value of aggregates sold by BAAC. Net income after tax for the first quarter of 2013 was ₱2.77 million while net income after tax for the same period in 2012 was ₱1.85 million. The difference was due to higher royalty fees earned from BAAC.

The Company currently has no significant liquidity or credit risks. Its ₱161 million current assets are more than enough to cover its ₱20 million current liabilities. In addition, the Company's recurring income is also more than enough to meet its administrative expenses and expenses for maintenance of its idle assets. Furthermore, there are several future cash inflows which the Company expects to receive in the near future mostly from the receivables from OCLP on the Longos property sale. The Company's Financial Risk Management Objectives and Policies are discussed in Note 3 of the Notes to the Financial Statements.

Operating Results

Revenues

The Company earned ₱6.53 million in royalties during the first quarter of 2013. No revenues from aggregates sales were realized due to the transfer of the quarry operations to BAAC beginning 1 June 2008.

Cost of sales

Because of the absence of aggregates sales, the Company did not incur any cost of sales during the first quarter of 2013.

Selling expenses

The Company likewise did not incur selling expenses related to aggregate sales during the same period due to the previously mentioned transfer of quarry operations.

General and administrative expenses

The Company's general and administrative expenses of ₱4.86 million for the first quarter of 2013 increased by 19% from last year's figure of ₱4.08 million mostly due to the increase in the directors bonus, taxes and licenses. Expenses incurred in 2013 came mostly from depreciation, salaries and wages of the Company's remaining employees, professional fees, directors' bonus and payment of real property tax on various real estate properties.

Other income (expenses)

The Company's other income of ₱2.09 million for the first quarter of 2013 came mainly from interest and accretion income pertaining to the Longos property sold to OCLP. This is lower than last year's figure of ₱2.71 million mostly due to the lower interest income received from the installment sale of the Longos property to OCLP.

Net income after tax

Operations for the first quarter of 2013 resulted in a net profit of ₱2.77 million after making provisions for income taxes. Net profit for the same period in 2012 was ₱1.85 million. As stated above, the increase was mostly due to royalty fees and other income of the Company.

Financial Condition

Cash

Cash balance in the amount of ₱75.47 million represents a decrease of 4% compared to the Company's cash balance as of 31 December 2012 due to the release of various dividend checks unclaimed as of year-end of 2012 net of the collection of installment receivable from OCLP pertaining to the Longos property sale.

Receivables

Receivables as of the end of the first quarter of 2013, net of allowances and provisions, amounted to ₱27.00 million which increased by 3% compared to the ₱26.29 million receivables as of 31 December 2012. The increase was caused by the higher royalty receivable from BAAC.

Land held for development and sale

In 2010, the Company started the development of its 9.7-hectare property in Sto. Tomas, Batangas. The balance of the account at 31 March 2013 represents the cost of the land previously recorded as part of the Investment property account and the development costs incurred as of the said date.

Other current assets

The Company's other current assets as of 31 March 2013 decreased by 14% to ₱12.47 million compared to ₱14.46 million as of 31 December 2012 mainly due to the application of creditable withholding tax and amortization of prepaid real property tax for the first quarter of 2013.

Investment Properties

Investment properties as at 31 March 2013 amounted to ₱11.47 million representing an increase of ₱0.16 million from the 31 December 2012 balance due to land related development cost net of the depreciation for the first quarter of 2013.

Property, Plant and Equipment

Property, plant and equipment (net) as at 31 March 2013 amounted to ₱62.87 million representing a decrease of ₱0.18 million compared to the 31 December 2012 balance of ₱63.05 million basically due to depreciation for the first quarter of 2013.

Deferred Income Tax Assets

The Company's deferred income tax asset currently at ₱8.59 million was due to the write-off of trade receivables.

Installment Receivable – Non-current portion

This pertains to the ₱55.93 million non-current portion of the installment receivable from the sale of the Longos and Tatala properties to OCLP. The ₱3.23 million decrease as compared to 31 December 2012 was due to the reclassification of non-current portion to current portion net of the realized amortization of the Day 1 loss charged to retained earnings.

Other noncurrent assets

The Company's other noncurrent assets, currently at ₱9.24 million, are composed of Available for Sale Investments, Mine Rehabilitation Fund and other deposits.

Trade accounts payable

Trade accounts payable of ₱8.01 million represents outstanding payables as at 31 March 2013.

Accrued expenses and other liabilities

Accrued expenses and other liabilities amounting to ₱1.45 million decreased by ₱2.44 million from last year's figure of ₱3.89 million due to payment of various accruals and withholding taxes in the first quarter of 2013.

Dividends payable

Dividends payable amounting to ₱10.54 million decreased by 43% or ₱8.02 million from last year's balance of ₱18.56 million due to the release of dividend checks unclaimed as of year-end of 2012.

Stockholders' Equity

Stockholders' equity as of the end of the first quarter of 2013 was ₱289.22 million. The ₱2.77 million increase in stockholders' equity from the amount as of 31 December 2012 came from the Company's net income after tax for the first quarter of 2013.

Book value per share was at ₱10.53 per share as at 31 March 2013 compared to ₱10.43 per share in 31 December 2012.

- i. Due to the Company's sound financial condition, and the transfer of its quarry operations to BAAC, there are no foreseeable trends, events or uncertainties that may have a material impact on its long-term or short-term liquidity.
- ii. There are no events that will trigger any direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- iii. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- iv. Funding will be sourced from internally-generated cash flow, and also from borrowings or available credit facilities from local and international commercial banks, if warranted.
- v. At the moment, there are no material commitments yet for capital expenditures other than those performed in the ordinary course of trade or business.
- vi. The causes for any material changes in the unaudited financial statements from the first quarter of 2013 as compared to the first quarter of year 2012 and as of year ending 2012 are explained in the Management Discussion and Analysis, as well as in the accompanying Notes to Financial Statements.
- vii. There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached unaudited financial statements.
- viii. Accounts that registered material changes of 5% or more and the causes thereof are as follows:

Accounts	as of 31 March 2013	as of 31 March 2012	Increase (Decrease)	Remarks
Royalties	6,532,806	3,664,573	2,868,233	The increase was due to higher value of aggregates sold by BAAC
Administrative expenses	4,856,937	4,081,899	775,038	The increase was mostly caused by the higher directors bonus and taxes and licenses.
Other income (expense)	2,094,289	2,708,225	(613,936)	The decrease was due to the lower interest income received from the installment sale of the Longos property to OCLP.

Accounts	as of 31 March 2013	Audited as of 31 December 2012	Increase (Decrease)	Remarks
Other current assets	12,467,843	14,458,732	(1,990,889)	The decrease was caused by the application of creditable withholding tax and amortization of prepaid real property tax.
Installment receivable (non-current)	55,934,122	59,161,367	(3,227,245)	The decrease was caused by the reclassification of the current portion net of the realized amortization of the Day 1 loss charged to retained earnings

Accounts	as of 31 March 2013	Audited as of 31 December 2012	Increase (Decrease)	Remarks
Accrued expenses and current liabilities	1,453,030	3,887,361	(2,434,331)	The decrease was caused by the settlement of various accruals and the remittance of withholding taxes.
Dividends payable	10,542,851	18,560,243	(8,017,392)	The decrease was caused by the release of dividend checks unclaimed as of year-end of 2012.
Retained earnings	13,335,545	10,563,410	2,772,135	The increase represents the net income realized for the first quarter of the year.

