

**COVER SHEET**

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S.E.C. Registration Number

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(Company's Full Name)

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

Ms. Iluminada P. Rodriguez
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Contact Person

(02) 635-6130
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Company Telephone Number

**Dec. 31, 2013**

1	2
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Month

3	1
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Day

1	7	-	A
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FORM TYPE

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Month Day

Annual Meeting

N / A
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Secondary License Type, If Applicable

S	E	C
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Dept. Requiring this Doc.

N / A
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Amended Articles Number/Section

Total Amount of Borrowings

3	1	1	2
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Total No. of Stockholders

<b>P100 million</b>
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Domestic

<b>P1,475 million</b>
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Foreign

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File Number

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Document I.D.

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**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-A**

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

1. For the Fiscal Year ended : **31 December 2013**
2. SEC Identification Number : **14102**
3. BIR Tax Identification Number: **041-000-175-630**
4. Exact name of registrant as specified in its charter: **Anglo Philippine Holdings Corporation**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office : **6<sup>th</sup> Floor Quad Alpha Centrum Building  
125 Pioneer Street, Mandaluyong City 1550**
8. Registrant's telephone number, including area code: **(632) 631-5139; (632) 635-6130**
9. Former name, former address, and former fiscal year if changed since last report: **N/A**
10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of Each Class	Number of shares of common stock outstanding and amount of debt outstanding
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<b><u>Common stock (P1.00 par value)</u></b>	<b><u>1,164,999,818 shares</u></b>
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<b><u>Loans Payable and Long Term Debt</u></b>	<b><u>P1,575,117,133</u></b>
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11. Are any or all of these securities listed in the Philippine Stock Exchange: **YES**
12. Check whether the registrant:
  - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and Rule 17(a)-1 thereunder and Sections 26 and 141 of the Corporation Code 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 requirement for the past 90 days.  
**Yes [ X ] No [ ]**
13. Aggregate market value of the voting stock held by non-affiliates: **P870,509,909.72**  
**(451,041,404 shares @ P1.93/share as of December 31, 2013)**
14. Document incorporated by reference: **2013 Audited Financial Statements**

## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. Business and General Information

#### (a) Description of Business

##### (1) Business Development

Anglo Philippine Holdings Corporation (the “Company”) was incorporated in 1958, originally as an oil and mineral exploration company with the corporate name of “Anglo Philippine Oil Corp.” In 1996, the Company changed its primary purpose to that of an investments holding firm focused on natural resources, property development and infrastructure activities, and changed its corporate name to “Anglo Philippine Holdings Corporation”.

On December 18, 2012, the Company acquired 100% ownership of Vulcan Materials Corporation (VMC). VMC was registered with the Philippine SEC on September 12, 1991 and is involved in the exploration and development of mineral and aggregates resources.

#### Natural Resources

The Company owns 100% of **Vulcan Materials Corporation (VMC)** which posted a net income of P2.3 million in 2013 compared to a net loss of P24.16 million in 2012.

VMC is involved in the exploration and development of the following mineral and aggregates resources:

MPSA No. 003-90-IX	Loreto, Dinagat Island
MPSA No. 091-97-VI	Batangas City, Batangas
MPSA No. 070-97-IV	Rodriguez, Rizal
APSA No. 000035-III	Subic, Zambales
APSA No. 00001164-I	Bolinao, Pangasinan
APSA No. 000275-II	Gapan, Penaranda & Gen. Tinio, Nueva Ecija
APSA No. 000388-IV	Roxas & San Vicente, Palawan
ISAG No. III-02-08	Morong, Bataan
EPA No. IVB-258B	San Vicente & Taytay, Palawan

The Company owns 21.81% of **United Paragon Mining Corporation (UPM)**, which posted a net loss of P82.3 million in 2013 compared to a net loss of P79.0 million in 2013.

In September 2013, the Company purchased additional shares in **The Philodrill Corporation (OV)** to increase its ownership from 1.71% to 11.87%. OV posted a consolidated net income of P312.2 million in 2013, compared to P302.7 million in 2012.

As of December 31, 2013, the Company owns 8.27% of **Atlas Consolidated Mining & Development Corporation (AT)** which posted a net income of P1.9 billion in 2013 compared to P3.4 billion in 2012. AT has two (2) significant subsidiaries, namely: (a) Carmen Copper Corporation, which shipped 154,376 dmt of copper concentrate at an average of 26.933% Cu and posted a net income of P2.6 billion in 2013, compared to P3.3 billion in 2012, and (b) Berong Nickel Corporation, which shipped a total of 601,955 wmt of nickel laterite ore and posted a net loss of P32.5 million in 2013, compared to P196.3 million in 2012.

Pending the transfer of its petroleum assets, the Company continues to participate in the following *Oil Exploration* contracts:

Service Contract 6A	Octon, NW Palawan	3.33000 %
Service Contract 14D	Tara, NW Palawan	2.50000 %
Service Contract 41	Sulu Sea	1.67900 %
Service Contract 53	Onshore Mindoro	5.00000 %
SWAN Block	NW Palawan	33.57800 %

SC 6A (Octon), the Company has a 3.33% interest in SC 6A where the operator, Pitkin Petroleum, completed a new 3D seismic survey of the block. Processing and interpretation of the new 3D seismic data is ongoing at Fairfield in Vietnam.

In *SC 14 (Tara)*, the DOE, in a letter dated July 22, 2013, disapproved the transfer of participating interests to farminees, Peak Oil, Blade Petroleum, and VenturOil, as well as the transfer of operatorship to Peak Oil for failure of the latter to submit the required qualification documents to the DOE despite the lapse of more than one (1) year.

In *SC 53 (Mindoro)*, the Company owns a 5% interest in SC 53 where the operator, Pitkin Petroleum, is preparing a Mini-Sosie seismic survey test on the Progreso prospect, as the information and education (EIC) campaign in the areas to be covered by the survey is underway. Pitkin plans to drill the Progreso-2 well in 2014.

In *Area 15 (Sulu Sea)*, the DOE will reportedly re-bid the area. Anglo has an option to acquire a portion of Philodrill's interest in Area 15 in the event that bidders, Philodrill and Philex, are awarded the contract for Area 15.

SWAN Block - The consortium awaits PNOEC-EC's evaluation of the merits of the offer to swap a portion of the consortium's interest in some blocks in exchange for interests in SC-57 and SC-58, which cover the old SWAN block.

#### Property Development

The Company owns 15.79% of *North Triangle Depot Commercial Corporation (NTDCC)* which posted an audited net income of P398.4 million for 2013, compared to P351.7 million in 2012. NTDCC paid the Company a total of P49.98 million in cash dividends and P31.58 million in redemption of preferred shares in 2013.

The Company continues to maintain 15.79% interest in *MRT Development Corp.* which generates revenues from concessionaire rentals and advertising fees in the MRT 3 stations. Plans to develop the perimeter lot pads in the MRT 3 North Triangle depot are being finalized by Ayala Land Inc. and Global Estate Resorts, Inc.

The Company sold all its shares in *Shang Properties, Inc.* in August 2013.

#### Infrastructure

The Company continues to maintain 18.6% equity in *MRT Holdings, Inc.*, the indirect majority owner of the Metro Rail Transit Corporation. As of end-2013, average ridership stood at about 565,000 passengers per day.

### Other Investments

The Company has minority investment in *Brightnote Assets Corporation*, a holding company organized for the purpose of investing in the Calabarzon area.

*Filipinas Energy Corporation (FEC)* has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's oil and mineral assets.

**NO** bankruptcy, receivership or similar proceeding has been filed by or against the Company and/or its subsidiary during the last three (3) years.

**NO** material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company and/or its subsidiary during the last three (3) years, **EXCEPT** for: (i) Reclassification of the Current Portion of Long Term Debt with maturities in December 2013 to Non-Current Portion of Long Term Debt; and, (ii) Consolidation of VMC's financial statements with the Company's as a result of the acquisition by the Company of 100% ownership of VMC on December 18, 2012.

#### **(2) Business of Issuer**

##### **(A) Description of Business**

The Company is an investments holding firm focused on and maintaining investments in natural resources, property development and infrastructure. The Company also maintains minor investments in diversified pioneer projects with attractive economic returns.

VMC is involved in the exploration and development of mineral and aggregates resources.

FEC is a petroleum and mineral exploration company which has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's petroleum and mineral assets.

- (i) Principal products or services and their markets - The Company, as an investments holding firm, does not generate sales or revenues from the sale of any product or service; rather, the Company generates revenues and income, principally: (a) from its investments by way of dividends received from, and/or equitizable share in the earnings of, investee companies; and, (b) sale of investments or of the securities to which the investment may have been converted, including interest income earned by such securities. On account of the Company's network and knowledge of local and regional investment opportunities, EPL, an offshore investments company engaged the services of the Company to advise on, solicit, negotiate for, buy and sell local and regional investment opportunities, in consideration for which the offshore investor pays the Company a percentage-based success fee and a fixed monthly service fee.

VMC holds an operating agreement to explore and develop the area covered by MPSA 070-97-IV located in Rodriguez, Rizal and to sell the aggregates products derived and processed therefrom. The principal buyers of VMC's aggregates are various local construction companies.

(ii) Percentage of sales or revenues and net income contributed by foreign sales –

In 2013, the Company recognized around P103.08 million in retainer fees for services rendered to EPL for which the Company acted as its adviser.

VMC does not have foreign sales.

(iii) Distribution methods of the products or services

The Company does not openly distribute nor offer its investment advisory services to other entities except its sole existing client.

VMC does not have any distribution method for its products. Various construction companies pick up VMC's aggregates products from its project site in Rodriguez, Rizal.

(iv) Status of any new product or service – Not applicable.(v) Competitive business conditions – With its avowed vision/mission of “Helping Build the Filipino Future”, the Company focuses its investments in natural resources, property development and infrastructure projects.

In the natural resources sector, nickel and copper companies received the bulk of investments brought about by the rising demand in metals. The Company's investments in ACMDC and OV are expected to generate attractive returns for the Company while, at the same time, ensuring substantial contribution to the country's economy.

The property development sector is enjoying a boom as new business process outsourcing (BPO) centers are established in the country and more development projects are undertaken to satisfy rising demands from overseas Filipino workers (OFWs) and the domestic market buoyed up by the country's strong economic performance. These factors augur well for NTDCC, which plans to develop the perimeter lot pads around Trinoma, and VMC, which supplies the basic aggregates materials for real estate development and public works.