Key Performance Indicators

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

<u>Measures</u>	<u>31 March 2013</u>	<u>31 December 2012</u>
Current Ratio	8.05	5.42
Debt/Equity Ratio	0.07	0.11
Return on Assets	4%	3%
Return on Equity	4%	3%

<u>Measures</u>	<u>31 March 2013</u>	<u>31 March 2012</u>
Net Income Rate	42%	51%

Current Ratio = Current Assets ÷ Current Liabilities

Debt/Equity Ratio = Total Liabilities ÷ Total Stockholders' Equity

Return on Assets = Annualized Net Income ÷ Total Assets

Return on Equity = Annualized Net Income ÷ Total Assets

SIGNATURE

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

Cesar D. Buenaventura
Head of Finance/Authorized Officer
28 May 2013

Concrete Aggregates Corp. and Subsidiaries

Consolidated Balance Sheet
31 March 2013
(With comparative figures at 31 December 2012)
(All amounts in Philippine Peso)

	Notes	Unaudited March 2013	Audited December 2012
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	75,467,371	78,833,479
Receivables, net	6	27,003,836	26,293,215
Land held for development and sale	7	46,184,598	46,184,598
Other current assets	8	12,467,843	14,458,732
Total current assets		161,123,648	165,770,024
NON-CURRENT ASSETS			
Property, plant and equipment, net	9	62,870,825	63,050,073
Investment property, net	10	11,471,048	11,307,766
Installment receivable, net of current portion	17	55,934,122	59,161,368
Deferred tax asset, net	16	8,590,438	8,590,438
Other non-current assets	11	9,241,869	9,141,868
Total non-current assets		148,108,302	151,251,513
Total assets		309,231,950	317,021,537
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables		8,014,590	8,124,590
Accrued expenses and other liabilities	12	1,453,030	3,887,360
Total current liabilities		10,542,851	18,560,243
EQUITY			
Share capital	13	274,664,490	274,664,490
Share premium		1,069,304	1,069,304
Fair value reserve on available-for-sale financial assets		152,140	152,140
Retained earnings	13	13,335,545	10,563,410
Total equity		289,221,479	286,449,344
Total liabilities and equity		309,231,950	317,021,537

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Total Comprehensive Income
 For the 1st Quarter ended 31 March 2013
 (With comparative figures for the 1st Quarter ended 31 March 2012)
 (All amounts in Philippine Peso)

	Notes	Unaudited January to March 2013	Unaudited January to March 2012
REVENUE			
Basic royalty fee	21	6,532,806	3,664,573
		6,532,806	3,664,573
COST AND EXPENSES			
General and administrative expenses	14	4,856,937	4,081,899
OPERATING INCOME			
		1,675,868	(417,326)
OTHER INCOME, net	16	2,094,289	2,708,225
INCOME BEFORE INCOME TAX		3,770,157	2,290,225
PROVISION FOR INCOME TAX	17	998,022	436,053
NET INCOME FOR THE YEAR		2,772,135	1,854,846
OTHER COMPREHENSIVE INCOME (LOSS)		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,772,135	1,854,846
Basic/Diluted earnings per share			0.07

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Changes in Equity For the 1st Quarter ended 31 March 2013 (With comparative figures for the 1st Quarter ended 31 March 2012)

(All amounts in Philippine Peso)

	Share Capital (Note 13)	Share Premium	Fair Value Reserve on Available-for-Sale Financial Assets (Note 11)	Retained Earnings (Note 13)	Total
Balances, December 31, 2011	274,664,490	1,069,304	152,140	72,734,595	348,620,529
Comprehensive income					
Net income for the period	-	-	-	1,854,846	1,854,846
Total comprehensive income for the year	-	-	-	1,854,846	1,854,846
Balances, March 31, 2012	274,664,490	1,069,304	152,140	74,589,441	350,475,375
Balances, December 31, 2011	274,664,490	1,069,304	152,140	72,734,595	348,620,529
Comprehensive income					
Net income for the year	-	-	-	9,790,911	9,790,911
Total comprehensive income for the year	-	-	-	9,790,911	9,790,911
Transaction with owners					
Cash dividends	-	-	-	(71,962,096)	(71,962,096)
Balances, December 31, 2012	274,664,490	1,069,304	152,140	10,563,410	286,449,344
Comprehensive income					
Net income for the period	-	-	-	2,772,135	2,772,135
Total comprehensive income for the year	-	-	-	2,772,135	2,772,135
Balances, March 31, 2013	274,664,490	1,069,304	152,140	13,335,545	289,221,479

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

Concrete Aggregates Corp. and Subsidiaries

Consolidated Statement of Cash Flows
For the 1st Quarter ended 31 March 2013
(With comparative figures for the 1st Quarter ended 31 March 2012)
(All amounts in Philippine Peso)

	Notes	Unaudited January to March 2013	Unaudited January to March 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from (used in) operations	20	477,288	(181,565)
Interest received on:			
Installment receivable	18	1,096,507	1,249,494
Bank deposits	5	315,393	698,820
Net cash flows from operating activities		1,889,188	1,766,749
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Collections of installment receivable	18	3,161,284	3,008,297
Acquisitions of:			
Property, plant and equipment	9	(91,188)	-
Investment property	10	(208,000)	-
Decrease (increase) in other non-current assets		(100,000)	
Net cash flows from investing activities		2,762,096	3,008,297
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	13	(8,017,392)	
Net cash flows used in financing activities		(8,017,392)	-
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		-	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		(3,366,108)	4,775,046
CASH AND CASH EQUIVALENTS			
At January 1	5	78,833,479	108,887,631
At March 31	5	75,467,371	113,662,677

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

CONCRETE AGGREGATES CORP.**ACCOUNTS RECEIVABLE AGING (Unaudited)
FOR THE 1ST QUARTER ENDING 31 MARCH 2013**

Description	Total	1-30 days	Over 120 days	Under Litigation
A. Trade Receivables				
Angono Aggregates	26,390,525		26,390,525	
Subtotal	26,390,525		26,390,525	
Less: Allowance for Doubtful Accounts	(26,390,525)		(26,390,525)	
Net Trade Receivables	0		0	
B. Other Receivables				
BAAC	4,749,473	2,453,955	2,453,955	
Others	329,936		329,936	
C. Current Portion of Installment Receivables	21,924,427	21,924,427		
Total	27,003,836	24,378,382	2,783,891	

Concrete Aggregates Corp. and Subsidiaries

Notes to Consolidated Financial Statements

As at and for the 1st quarter ended 31 March 2013

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

Note 1 - General information

Concrete Aggregates Corp. (the "Parent Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on 23 August 1968. The Parent Company is listed in the Philippine Stock Exchange and is primarily engaged in quarrying, crushing and selling basalt concrete aggregates. As its secondary purpose, the Parent Company is permitted to engage in real estate business and purchase, own, subdivide, sell, lease, rent, mortgage, take option or otherwise deal in real property, improved or unimproved, be it residential, commercial, or agricultural, insofar as may be permitted by law.