The infrastructure sector is in its growth stage as the infrastructure needs of the country far exceed the available supply of funds for various projects. Private sector financing, such as that provided by the Company, will continue to supplement, if not totally supplant, Government funding for infrastructure projects.

The infrastructure and property development industries are not confined within any specific geographic area. So far, the Company has participated in projects undertaken or to be undertaken in Metro Manila, Rizal, Bulacan and the Visayas.

The Company generally participates in natural resources, infrastructure and property development projects as a pure equity holder without involving itself directly in the operations of the venture beyond the level of the board of directors or operating committees.

The Company invests only in projects that yield or would yield a return on investment consistent with the economic thresholds set by the Company which are, in turn, based on accepted investment grade standards set by the international business community.

- (vi) Sources and availability of raw materials – VMC’s main source of aggregates is the Montalban Aggregates Project situated in Rodriguez, Rizal.
- (vii) Major customers - The Company and VMC are not dependent on any major customer. The Company’s revenues and income are dependent on the financial performance of its investee companies, while VMC sells its aggregates products to any buyer meeting its prices.
- (viii) Related party transactions – See Note 17 of the Company’s 2013 Audited Financial Statements.
- (ix) Patents, etc. – NONE
- (x) Government approvals - Not applicable.
- (xi) Effect of Government regulations - Existing government regulations do not adversely affect the business of the Company. Probable government regulation, if economically restrictive, may adversely affect the business of the Company and its subsidiary.
- (xii) Research and development activities - The Company did not undertake any research and development activities and did not incur any expenses for such activities during the last three (3) years.

In the ordinary course of business, the projects in which the Company is, or becomes, involved in may incur expenses in commissioning feasibility and/or other similar studies. In cases where a separate entity specific to the project is formed, these expenses form part of project development costs of that entity and are, in turn, carried as part of project investment by the Company. In cases where no separate entity is formed or the proposed project is shelved for various reasons, such expenses are charged as ordinary operating expenses of the Company.

- (xiii) Costs and effects of compliance with environmental laws – Compliance with environmental laws have not, and are not anticipated to, adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project investment by the Company and its subsidiary. The Company did not incur any expenses for such activities during the last three (3) years.

VMC maintains an account with Land Bank of the Philippines for its Mine Rehabilitation Fund (MRF) pursuant to the requirements of the Philippine Mining Act of 1995. The MRF shall be used for the physical and social rehabilitation of areas and communities affected by mining activities and for research in the social, technical and preventive aspects of rehabilitation.

- (xiv) Employees - As of 31 December 2013, the Company has twelve (12) full-time employees (including officers), while VMC has eight (8) full-time employees (including officers) and one (1) casual employee.

**(B) Additional Requirements as to Certain Issues or Issuers**

- (i) Debt Issues – Not applicable.
- (ii) Investment Company Securities – Not applicable.
- (iii) Mining and Oil Companies – The Company, in line with its previous primary business purpose now retained as one of its secondary purposes, and VMC are participants in certain petroleum and/or mineral exploration and development ventures. These concession areas are provided in Item 1(a)1 above.

**ITEM 2. PROPERTIES**

Properties of the Company consist of condominium units and improvements and office equipment located in the principal office of the Company. Properties of subsidiary VMC consist of office equipment and crushing plant facilities located in its principal office in Sitio Tabak, Barangay San Rafael, Rodriguez, Rizal. These properties are carried at cost less accumulated depreciation.

The Company does not own any plant, mine or other property. Subsidiary VMC owns a crushing plant facility located in Sitio Tabak, Barangay San Rafael, Rodriguez, Rizal and exploration and development rights in certain mineral exploration areas covered by Mineral Production Sharing Agreements (MPSA), Applications for Production Sharing Agreements (APSA), exploration permits and industrial sand and gravel (ISAG) permits.

As discussed under the heading “Other Investments” above, the Company maintains participating interests in certain petroleum and mineral concession areas. To the extent of its Participating Interests in the petroleum and mineral exploration areas, the Company shares co-ownership rights with the other concessionaires over the respective Joint Accounts and Joint Properties pertaining to each concession area which are generally expressed in monetary terms as “Deferred Exploration Costs” in the Company’s books of accounts.

Similarly, subsidiary VMC maintains interests in certain mineral concession areas. To the extent of its participating interests in the mineral concession areas, VMC shares co-ownership rights with the other concessionaires over the respective Joint Accounts and Joint Properties pertaining to each concession area which are generally expressed in monetary terms as “Deferred Exploration Costs” in VMC’s books of accounts which are, in turn, consolidated into the Company’s book of accounts.

Owing to the intermittent nature of petroleum exploration, no permanent physical property, plant or equipment are situated or being maintained in the concession areas as they are brought in only, under lease or charter, whenever there is any exploration activity to be undertaken in the areas.

On the other hand, subsidiary VMC maintains a permanent physical property, plant and equipment in the Montalban Aggregates Project area.

**ITEM 3. LEGAL PROCEEDINGS**

There is no material pending legal proceeding to which the Company or its subsidiary or affiliate is a party, or which any of their property is the subject, and no such proceeding (where the Company or its subsidiary or affiliate was a party or any of their property was the subject) was terminated during the fourth quarter of the fiscal year 2012.

On February 5, 2013, Mr. Patrick V. Caoile filed a claim for payment of separation and other benefits amounting to Two Million Pesos (P2,000,000) before the National Labor Relations Commission (NLRC) against VMC, Vulcan Industrial & Mining Corporation and Alfredo C. Ramos. The case is currently pending with the National Labor Relations Commission.

In April 2013, Bearing Center & Machinery, Inc. (BCMI) filed a collection case against VMC. On October 29, 2013, the court approved the compromise agreement entered into between BCMI and VMC.

In 2013, VMC filed a criminal case for qualified theft against Benjamin Villacarta, a former Assistant Manager of Finance and Accounting Department of VMC who converted several checks intended for tax payments into cash for personal gain. The case is currently archived after a hold-departure order was issued by court against Villacarta.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

NO matter was submitted to a vote of security holders during the fourth quarter of the fiscal year 2013.

**PART II – OPERATIONAL AND FINANCIAL INFORMATION****ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS****(a) Market Price of and Dividends on Common Equity and Related Stockholder Matters****(1) Market Information**

The Company's shares are listed and traded in the Philippine Stock Exchange. The high and low sale price of the Company's shares for each quarter during the last two (2) fiscal years 2012 and 2013 and the first quarter of the current fiscal year 2014, expressed in Philippine Pesos, are as follows:

	<u>Stock Prices (Php)</u>	
	High	Low
<b>2014</b> – 1 <sup>st</sup> quarter	1.89	1.65
<b>2013</b> – 1 <sup>st</sup> quarter	2.47	2.15
2 <sup>nd</sup> quarter	2.42	1.80
3 <sup>rd</sup> quarter	2.06	1.82
4 <sup>th</sup> quarter	2.00	1.66

2012 – 1 <sup>st</sup> quarter	2.26	1.90
2 <sup>nd</sup> quarter	2.17	1.88
3 <sup>rd</sup> quarter	2.03	1.90
4 <sup>th</sup> quarter	2.70	1.96

## (2) Holders

As of 31 December 2013, total number of shareholders of record is 3,112 while common shares outstanding were 1,164,999,818 shares. The Company's top 20 Stockholders as of 31 December 2013 are as follows:

<u>Rank</u>	<u>Stockholders</u>	<u>Total Share</u>	<u>Percentage</u>
1	PCD NOMINEE CORPORATION	1,123,876,222	96.4701%
2	SAN JOSE OIL COMPANY, INC.	4,693,332	0.4029%
3	ALYROM PROPERTY HOLDINGS, INC.	2,924,900	0.2511%
4	SANTIAGO TANCHAN III	972,398	0.0835%
5	JALANDONI, JAYME, ADAMS & Co., INC.	964,700	0.0828%
6	CONSTANTINE TANCHAN	881,466	0.0756%
7	S.J. ROXAS & CO., INC. A/C # 2.19.038	850,000	0.0730%
8	MARIANO GO BIAO	850,000	0.0730%
9	JACK F. CONLEY	825,000	0.0708%
10	ANSALDO, GODINEZ & CO, INC.	818,895	0.0703%
11	JESSELYN CO	715,732	0.0614%
12	ANTONIO M. HENARES	660,000	0.0566%
13	TBG MBTC FAO CARLOS EJERCITO	500,000	0.0429%
14	JESUS GARCIA	440,000	0.0378%
15	ANTONIO HENARES &/OR CARMEN HENARES	440,000	0.0378%
16	ALAKOR SECURITIES CORPORATION	400,000	0.0343%
	FRANCISCO A. NAVARRO	400,000	0.0343%
17	ROBERTO V. SAN JOSE	373,866	0.0321%
18	JOSE MA. PANLILIO	330,000	0.0283%
19	JUANITO L. YEE	330,000	0.0283%
	C.A. PILE AS NOMINEE FOR HSBC MANILA ACC,		
20	MANUFACTURER HANOVVR	319,000	0.0274%

*\*Of the total 1,123,876,222 shares under the name of PCD Nominee Corp., 464,808,257 shares (39.898%) are under the name of BDO Securities Corp. (BDOSC), and 260,610,032 shares (22.370%) are under the name of Alakor Securities Corporation (ASC).*

*\*Of the 464,808,257 shares under the name of BDOSC, National Book Store Inc.(NBSI) owns 464,143,757 shares (39.84%) and of the 260,610,032 shares under the name of ASC, Alakor Corporation (AC) owns 105,375,425 shares (9.05%), while NBSI owns 73,454,649 shares (6.31%).*