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

The Parent Company's wholly-owned subsidiaries, namely, CAC Insurance Agency Corp. (CIAC) and CAC Marketing and Services Corp. (CMSC), (collectively referred to as the "Group") are both incorporated in the Philippines and are currently dormant companies. The Group's immediate parent is Ortigas & Company, Limited Partnership (OCLP), and its ultimate parent is OCLP Holdings Incorporated (OHI), which are both domiciled in the Philippines.

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

On 1 June 2008, the consortium of Republic Cement Corporation and Lafarge Holdings (Philippines), Inc. (the "Consortium") through Batong Angono Aggregates Corporation (BAAC) took over the Parent Company's quarrying operations by virtue of the Parent Company's Memorandum of Agreement with the Consortium dated 18 January 2008 and its Operating Agreement with BAAC dated January 23, 2008. In return, the Parent Company shall receive lump sum and basic royalty fees in accordance with the terms of its Operating Agreement with BAAC (Note 20).

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

These consolidated financial statements of the Group were authorized for issue by the Board of Directors (BOD) on 21 March 2013. There were no material events that occurred between 21 March 2013 and 27 March 2013.

Note 2 - Summary of significant accounting policies

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

2.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), Interpretations of the Philippine Interpretations

Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

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

The preparation of these consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations adopted by the Group

The Group has adopted the following new standards and amendments beginning January 1, 2013. The adoption is not expected to have a material impact on the Group's financial statements.

- *PAS 1 (Amendment), Financial Statement Presentation - Other Comprehensive Income* (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income.
- *PAS 19 (Amendment), Employee Benefits* (effective January 1, 2013). These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. They would also require recognition of all actuarial gains and losses in other comprehensive income as they occur and of all past service costs in profit or loss. The amendments replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).
- *PAS 27 (Revised), Separate Financial Statements* (effective January 1, 2013). The revised standard includes the provisions on separate financial statements that are left after the control provisions of PAS 27 have been included in the new PFRS 10.
- *PAS 28 (Revised), Investments in Associates and Joint Ventures* (effective January 1, 2013). This revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of PFRS 11.
- *PFRS 7 (Amendment), Financial Instruments: Disclosures - Asset and Liability Offsetting* (effective January 1, 2013). This amendment includes new disclosures to facilitate comparison between those entities that prepare PFRS financial statements to those that prepare financial statements in accordance with US GAAP.
- *PFRS 10, Consolidated Financial Statements* (effective January 1, 2013). This new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- *PFRS 11, Joint Arrangements* (effective January 1, 2013). This new standard is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures.

Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- *PFRS 12, Disclosures of Interests in Other Entities* (effective January 1, 2013). This new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- *Amendments to PFRS 10, 11 and 12 - Transition Guidance* (effective January 1, 2013). These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.
- *PFRS 13, Fair Value Measurement* (effective January 1, 2013). This new standard aims to improve consistency and reduce complexity by providing a clarified definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS.

(b) *New amendments and interpretations not applicable to the Group*

- *PFRS 1 (Amendment), First-time Adoption of PFRS - Government Loans* (effective January 1, 2013).
- *Philippine Interpretation IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine* (effective January 1, 2013)

2.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 March 2013. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies. These consolidated financial statements include the financial statements of the Parent Company and its wholly owned subsidiaries, CIAC and CMSC (Note 1). The percentages of effective ownership of the Parent Company in consolidated subsidiaries at 31 December are as follows:

Name	Country of incorporation	Principal activities	% of ownership	
			2013	2012
CAC Insurance Agency Corp. (CIAC)	Philippines	General insurance	100.00	100.00
CAC Marketing and Services Corp. (CMSC)	Philippines	Marketing	100.00	100.00

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the dates of acquisition.

2.4 Receivables

Trade receivables arising from Group's operations, particularly from the royalty agreement, with normal credit terms of 30 days are recorded initially at fair value and subsequently measured at amortized cost less provision for impairment. Fair value approximates invoice amount due to short-term nature of these financial assets.

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

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables (Note 2.5.4). When a receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited against provision for impairment losses in profit or loss.

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

2.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is (a) cash; (b) an equity instrument of another entity; (c) a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Group; or (d) a contract that will or may be settled in the Parent Company's own equity instruments.

A financial liability is any liability that is (a) a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or (b) a contract that will or may be settled in the Parent Company's own equity instruments.

Classification

The Group classifies its financial assets in the following categories: (a) at fair value through profit or loss; (b) loans and receivables; (c) held-to-maturity; and (d) available-for-sale. The Group classifies its financial liabilities in the following categories: (a) at fair value through profit or loss; and (b) at amortized cost. The classification depends on the purpose for which the financial assets and liabilities were

acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

Except for loans and receivables and available-for-sale financial assets, the Group does not hold financial assets under the other categories. As at 31 March 2013 and 31 December 2012, the Group does not have financial liabilities at fair value through profit or loss.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's cash and cash equivalents (Note 2.3), receivables (Note 2.4), installment receivable and miscellaneous deposits under other non-current assets are classified under this category.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Under this category are the Group's available-for-sale financial assets, mainly representing equity securities and club shares.

(c) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost pertain to financial liabilities that are not held for trading or not designated as at fair value through profit or loss upon the inception of the liability. Under this category are trade payables and accrued expenses and other liabilities (excluding payables to government agencies) (Note 2.10).

2.5.1 Recognition and measurement

(a) Recognition

Regular-way purchases and sales of financial assets are recognized on trade date (the date on which the Group commits to purchase or sell the asset). Financial assets and liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.

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

Trade payables and accrued expenses and other liabilities are recognized in the period in which the related goods or services are received or when a legally enforceable claim against the Group is established.

(b) Measurement

Loans and receivables are carried at amortized cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value; changes in the fair value of assets classified as available-for-sale are recognized in other comprehensive income. Dividend income from available-for-sale equity securities is recognized in profit or loss when the right to receive payment is established.

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

2.5.2 Determination of fair value

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

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

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

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.5.3 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. The identification of impairment and the determination of recoverable amount is a process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

(a) Assets carried at amortized cost

The Group assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered as objective evidence that the financial asset is impaired.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If an asset carried at amortized cost is determined to be impaired, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. If a variable interest rate was used, the discounted rate for measuring the impairment loss is the current effective interest rate. The carrying amount of the receivable is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

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

(b) Assets classified as available-for-sale

The Group assesses at each reporting date whether there is evidence that an asset classified as available-for-sale is impaired. In the case of available-for-sale debt instruments, objective evidence of impairment is assessed in the same manner as for assets carried at amortized cost. For available-for-sale equity instruments, a significant or prolonged decline in the fair value shall indicate impairment. For all financial assets classified as available-for-sale, the amount of impairment loss is the difference between its current fair value and its original cost. Impairment loss is transferred from equity to profit or loss. For available-for-sale equity instruments, reversal of previously recognized impairment losses is not recognized in profit or loss. For available-for-sale debt instruments, reversal of impairment losses is reversed through profit or loss, to the extent that the initial impairment loss was transferred from other comprehensive income to profit or loss. The reversal must be objectively supported by an increase in the fair value of the instrument after the impairment loss was recognized.

2.5.4 Derecognition

A financial asset is derecognized when the rights to receive cash have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Receivables are derecognized upon collection or when written off in the ordinary course of business.

A financial liability (or a part of a financial liability) is removed from the statement of financial position when, and only when, it is extinguished, i.e., when the obligation is discharged or is cancelled or has expired.

2.5.5 Offsetting

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

2.6 Land held for development and sale

Land held for development and sale is stated at the lower of cost and net realizable value. Cost includes charges for acquisition, construction, development and improvement of the properties. Net realizable value is the estimated selling price in the ordinary course of business less costs to complete and the estimated costs of sale.

Land held for development and sale is derecognized and charged to cost of sales in profit or loss upon sale.

2.7 Property and equipment

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

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

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Buildings and improvements	20
Plant site improvements	3 to 20
Machinery and equipment	3 to 10
Transportation and rolling equipment	3 to 5
Furniture and fixtures	1 to 2

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

Fully depreciated assets are retained in the accounts until they are no longer in use. No further charge for depreciation is made in respect of those assets.

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their cost, accumulated depreciation and amortization and accumulated impairment losses, if any, are eliminated from the accounts and any resulting gain or loss is included in profit or loss of such period.

2.8 Investment property

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

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

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

Subsequent to initial recognition, investment property, except land, is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is carried at cost less any impairment losses. Subsequent expenditure should demonstrably enhance the original asset to qualify for asset recognition. Repairs and maintenance costs are charged to profit or loss during the year in which they are incurred.

Depreciation and amortization on investment property, except land, is recognized in profit or loss on a straight-line basis over the following estimated useful lives:

	Years
Land improvements	10
Condominium unit	10

Property that is being constructed or developed for future use as investment property is classified as investment property under construction in progress. Construction in progress is stated at cost and depreciated only when the relevant assets are completed and ready for intended use. Upon completion, these properties are reclassified to an appropriate investment property account.

Transfers to, or from, investment property are made when, and only when, there is a change in use, evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view of sale, for a transfer from investment property to real properties held-for-sale and development;
- (c) end of owner occupation, for a transfer from owner-occupied property to investment property; or
- (d) commencement of an operating lease to another party, for a transfer from real properties held-for-sale and development to investment property.

Transfers to investment property do not result in gain or loss.

Investment property is derecognized when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Gains or loss on derecognition of investment property is calculated as the difference between any disposal proceeds and the carrying amount of the related asset and is recognized in profit or loss in the year of derecognition.

Impairment of non-financial assets

Property and equipment, investment property and other non-financial assets that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of the impairment at each reporting date.

2.9 Trade payables and accrued expenses and other liabilities

Trade payables and accrued expenses and other liabilities (excluding payables to government agencies) are recognized, measured and derecognized using the accounting policies for financial liabilities at amortized cost as discussed in Note 2.5. Payables to government agencies are recognized in the period when a legally enforceable claim against the Company is established.

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

2.10 Share capital

Common shares are classified as share capital.

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

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

2.11 Dividend distribution

The Group pays cash dividend as its cash position permits and retains that portion of earnings needed in development projects and other business requirements.

Dividend distribution to the shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the BOD of the Parent Company.

Stock dividends are recognized in the consolidated financial statements at declaration date.

2.12 Earnings per share (EPS)

Basic EPS is calculated by dividing income applicable to common shares by the weighted average number of common shares outstanding during the year with retroactive adjustments for stock dividends. Diluted EPS is computed in the same manner as basic EPS; however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

2.13 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discount.

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

(a) Royalty income

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

(b) Sale of real estate properties

Revenues from sales of undeveloped land properties or completed real estate projects are recognized when the significant risks and rewards of ownership of the asset have been transferred to the buyer, the Group retains neither continuing involvement nor effective control over the property sold, the amount of revenue and costs can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

Revenues from sales of real estate projects for which construction is not yet complete or has not commenced ("pre-completed real estate projects") is recognized under the percentage-of-completion method in accordance with PIC Q&A No. 2006-01, provided all of the following conditions are met:

- equitable interest has been transferred to the buyer;
- the Group is obliged to perform significant acts, provided, however, that construction must be beyond the preliminary stage, i.e., engineering, design work, construction contract execution, site clearance and preparation, excavation and the building foundation are finished;
- the amount of revenue and costs can be measured reliably; and
- it is probable that the economic benefits will flow to the Group, which is when collectibility of the contract sales price is reasonably assured.

Collectibility of the contract sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the Group (generally at least 10% of the contract sales price). Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Under the percentage-of-completion method, revenue and costs will be recognized by reference to the percentage of completion of the project as determined by the Group's project engineers.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on sales contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Initial cash payments received from buyers comprising less than 10% of the contract sales price will be treated as deposits under the 'Deferred income and deposits' account in the consolidated statement of

financial position. Deposits forfeited due to cancellation of the sales contract will be recognized as income in profit or loss.

For tax reporting purposes, revenue from sale of developed properties is recognized in full upon collection of at least 25% of total contract price in the year of sale. Otherwise, revenue from sale will be deferred and recognized as income based on collection of installments.

(c) Interest income

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

(d) Costs and expenses

Direct operating expenses and general and administrative expenses are recognized as they are incurred.

Other operating income/expenses are recognized when earned/incurred.

2.14 Provisions and contingencies

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are derecognized when the corresponding obligation is settled, cancelled or has expired.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

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

2.15 Income taxes

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

(a) Current income tax

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

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, NOLCO and MCIT can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred tax liabilities are recognized in full for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

2.16 Employee benefits

(a) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(c) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.17 Foreign currency transactions and translations

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of

such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss within other income/expense.

2.18 Leases (the Group as the lessor)

Properties leased out under operating leases are included in Investment properties in the consolidated statement of financial position. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

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

2.19 Related party relationships and transactions

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

2.20 Events after the reporting date

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

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who allocates resources to and assesses the performance of the operating segments of the Group. The Group has determined its President as its chief operating decision maker.

All transactions between business segments and intra-segment revenue and costs are eliminated upon consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

For the periods ended March 31, 2013 and December 31, 2012, the Group has only one operating segment, which is the quarrying business. In view of the current status of the Group's operation, which is limited only to this and minimal rental income and interest on receivables, the performance of the Group is being assessed as a single unit. Consequently, detailed segment reporting as required under PFRS 8 is deemed not relevant.

Note 3 - Financial risk and capital management

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

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

The President and General Manager, under the direction of the BOD, are responsible for the management of financial risks. The objective of risk management is to minimize adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

3.1 Financial risk management

3.1.1 Credit risk

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

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

	Notes	2013	2012
Cash and cash equivalents (excluding cash on hand)	5	75,347,562	78,713,670
Receivables	6		
Trade receivables		4,749,473	4,207,380
Installment receivable	17	77,858,549	80,891,807
Other receivables, net		329,936	355,396
Other non-current assets	11		
Miscellaneous deposits		2,402,655	2,402,655
		160,688,175	166,570,908

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

Credit quality of financial assets

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

	Neither Past Due nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
2013					
Cash and cash equivalents	75,347,562	-	-	-	75,347,562
Receivables					
Trade receivables	4,749,473	-	-	-	4,749,473
Installment receivable	77,858,549	-	-	-	77,858,549
Other receivables, gross	329,936	-	-	26,390,525	26,720,461
Other non-current assets					
Miscellaneous deposits	2,402,655	-	-	-	2,402,655
	160,688,175	-	-	26,390,525	187,078,700

	Neither Past Due nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
2012					
Cash and cash equivalents	78,713,670	-	-	-	78,713,670
Receivables					
Trade receivables	4,207,380	-	-	-	4,207,380
Installment receivable	80,891,807	-	-	-	80,891,807
Other receivables, gross	355,396	-	-	26,390,525	26,745,921
Other non-current assets					
Miscellaneous deposits	2,402,655	-	-	-	2,402,655
	166,570,908	-	-	26,390,525	192,961,433

High-grade rating is given to those counterparties with no history of default. On the other hand, standard grade rating is given to counterparties or customers with low collection risk, with history of default but eventually collected.