### (3) Dividends

Cash Dividend	Amount	Declaration Date	Record Date	Payment Date
2013 – CD 11	P0.03/share	October 22, 2013	November 8, 2013	December 4, 2013
2013 – CD 10	P0.03/share	March 19, 2013	April 05, 2013	May3, 2013
2012 – CD 9	P0.02/share	October 19, 2012	Nov. 07, 2012	November 23, 2012
2012 – CD 8	P0.04/share	March 28, 2012	April 16, 2012	May 4, 2012
2011 – CD 7	P0.03/share	September 28, 2011	October 12, 2011	November 08, 2011
2011 – CD 6	P0.05/share	March 25, 2011	April 08, 2011	April 29, 2011
2010 – CD 5	P0.03/share	April 12, 2010	April 30, 2010	May 24, 2010
2009 – CD 4	P0.15/share	April 22, 2009	May 08, 2009	May 29, 2009
2008 - CD 3	P0.05/share	April 25, 2008	May 30, 2008	June 25, 2008
2007 – CD 2	P0.05/share	July 27, 2007	October 15, 2007	November 8, 2007
2007 - CD 1	P0.10/share	April 30, 2007	May 17, 2007	June 8, 2007
Stock Dividend	Rate	Declaration Date	Record Date	Payment Date
2008 - SD 1	10%	Sept. 19, 2008	October 31,2008	Nov. 26, 2008

The Company's ability to declare and pay dividends on common equity is restricted by the availability of retained earnings and cash.

### (4) Recent Sales of Unregistered Securities

**NO** unregistered securities were sold during the past 3 years. All of the Company's issued and outstanding shares of stock are duly registered in accordance with the provisions of the Securities Regulation Code (SRC).

- (a) Securities Sold – Not Applicable; NO securities were sold
- (b) Underwriters and Other Purchases – Not Applicable; NO securities were sold
- (c) Consideration – Not Applicable; NO securities were sold
- (d) Exemption from Registration Claimed – Not Applicable; NO securities were sold.

**ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION****(A) Management's Discussion and Analysis or Plan of Operation****(1) Plan of Operation**

To sustain business growth, the Company plans to focus and build on its core investments in natural resources (through investments in AT, OV, UPM and VMC) and property development (through investments in NTDCC). In addition, the Company will continue to take advantage of new business opportunities that may emerge in other investment areas which provide synergies with the Company's investment portfolio.

On the other hand, the Company's subsidiary, VMC, is expanding operations through joint undertakings with other industry stakeholders and pursuing more robust exploration and development efforts in its mineral and aggregates areas.

**(B)** Owing to the nature of the business of the Company (investment holding) and VMC (mineral and aggregates exploration and development), no product research and development is expected to be undertaken in the next twelve (12) months.

**(C)** The Company does not expect to make any purchase or sale of any plant and/or significant equipment within the next twelve (12) months.

On the other hand, any plant and/or equipment that may be purchased or otherwise acquired by VMC in the next twelve (12) months as part of an upgrading or modernization plan are charged as ordinary expenses of VMC and/or the joint venture, as applicable.

**(D)** The Company and VMC do not expect any significant change in the number of its employees in the next twelve (12) months.

The Company and VMC will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

The Company's financial statements for the year ended 31 December 2013 reflect foreign exchange gain/losses on the Company's dollar denominated payables.

**(2) Management's Discussion and Analysis of Financial Condition and Results of Operations**

Financial highlights for the years 2013, 2012, and 2011 are presented below:

	<b>2013</b> <b>(Consolidated)</b>	<b>2012</b> <b>(Consolidated</b> <b>Restated)</b>	<b>2011</b> <b>(Parent</b> <b>Restated)</b>
Revenues	496,769,731	545,478,100	465,536,269
Net income	208,544,763	383,088,459	287,712,702
Total assets	4,680,134,974	5,449,709,713	4,847,104,910
Total Liabilities	1,859,116,622	1,952,807,680	1,982,997,315
Net worth	2,821,018,352	3,496,902,033	2,864,107,595
Issued & subscribed capital	1,164,999,818	1,164,999,818	1,165,000,000

The top key performance indicators of the Company and its majority-owned subsidiary are as follows:

	<u><b>December 31, 2013</b></u> <u><b>(Consolidated)</b></u>	<u><b>December 31, 2012</b></u> <u><b>(Consolidated</b></u> <u><b>Restated)</b></u>	<u><b>December 31, 2011 (Parent:</b></u> <u><b>Restated)</b></u>
<b>Current Ratio</b>	<b>1.26 : 1</b>	<b>1.29 : 1</b>	<b>0.92 : 1</b>
<u>Current Assets</u>	<u>342,921,149</u>	<u>1,027,094,314</u>	<u>810,056,425</u>
<u>Current Liabilities</u>	<u>272,909,056</u>	<u>797,391,880</u>	<u>882,357,516</u>
<b>Assets to Equity Ratio</b>	<b>1.66 : 1</b>	<b>1.56 : 1</b>	<b>1.69 : 1</b>
<u>Total Assets</u>	<u>4,680,134,974</u>	<u>5,449,709,713</u>	<u>4,847,104,910</u>
<u>Stockholders Equity</u>	<u>2,821,018,352</u>	<u>3,496,902,033</u>	<u>2,864,107,595</u>
<b>Debt to Equity Ratio</b>	<b>0.66 : 1</b>	<b>0.56 : 1</b>	<b>0.69 : 1</b>
<u>Total Liabilities</u>	<u>1,859,116,622</u>	<u>1,952,807,680</u>	<u>1,982,997,315</u>
<u>Stockholders Equity</u>	<u>2,821,018,352</u>	<u>3,496,902,033</u>	<u>2,864,107,595</u>
<b>Equity to Debt Ratio</b>	<b>1.52 : 1</b>	<b>1.79 : 1</b>	<b>1.44 : 1</b>
<u>Stockholders Equity</u>	<u>2,821,018,352</u>	<u>3,496,902,033</u>	<u>2,864,107,595</u>
<u>Total Liabilities</u>	<u>1,859,116,622</u>	<u>1,952,807,680</u>	<u>1,982,997,315</u>
<b>Book Value per share</b>	<b>2.42</b>	<b>3.00</b>	<b>2.46</b>
<u>Stockholders Equity</u>	<u>2,821,018,352</u>	<u>3,496,902,033</u>	<u>2,864,107,595</u>
<u>Shares Outstanding</u>	<u>1,164,999,818</u>	<u>1,164,999,818</u>	<u>1,165,000,000</u>