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

As at 31 March 2013, the Group's cash in bank and cash equivalents amounting to P75.47 million (2012 - P78.71 million) are maintained in universal and commercial banks (Note 5).

Bulk of the impaired accounts pertained to receivables from customers of the discontinued Engineering and Construction Division of the Group (Note 6).

3.1.2 Market risks

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

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

(a) Interest rate risk

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

(b) Price risk

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

3.1.3 Liquidity risk

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

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

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

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

The table below summarizes the maturity profile of the Group's financial liabilities as at 31 March 2013 and 31 December 2012 based on contractual undiscounted payments:

	Less than 3 months	3 to 12 months	Total
March 31, 2013			
Trade payables		8,014,590	8,014,590
Accrued expenses and other liabilities			
Dividends payable		10,542,851	10,542,851
Accrued expenses	450,486	200,000	650,486
Other payables		435,989	435,989
	450,486	19,193,430	19,643,916
December 31, 2012			
Trade payables	-	8,124,590	8,124,590
Accrued expenses and other liabilities			
Dividends payable	13,742,883	4,817,360	18,560,243
Accrued expenses	1,704,382	-	1,704,382
Other payables	-	435,989	435,989
	15,447,265	13,377,939	28,825,204

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

3.2 Fair values of financial assets and liabilities

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

The fair values of the available-for-sale financial assets are quoted market bid price (Level 1) at the close of business. Available-for-sale financial assets with no available market prices are carried at cost less allowance for any impairment, since the fair values are not readily determinable.

3.3 Capital management

The primary objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group's capital consists of total equity as shown in the statement of financial position.

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

Note 4 - Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Critical accounting estimates and assumptions

(a) Impairment loss on receivables (Note 6)

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

The amount and timing of recorded provision for impairment of receivables for any period would differ if the Group made different assumptions or utilized different estimates. Hence, management considers it impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding impairment of receivables.

As at 31 March 2013, allowance for impairment loss on receivables amounted to P28.42 million (2012 - P28.42 million).

(b) Estimated useful lives of long-lived assets (Notes 9 and 10)

The useful life of each of the Group's property and equipment and investment property is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible however, that future results of operations could be materially affected by changes in the amounts and timing or recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment and investment property would increase the recorded operating expenses and decrease non-current assets.

As the Group has a significant number of long-lived assets with varying useful lives, estimation of sensitivity of depreciation expense to possible changes in useful lives is deemed impracticable.

Property and equipment have a net carrying amount of P62.87 million at 31 March 2013 (2012 - P63.05 million). Investment properties have a net carrying amount of P11.31 million at 31 December 2012 (2011 - P11.19 million).

There is no change in the estimated useful lives of property and equipment and investment properties for the periods ended 31 March 2013 and 31 December 2012.

4.2 Critical judgments in applying the Group's accounting policies

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

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

As at 31 March 2013 and 31 December 2012, management has assessed that the cost of land held for development and sale is higher than its net realizable value.

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

The Group determines whether there are indicators of impairment on its investment properties, and property and equipment, at least on an annual basis. This requires an estimation of recoverable amount which is higher of an asset's or CGU's fair value less cost to sell and value-in-use. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. Estimating the fair value less cost to sell is based on the information available to reflect the amount that the Group could obtain as at the reporting date. In determining this amount, the Group considers the outcome of recent transactions for similar assets within the same industry.

As at 31 March 2013 and 31 December 2012, management has not identified any impairment indicators.

(c) Impairment of investments in subsidiaries (Note 11)

The Group follows the guidance of PAS 36 in determining whether its investment in a subsidiary is impaired. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Investments in subsidiaries that are impaired are reviewed for possible reversal of the impairment at each reporting date.

Because the subsidiaries do not own any asset and have been dormant, investments in subsidiaries have been fully provided for as at 31 March 2013 and 31 December 2012.

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

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. The Group has recognized deferred tax assets amounting to P8.59 million as at 31 March 2013 and 31 December 2012.

(e) Provisions and contingencies (Note 21)

The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and the legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the financial statements. Accordingly, no provision for losses arising from contingencies was recognized in the financial statements as at 31 March 2013 and 31 December 2012.

Note 5 - Cash and cash equivalents

This account consists of:

	Unaudited March 2013	Audited December 2012
Cash in banks	21,790,133	25,471,633
Cash on hand	119,809	119,809
Short-term placements	53,557,429	53,242,037
	75,467,371	78,833,479

Cash in banks consist of current and savings deposits with banks, which earn interest at the prevailing bank deposit rates. The short-term placements consist of time deposits which are made for varying periods of up to two months depending on the immediate cash requirements of the Group and earn interest ranging from 2.25 % to 3.0% per annum in 2013 (2012 - 2.5 % to 3.7%).

Interest income arising from savings and time deposits amounted to P0.32 million in 2013 (2012 - P3.04 million) (Note 15).

Note 6 - Receivables

This account consists of:

	Notes	Unaudited March 2013	Audited December 2012
Trade receivables	20	4,749,473	4,207,380
Current portion of installment receivable	17	21,924,427	21,730,439
Other receivables		26,720,461	26,745,921
		53,394,361	52,683,740
Less allowance for impairment loss		(26,390,525)	(26,390,525)
		27,003,836	26,293,215

As at 31 March 2013 and 31 December 2012, other receivables include P17.12 million pertaining to receivables from customers of the Group's discontinued Engineering and Construction Division, which have been fully provided for.

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

	Notes	Unaudited March 2013	Audited December 2012
At January 1		26,390,525	26,490,264
Provisions	14	-	-
Reversals	14	-	(99,739)
		26,390,525	26,390,525

Note 7 - Land held for development and sale

In 2010, the Group started the development of its 9.7-hectare property in Sto. Tomas, Batangas. The balance of the account at 31 March 2013 and 31 December 2012 represents the cost of the land and the development costs incurred to date.

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

	Unaudited March 2013	Audited December 2012
At January 1	46,184,598	45,917,818
Development costs incurred during the year	-	266,780
	46,184,598	46,184,598

There were neither disposals nor sales in 2013, 2012 and 2011.

Note 8 - Other current assets

This account consists of:

	Unaudited March 2013	Audited December 2012
Creditable income tax	9,423,838	10,263,810
Prepaid expenses	2,987,367	4,103,142
Input value-added tax	56,638	91,780
	12,467,843	14,458,732

The movements in creditable income tax are presented below:

	Unaudited March 2013	Audited December 2012
At January 1	10,263,810	11,721,226
Tax withheld by customers	158,010	1,211,528
Applied to income tax payable	(998,022)	(2,668,944)
	9,423,838	10,263,810

Prepaid expenses consist of real property tax paid in advance.