<b>Earnings per share</b>	<b>0.18</b>	<b>0.33</b>	<b>0.25</b>
<u>Net Income</u>	<u>208,544,763</u>	<u>383,088,459</u>	<u>287,712,702</u>
Average Number of shares outstanding	1,164,999,818	1,164,999,818	1,165,000,000

Current Ratio increased from 2011 to 2012 due to increase in Current Assets resulting from the higher market value of SHNG and OV shares. Current Assets decreased from 2012 to 2013 due to the sale of SHNG shares in August 2013 and decrease in the Current Portion of Long Term-Debt.

Assets-to-Equity Ratio declined from 2011 to 2012 as the overall effect of the increases in the market prices of SHNG and OV shares were greater than the increase in unrealised gains from mark-to-market valuation of AT shares. Assets-to-Equity ratio is higher at 1:66:1 in 2013 as compared to 1.56:1 in 2012.

Debt-to-Equity Ratio decreased from 2011 to 2012 as Stockholders Equity rose on account of higher net income and unrealized valuation gains on AFS investments. However, these were reversed from 2012 to 2013 due to lower net income generated and unrealized valuation gain on AFS investments. Conversely, Equity-to-Debt Ratio increased from 2011 to 2012 due to increase in Stockholders Equity, but decreased in 2013 as Stockholders Equity also declined.

Book Value per Share (BVPS) increased from 2011 to 2012 due to higher market price of AT shares and the higher net income of the Company. On the other hand, BVPS decreased from 2012 to 2013 due to lower price of AT shares and lower net income generated by the Company.

Earnings Per Share (EPS) increased from 2011 to 2012 due to increase in net income, but decreased in 2013 due to a decline in net income.

- (i) There are **NO** known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity.
- (ii) The Company's internal source of liquidity comes, primarily, from revenues generated from operations. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the collection of its accounts receivables.
- (iii) The Company has **NO** material commitments for capital expenditures but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
- (iv) There are **NO** known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations.

- (v) There are **NO** significant elements of income or loss that did not arise from the Company's operations.
- (vi) There have been **NO** material changes from 2011-2013 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:
- a. Net Revenues increased from 2011 to 2012 due to increase in gains on fair value changes of financial assets at FVPL as a result of increase in the market values of SHNG and OV shares. On the other hand, Net Revenues decreased from 2012 to 2013 mainly due to the decrease in gains on fair value changes of financial assets at FVPL as a result of decrease in the market values of SHNG and OV shares. SHNG shares were sold in August 2013 resulting in a gain of P66.7 million.
  - b. Total sales amounting to P86.1 million was generated by the Company's subsidiary, VMC.
  - c. Costs and Expenses in 2013 are higher at P288.1 million due to: (i) cost of sales of subsidiary VMC, (ii) higher general and administrative expenses due to payment of taxes, (iii) restructuring of receivables of related parties; and, (iv) foreign exchange losses. Costs and expenses are higher in 2011 compared to 2012 due to higher general and administrative expenses in 2011.
  - d. Income Before Income Tax decreased in 2013 to P208.7 million due to lower revenues and higher costs and expenses in 2013 compared to 2012. On the other hand, Income Before Income Tax is higher at P423.5 million in 2012 against P318.7 million in 2011 due to higher Net Revenues generated by the Company in 2012.
  - e. Basic and Diluted Earnings Per Share decreased in 2013 due to the lower Net Income generated by the Company in 2013. The Basic and Diluted Earnings per share in 2012 was higher than 2011 due to the higher Net Income generated in 2012.
  - f. Retained Earnings continued to increased from 2011 to 2013 due to additional net income generated by the Company from 2011 to 2013.
  - g. Current Assets decreased from P1.03 billion in 2012 to P342.92 million in 2013 due to sale of SHNG shares in August 2013. Current assets increased from P810.06 million in 2011 to P1.03 billion in 2012 due to increased financial assets at fair value through profit and loss because of the higher market value of SHNG and OV shares.
  - h. Non-Current Assets decreased from P4.42 billion in 2012 to P4.34 billion in 2013 due to the decrease in value of its AFS investment. While the Company purchased additional OV shares, which was recorded as AFS investment of about P781.2 million, the decline in the market price of AT shares caused the decline in the value of AFS investment.

Non Current Assets increased from P4.03 billion in 2011 to P4.42 billion in 2012 due to: (i) increase in AFS investment as a result of higher market value of AT shares; and, (ii) increase in property and equipment, deferred exploration costs, and other noncurrent assets as a result of the consolidation of subsidiary, VMC.