Note 9 - Property and equipment

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

	Land	Quarry Land	Buildings and Improvements	Plant Site Improvements	Machinery and Equipment	Transportation and Rolling Equipment	Furniture and Fixtures	Total
Gross carrying amount	42,285,255	16,208,973	8,052,282	258,929	3,709,522	7,164,495	1,032,260	78,711,716
At January 1, 2012								
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,145,455)	-	-	(1,145,455)
At December 31, 2012	42,285,255	16,208,973	8,052,282	258,929	2,564,067	7,164,495	1,032,260	77,566,261
Additions	-	-	-	-	-	-	91,187	91,187
Disposals	-	-	-	-	-	-	-	-
At March 31, 2013	42,285,255	16,208,973	8,052,282	258,929	2,564,067	7,164,495	1,123,447	77,657,448
Accumulated depreciation and amortization								
At January 1, 2012	-	-	3,782,394	258,929	3,586,245	5,931,712	937,527	14,496,807
Depreciation and amortization (Note 14)	-	-	382,268	-	99,914	590,092	92,562	1,164,836
Disposals	-	-	-	-	(1,145,455)	-	-	(1,145,455)
At December 31, 2012	-	-	4,164,662	258,929	2,540,704	6,521,804	1,030,089	14,516,188
Depreciation and amortization (Note 14)	-	-	95,567	-	23,363	144,105	7,400	270,435
Disposals	-	-	-	-	-	-	-	-
At March 31, 2013	-	-	4,260,229	258,929	2,564,067	6,665,909	1,037,489	14,786,623
Net carrying amount								
At December 31, 2012	42,285,255	16,208,973	3,887,620	-	23,363	642,691	2,171	63,050,073
At March 31, 2013	42,285,255	16,208,973	3,792,053	-	-	498,586	85,958	62,870,825

In 2012, proceeds from disposal of property and equipment with zero book value was fully recognized as gain amounted to P0.57 million (2011 - P0.40 million) (Note 15).

Note 10 - Investment properties

Details of investment properties and their movements during the period as follows:

	Land	Land Improvements	Condominium Unit	Construction in Progress	Total
Gross carrying amount					
At January 1, 2012	10,225,791	15,930,966	19,341,883	-	45,498,640
Additions	157,857	139,167	-	-	297,024
At December 31, 2012	10,383,648	16,070,133	19,341,883	-	45,795,664
Additions	208,000	-	-	-	208,000
At March 31, 2013	10,591,648	16,070,133	19,341,883	-	46,003,664
Accumulated depreciation and amortization					
At January 1, 2012	-	14,967,140	19,341,883	-	34,309,023
Depreciation and amortization (Note 14)	-	178,875	-	-	178,875
At December 31, 2012	-	15,146,015	19,341,883	-	34,487,898
Depreciation and amortization (Note 14)	-	44,718	-	-	44,718
At March 31, 2013	-	15,190,733	19,341,883	-	34,532,616
Net carrying amount					
At December 31, 2012	10,383,648	924,118	-	-	11,307,766
March 31, 2013	10,591,648	879,400	-	-	11,471,048

As at 31 March 2013, the fair value of the land based on latest zonal valuation is P408.8 million (2012 - P408.8 million); while the fair value of the condominium unit based on management's internal valuation is P6.2 million (2012 - P6.2 million).

For the first quarter of 2013, rent income from investment properties amounted to P0.54 million (2012 - P1.80 million) (Note 15), while expenses for the same period consisting mostly of real property taxes and security services amounted to P1.63 million (2012 - P6.11 million) (Note 14).

Note 11 - Other non-current assets

This account at consists of:

	Unaudited March 2013	Audited December 2012
Mine rehabilitation fund	5,724,133	5,624,133
Miscellaneous deposits	2,402,655	2,402,655
Available-for-sale financial assets	1,115,080	1,115,080
	9,241,868	9,141,868

Pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as "The Philippine Mining Act of 1995", the Group maintains a mine rehabilitation fund (MRF) with the Land Bank of the Philippines. The MRF shall be used for the physical and social rehabilitation of areas affected by the Group's quarrying activities, and for research in the social, technical and preventive aspects of the mine rehabilitation. Under the Group's Operating Agreement with BAAC (see Note 20), BAAC shall have the exclusive right to manage, operate and provide additional MRF as may be required by applicable laws and regulations; provided that the MRF will remain in the name of the Group as the contracting party to the MPSA.

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

Available-for-sale financial assets include investments in golf club shares and listed equity securities.

Note 12 - Accrued expenses and other liabilities

This account consists of:

	Note	Unaudited March 2013	Audited December 2012
Payables to government agencies		366,555	1,746,989
Accrued expenses		650,486	1,704,382
Other payables		435,989	435,989
		1,453,030	3,887,360

Note 13 - Equity

Details of the Parent Company's share capital as at 31 March 2013 and 31 December 2012 are as follows:

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

As at 31 March 2013, issued and outstanding share capital of the Company is held by 636 shareholders (2012 - 636), of which 491 shareholders (2012 -496) each own 100 or more shares.

Upon securing the approval of the Philippine SEC, the Parent Company's common shares were officially listed and offered to the public through the local exchange on 2 April 1973. There was no other share offering since then.

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

As at 31 March 2013, there are 22,077,771 (2012 - 22,077,771) issued and outstanding Class A common shares, of which 6,054,829 are floating shares (2012 - 6,054,829 shares), whereas there are 5,388,678 issued and outstanding Class B common shares, of which 403,066 are floating shares. The latest closing price for Class A common shares as at 31 December 2012 was recorded at P64 per share (2012 - P64 per share), while Class B common shares did not have trading activity since their listing date.

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

Date declared	Shareholders of record as at	Paid on	Amount per share	Amount
November 29, 2012	December 14, 2012	December 27, 2012	2.62	71,962,096
July 31, 2010	August 12, 2010	August 31, 2010	7.28	199,955,749

Note 14 - General and administrative expenses

This account for the periods ended consists of:

	Notes	Unaudited March 2013	Unaudited March 2012
Professional fees	17	995,269	1,141,838
Taxes and licenses		1,192,187	784,390
Security, janitorial and other services		862,270	870,768
Personnel costs		446,231	402,094
Depreciation and amortization		315,154	351,520
Repairs and maintenance		122,313	72,110
Insurance		67,593	67,600
Power, light and water		34,999	40,970
Directors' fees		592,500	52,500
Fuel, oil and lubricants		5,164	11,058
Transportation and communication		39,720	18,687
Entertainment, amusement and recreation		23,003	12,357
Others		160,534	256,007
		4,856,937	4,081,899

Depreciation and amortization shown above are attributable to the following:

	Notes	Unaudited March 2013	Unaudited March 2012
Property and equipment	9	270,436	306,802
Investment property	10	44,718	44,718
		315,154	351,520

Details of the personnel costs shown above are as follows:

	Unaudited March 2013	Unaudited March 2012
Salaries and wages	336,203	332,451
Other benefits	110,028	69,643
	446,231	402,094

As disclosed in Note 20, the Group entered into an Operating Agreement, constituting the transfer of quarrying operations, including employees, to BAAC in 2008. Consequently, the Group settled its retirement obligation to almost all of its employees amounting to P29.95 million. In addition, the Group's retirement plan assets amounting to P3.68 million were returned to the Group in 2009. The Group has only 3 employees as at 31 March 2013 and 31 December 2012.