- i. Current Liabilities decreased from P797.4 million in 2012 to P272.9 million in 2013 (i) due to partial payment of EPL loan; (ii) reclassification of the Current Portion of Long Term Debt to Non-Current Portion. Current Liabilities decreased from P882.4 million in 2011 to P797.4 million in 2012 due to payment of the Company's loans with LBP and EPL.
  - j. Non-Current Liabilities increased from P1.16 billion in 2012 to P1.59 billion in 2013 due to reclassification of its loans from EPL from Current to Non Current portion of Long Term Debt. The increase in current liabilities from P1.1 billion in 2011 to P1.2 billion in 2012 is due to: (i) assumption of unearned revenues, decommissioning liability and retirement benefit liability of subsidiary, VMC; and, (ii) increase in deferred income tax liability.
  - k. Stockholders' Equity decreased from P3.5 billion in 2012 to P2.8 billion in 2013 due to lower market price of AT shares, while Stockholders' Equity increased from P2.9 billion in 2011 to P3.5 billion in 2012 due to increase in Net Income and unrealized valuation gain on AFS investments.
- (vii) There have been no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.
  - (viii) There are **NO** events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
  - (ix) There are **NO** material 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.

**(2) Interim Periods**

No interim financial statements are included in this report.

**ITEM 7. FINANCIAL STATEMENTS**

Refer to the Audited Financial Statements as of December 31, 2013, 2012, and 2011.

**ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There have been **NO** changes in, nor disagreements with, accountants on accounting and financial disclosure for fiscal years 2013, 2012 and 2011.

## PART III - CONTROL AND COMPENSATION INFORMATION

### ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS

#### (a) Directors, Executive Officers, Promoters and Control Persons

#### (1) Directors and Executive Officers

##### (A) Names and Ages of Directors and Executive Officers

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>	<u>Period of service</u>
Alfredo C. Ramos	70	Filipino	Chairman of the Board	1989 to present
Christopher M. Gotanco	64	Filipino	Director	1987 to present
			President	1988 to present
Francisco A. Navarro	71	Filipino	Director	1984 to present
Augusto B. Sunico	85	Filipino	Director	1984 to present
			Treasurer	1986 to present
Roberto V. San Jose	72	Filipino	Director	1998 to present
			Corporate Secretary	1979 to present
Presentacion S. Ramos	72	Filipino	Director	1984 to present
Maureen Alexandra S. Ramos-Padilla	41	Filipino	Director	2011 to present
Gerard Anton S. Ramos	39	Filipino	Director	2011 to present
Adrian Paulino S. Ramos	35	Filipino	Director	2006 to present
Renato C. Valencia	72	Filipino	Independent Director	2006 to present
Ramoncito Z. Abad	67	Filipino	Independent Director	2007 to present
Adrian S. Arias	51	Filipino	Executive Vice President	2005 to present
			Asst. Corporate Secretary	1998 to present
Illuminada P. Rodriguez	66	Filipino	VP-Finance & Admin	2005 to present

##### (B) Positions and offices that each person named above held with the Company

Mr. Alfredo C. Ramos has been a Director since 1975 and the Chairman of the Board since 1989.

Mr. Christopher M. Gotanco has been a Director since 1987 and the President since 1988. He was previously the VP-Finance and Administration.

Mr. Francisco A. Navarro has been a Director since 1984. He was previously the former Executive Vice President.

Atty. Augusto B. Sunico has been a Director since 1984 and a Treasurer since 1986.

Atty. Roberto V. San Jose has been the Corporate Secretary since 1979 and a Director since 1998.

Ms. Presentacion S. Ramos, Mr. Adrian S. Ramos, Mr. Anton S. Ramos and Ms. Maureen Alexandra S. Ramos-Padilla have been Directors since 1984, 2006, 2011 and 2013, respectively.

Atty. Adrian S. Arias was appointed Executive Vice President in 2005 and has been Assistant Corporate Secretary since 1998. He was previously VP-Legal and Corporate Affairs.

Ms. Iluminada P. Rodriguez was appointed VP-Finance & Administration in 2005. She was previously Accounting Manager (1984-2003), director (1998-2004) and General Manager (2003-2005).

**(C) Term of Office as Director and Period of Service**

The Directors of the Company are elected at the Company's annual stockholders' meeting to hold office until the next succeeding annual meeting and until their successors shall have been elected and qualified. Officers are appointed annually by the Board of Directors at the organizational meeting following the annual stockholders' meeting, to hold office until the next organizational meeting of the Board of Directors in the following year or until a successor shall have been appointed and qualified, in accordance with Company By-Laws.

**(D) Business experience of directors/officers during the past five (5) years**

*Mr. Alfredo C. Ramos* is the Chairman of the Board and Chief Executive Officer of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1962-present), mining (1988-present), oil and gas exploration (1989-present), property development (1991-present), shopping center (1992-present), department store (1993-present), transportation (1996-present) and retail (1999-present), among others.

*Mr. Christopher M. Gotanco* is a Director and the President/COO of the Company. He serves as a director and/or executive officer in companies engaged in oil and gas exploration (1982-present), mining (1993-present), investment holdings (1995-present), transportation (1996-present), property development (1996-present), investment house and financial services (2007-present), among others.