Note 15 - Other income

Details of other income and charges are as follows:

	Notes	Unaudited March 2013	Unaudited March 2012
Interest income on installment receivable	17	1,224,534	1,393,651
Interest income on bank deposits, net of final tax	5	315,393	698,820
Rent income	10	542,330	438,008

Others, net	12,032	177,746
	2,094,289	2,708,225

Note 16 - Income taxes

The provision for income tax for the periods ended consists of:

	Unaudited March 2013	Unaudited March 2012
Current	998,022	436,053
	998,022	436,053

As at 31 March 2013 and 31 December 2012, the Company's deferred tax asset amounting to P8.59 million represents the tax effect of deductible temporary difference on allowance for impairment of assets.

Net deferred tax asset is expected to be recovered beyond 12 months after the reporting date.

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

	Unaudited March 2013	Audited December 2012
At January 1	8,590,438	8,590,438
Charged to profit or loss	-	-
	8,590,438	8,590,438

Deferred tax asset was not recognized in respect of provisions for impairment losses on investments in and receivables from subsidiaries as the temporary differences are not expected to reverse in the foreseeable future.

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

	Unaudited March 2013	Unaudited March 2012
Income tax computed at statutory income tax rate	1,131,047	687,270
Adjustments to income tax resulting from:		
Accretion income	(38,408)	(43,247)
Interest income subjected to final tax	(94,618)	(209,646)
Non-deductible expense	-	1,676
Income tax expense	988,021	436,053

Note 17 - Related party transactions

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

Description	Unaudited March 2013	Audited December 2012
Collection of installment contract receivable		
Parent company Refer to (a) below.	3,161,284	21,467,434
Management fees		
Parent company Refer to (b) below.	338,915	1,355,662
Advances		
Parent company Refer to (c) below.	200,284	385,975
Salaries and other short-term benefits		
Key management personnel Refer to (d) below.	261,435	1,203,030

a. *Sale of properties*

In November 2007, OCLP purchased the Group's 12 hectares of land located in Longos, Bagumbayan, Quezon City for P1.13 billion, with P260 million downpayment and the remaining balance payable in forty (40) equal quarterly payments starting April 2009 at interest of 6% per annum on the principal. The fair value of the installment receivable from OCLP amounted to P835.26 million resulting in a "Day 1 loss" of P34.74 million.

The following table shows the subsequent amortization of the Day 1 loss:

	Unaudited March 2013	Audited December 2012
At January 1	1,491,301	2,044,547
Accretion income during the year	(128,027)	(553,246)
	1,363,274	1,491,301

In July 2010, OCLP purchased the Group's property located in Tatala, Binangonan, Rizal consisting of land with a total area of 4.4 hectares, more or less, for a consideration of P30.9 million, with a P3.09 million downpayment and the remaining balance payable in three (3) equal annual payments starting July 2011 at 6% interest per annum on the principal.

The movements in installment receivable for the periods ended 31 March 2013 and 31 December 2012 are presented below:

	Note	Unaudited March 2013	Audited December 2012
At January 1		80,891,807	101,805,995
Receivable from sale of land			-
Installments collected in advance			-
Collections of installment due		(3,161,284)	(21,467,434)
Accretion income		128,027	553,246
Balance		77,858,550	80,891,807
Less current portion	6	21,924,427	21,730,439
Non-current portion		55,934,123	59,161,368

On 27 August 2010 and 23 November 2009, the Group received from OCLP the amounts of P150.0 million and P525.0 million, respectively, representing installments collected in advance of due dates. Interest income on installment receivable recognized in 2012 amounted to P5.96 million (2011 - P7.22 million; 2010 - P13.33 million).

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

	Note	Unaudited March 2013	Audited December 2012
Nominal interest income		1,096,507	5,960,276
Accretion income		128,027	553,246
	15	1,224,534	6,513,522

b. *Management agreement with OCLP*

In 2005, the Group entered into a Management Agreement with OCLP. The monthly management fee is P0.10 million, inclusive of VAT, plus an additional fee of 5% of incremental audited net income after tax.

On 4 December 2009, Amendment to the Management Agreement was executed taking into consideration the Operating Agreement entered into by the Group resulting in a scaling down of its business operations. The amendments state that the Group shall pay OCLP the following:

- A monthly fee of P0.10 million effective 1 June 2008, subject to annual escalation fee of 5% or the average inflation rate for the immediately preceding year, whichever is higher.
- A supervision fee amounting to 12.5% of the total proceeds of the sale in case OCLP actively participates in the development of real property owned by Group.

The additional fee of 5% of incremental audited net income after tax has been waived.

Total management fee recognized as of 31 March 2013 amounted to P0.36 million (2012 - P1.36 million), included as part of Professional fees in profit or loss (Note 14). The outstanding balance due to OCLP, which was recorded under the Accrued expenses and other liabilities account (Note 12) in the consolidated statement of financial position, amounted to P0.20 million as at 31 March 2013 (2012 - P0.39 million). Invoices for management fee carry a 30-day term.

c. *Advances*

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

d. *Key management compensation*

The compensation of key management personnel, which includes salaries and short-term benefits, amounted to P0.26 million for the period ended 31 March 2013 (2012 - P1.20 million). Directors' fees amount to P0.09 million in 2013 (2012 - P0.14 million). There are no long-term employee benefits granted to key management personnel.

Outstanding balances of due from (due to) related parties as at 31 December, including those eliminated at consolidation, are as follows:

	Terms and conditions	Unaudited March 2013	Audited December 2012
Parent company	Due on demand, unsecured and non-interest bearing		
OCLP		(200,284)	(385,975)
Subsidiaries	Unsecured, non-interest bearing and fully provided for		
CMSC		1,219,652	1,219,652
CIAC		807,221	807,221
		2,026,873	2,026,873
Less allowance for impairment		(2,026,873)	(2,026,873)
		(200,284)	(385,975)

Note 18 - Basic/diluted earnings per share

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

	Unaudited March 2013	Unaudited March 2012
Net income for the period	2,772,135	1,854,843
Divided by weighted average number of common shares outstanding during the year	27,466,449	27,466,449
Basic/diluted earnings per share	0.10	0.07

The Group does not have dilutive potential common shares as at 31 March 2013, 31 December 2012 and 2011. Therefore, the basic and diluted earnings per share are the same as at the reporting dates.

Note 19 - Cash generated from (used in) operations

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

	Notes	Unaudited March 2013	Unaudited March 2012
Income before income tax		2,772,135	1,854,846
Adjustments for:			
Interest income on:			
Installment receivable	15, 17	(1,224,534)	(1,393,651)
Bank deposits	5, 15	(315,393)	(698,820)
Depreciation and amortization	14	315,154	351,520
Operating income (loss) before changes in operating assets and liabilities		1,547,362	113,895
Changes in operating assets and liabilities			

	Notes	Unaudited March 2013	Unaudited March 2012
(Increase) decrease in:			
Receivables		(516,633)	(830,702)
Land held for development and sale		-	(12,000)
Other current assets		1,990,889	532,298
(Decrease) increase in:			
Trade payables		(110,000)	(23,694)
Accrued expenses and other liabilities		(2,434,330)	38,638
		477,288	(181,565)

Note 20 - Significant agreements

On 1 June 2008, the Consortium, through BAAC, took over the Group's quarrying operations by virtue of the Agreement dated 18 January 2008 executed between the Group and the Consortium. The Agreement provided for, among others, the execution of the following agreements:

- Operating Agreement with BAAC (see below);
- Asset Purchase Agreement with BAAC, pursuant to which BAAC purchased all the rights, title and interest of the Group in certain operating assets, which include property and equipment, for P217.6 million;
- Share Purchase Agreement with the Consortium, pursuant to which the Consortium purchased all the Group's rights, title and interest in BAAC for P587 million; and
- Trademark License Agreement with BAAC (see below).

The Asset Purchase and Share Purchase Agreements were consummated in 2008.

Operating Agreement with BAAC

On 23 January 2008, the Group executed an Operating Agreement with BAAC, pursuant to which BAAC shall, among others:

- Extract aggregates at least at the minimum extraction rate, which means 1.6 million metric tons (MMT) (or 1.06 million cubic meters) per annum at the ECC maximum extraction limit of 2.7 MMT (or 1.8 million cubic meters) per annum at the time the Operating Agreement was executed and after the second anniversary date of the approval by the Department of Environment and Natural Resources (DENR) of the Group's application for increase of the maximum extraction limit from 2.7 MMT to 5.25MMT (or 3.6 million cubic meters), means 2.6 MMT per annum (or 1.74 million cubic meters).
- Conduct quarrying operations for a period of fifteen (15) years: (i) in accordance with the MPSA between the Group and the DENR, the ECC issued by the DENR, applicable laws and regulations and applicable industry standards; and (ii) in accordance with the existing development plan of the Group.

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

- Pay the Group royalty with the following terms:
 - i. two-and-a-half percent (2.5%) of the value of the aggregates sold;
 - ii. a lump-sum amount of P300 million after the approval by the DENR of the increase in the maximum extraction rate from 2.7 MMT to 5.25 MMT per annum; and

- iii. the royalty amount to be adjusted/indexed annually to the weighted average price of the aggregates sold on an arms' length pricing.
- Maintain the MPSA in good standing, as well as complete and accurate records relating to the quarrying operations.

As at 31 December 2010, the Group has received the full settlement of P300 million lump sum amount in accordance with the agreed payment terms as follows:

	<i>In millions</i>
Upon approval by the DENR of the Operating Agreement with respect to the 1st MPSA on April 3, 2008 - collected on June 2, 2008	232.00
Balance in three equal installments upon approval by the DENR of the Operating Agreement with respect to the 2nd MPSA on January 13, 2009:	
First installment	22.67
Second installment	22.67
Total received as at December 31, 2009	277.34
Third installment (collected on January 15, 2010)	22.66
	300.00

The balance of the lump sum royalty was subjected to interest of 9.25% per annum until 2010. Interest on the installment of the lump sum royalty amounted to P1.06 million in 2010.

Out of the P232 million lump sum payment received in 2008, the amount of P11.67 million was recognized as royalty fee for that year and the balance of P220.33 million, of which P20 million represents current portion in 2008, was recognized as unearned lump sum royalty fee to be amortized over the life of the Operating Agreement. Due to subsequent fulfillment of conditions contained in an Amendment to the Agreement dated 18 January 2008 executed by the Group and the Consortium, the total unearned lump sum royalty fee at the end of 2008 of P220.33 million was recognized as royalty fee in 2009.

As at 31 December 2009 and 2008, the lump sum portion of royalty fee recognized by the Group amounted to P288.33 million and P11.67 million, respectively.

Basic royalty fee of 2.5% of the value of the aggregates sold amounted to P6.53 million in the first quarter of 2013 (2012 - P19.75 million; 2011 - P13.78 million). Outstanding receivable arising from royalty fee amounted to P4.75 million as at 31 March 2013 (2012 - P4.21 million) (Note 6).

(i) *Trademark License Agreement*

On 2 June 2008, in relation to the Operating Agreement, the Group and BAAC entered into a Trademark License Agreement granting BAAC a license to use the following trademarks and service-marks for the period and under the terms and conditions set out in the said agreement:

- "Concrete Aggregates Corporation and Device";
- "Blue Sand";
- "Blue Sand and Device";
- "Blue Rock";
- "Blue Rock and Device"; and
- "Blue Sand Vibro and Device.

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

Note 21 - Contingencies

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

SCHEDULES
As at 31 March 2013

Schedule A - Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
Cash and cash equivalents	-	75,467,371		315,393
Receivables	-	27,003,836		
Installment receivable	-	55,934,122		1,096,507
Other non-current assets				
Miscellaneous deposits	-	2,402,655		
Available-for-sale financial assets		1,115,080		
Total		161,923,064		1,411,900

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

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected, liquidated or re-classed	Amounts written off	Current	Not current	Balance at end of period
Various employees	101,942	33,978	(59,437)		76,483		76,483
OCLP installment receivable – current	21,730,439	3,355,272	(3,161,284)		21,924,427		21,924,427
OCLP installment receivable – non-current	59,161,367	128,027	(3,355,272)			55,934,122	55,934,122
	80,993,748	3,517,277	(6,575,993)		22,000,910	55,934,122	77,935,032

Schedule C - Amounts Receivable from Related Parties, which are Eliminated During the Consolidation of Financial Statements

Receivables of the parent company from its wholly-owned subsidiaries, which have been fully provided for impairment losses, are as follows:

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts provided/written off	Current	Not current	Balance at end of period
CAC Marketing	1,219,652	-	-	(1,219,652)	-	-	-
CAC Insurance	807,221	-	-	(807,221)	-	-	-
	2,026,873	-	-	(2,026,873)	-	-	-

Schedule D - Intangible Assets - Other Assets

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Not Applicable						

Schedule E - Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Not Applicable			

Schedule F - Indebtedness to Related Parties

Name of affiliate	Balance at beginning of period	Balance at end of period
Ortigas and Company Limited Partnership	385,975	200,284
OCLP Holdings Inc.	40,533	40,533
	426,508	240,817

Schedule G - Guarantees of Securities of Other Issuers

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

Schedule H - Capital Stock

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

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors, officers and employees	Others
Common Class "A" at P10 par value each	40,000,000	22,077,771	Not Applicable	16,021,976	965	6,054,830
Common Class "B" at P10 par value each	10,000,000	5,388,678	Not Applicable	4,985,612	-	403,066
	50,000,000	27,466,449		21,007,588	965	6,457,896

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

As of 31 March 2013, there are 22,077,771 listed and outstanding Class A common shares of which 6,054,830 are floating shares whereas there are 5,388,678 listed and outstanding Class B common shares of which 403,066 are floating shares. The latest closing price for Class A common shares was recorded at ₱64.50 (as of 31 March 2013) while Class B common shares have never been traded since their listing date.

Concrete Aggregates Corp.

**Financial Soundness Indicators
As at 31 March 2013**

	<u>31 March 2013</u>	<u>31 December 2012</u>
Current Ratio	8.05	5.42
Debt to Equity Ratio	0.07	0.11
Asset to Equity Ratio	1.07	1.11

	<u>31 March 2013</u>	<u>31 March 2012</u>
Interest Rate Coverage Ratio	-	-
Net Income Ratio	0.42	0.51