*Mr. Augusto B. Sunico* is a Director and the Treasurer of the Company. He has served as a director and/or executive officer, and maintained business interests, in companies engaged in education (1980-present), oil and gas exploration (1984-present), mining (1991-present), property development (1991-present), investment house and financial services (1992-present), shopping center (1992-present) and stock brokerage (1994-present), among others.

*Atty. Roberto V. San Jose* is a Director and the Corporate Secretary of the Company. He has been in the active practice of law for more than forty five (45) years.

**Ms. Presentacion S. Ramos** is a Director of the Company. She serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1975-present), oil and gas exploration (1984-present), department store (1993-present), mining (1993-present) and stock brokerage (1996-present), among others.

**Mr. Francisco A. Navarro** is a Director of the Company. He serves as a director, and has headed the exploration and development groups, of various companies involved in oil and gas exploration (1982-present) and mining (1993-present), among others.

**Mr. Adrian Paulino S. Ramos** is a Director of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1996-present), investment holdings (2005-present), securities (2005-present), property development and infrastructure (2006-present), mining (2006-present) and bulk water supply (2006-present), among others.

**Mr. Renato C. Valencia** was elected independent director of the Company in December 2006. He is the former administrator of the Social Security System. He serves as director and/or executive officer in companies engaged in banking (1998-present), investment holdings (1998 to present) and education and technology (2003 to present).

**Mr. Ramoncito Z. Abad** was elected independent director of the Company in March 2007. He is the former president of Philippine National Construction Company (PNCC) (1989-1996) and the former Chairman of the Development Bank of the Philippines (1998-2001). He serves as director and/or executive officer in companies engaged in consumer distribution (1999-present) and construction (2000-present).

**Ms. Maureen Alexandra S. Ramos-Padilla** is a Director of the Company. She serves as a director and/or executive officer, and maintains business interests in companies engaged in such as department store, media and music distribution, securities brokerage property development, oil and gas exploration and development (2013-present) Crossings Department Store Corporation, Shang Properties, Inc., The Philodrill Corporation, Alakor Securities Corporation, and Music One Corporation, among others.

**Mr. Gerard Anton S. Ramos** is a director of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1996-present), securities (1996-present), property development and infrastructure (1996-present), investment holdings (2000-present) and mining (2008-present), among others.

**Atty. Adrian S. Arias** is the Company's Executive Vice President and Assistant Corporate Secretary. He has been in active corporate law practice for more than twenty (20) years and serves as a director and/or officer of a logistics company (2004-present), investment house (2006-present), financial services (2006-present), distribution services (2006-present), merchandising (2009-present), shared support services (2011-present), and mining (2012-present).

**Ms. Iluminada P. Rodriguez** is the Vice President for Finance and Administration of the Company. She has served as an executive officer/director of companies involved in garments manufacturing and exporting (1990-present), oil and gas exploration (1987-2006) and condominium corporation (1987 to 2010).

**(E) Directors with directorship(s) held in reporting companies**

The following are the directorships held by the directors of the Company in other reporting companies in the past five (5) years:

<i>Alfredo C. Ramos</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>North Triangle Depot Comm'l Corp.</i>
	<i>Atlas Consolidated Mining &amp; Dev't. Corp</i>	<i>Shang Properties, Inc.</i>
	<i>MRT Holdings, Inc.</i>	<i>The Philodrill Corporation</i>
	<i>MRT Dev't Corp.</i>	<i>United Paragon Mining Corp.</i>
	<i>National Book Store, Inc.</i>	<i>Vulcan Industrial &amp; Mining Corp.</i>
<i>Christopher M. Gotanco</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Penta Capital Finance Corp.</i>
	<i>Boulevard Holdings, Inc.</i>	<i>Penta Capital Investment Corp.</i>
	<i>MRT Holdings, Inc.</i>	<i>The Philodrill Corporation</i>
	<i>MRT Dev't Corp.</i>	<i>United Paragon Mining Corp.</i>
	<i>North Triangle Depot Comm'l Corp</i>	<i>Vulcan Industrial &amp; Mining Corp.</i>
<i>Augusto B. Sunico</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>The Philodrill Corporation</i>
	<i>Alakor Securities Corporation</i>	<i>Penta Capital Investment Corp.</i>
	<i>Manuel L. Quezon University</i>	<i>United Paragon Mining Corp.</i>
	<i>Penta Capital Finance Corp</i>	
<i>Presentacion S. Ramos</i>	<i>Alakor Securities Corporation</i>	<i>The Philodrill Corporation</i>
	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial &amp; Mining Corp.</i>
	<i>National Book Store Inc.</i>	
<i>Roberto V. San Jose</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>CP Equities Corporation</i>
	<i>Atlas Resources Management Group</i>	<i>Mabuhay Holdings Corporation</i>
	<i>CP Group of Companies</i>	
<i>Francisco A. Navarro</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial &amp; Mining Corp.</i>
	<i>The Philodrill Corporation</i>	
<i>Adrian Paulino S. Ramos</i>	<i>Alakor Securities Corporation</i>	<i>The Philodrill Corporation.</i>
	<i>Anglo Philippine Holdings Corporation</i>	<i>United Paragon Mining Corp.</i>
	<i>Aquatlas Inc.</i>	<i>Vulcan Industrial &amp; Mining Corp.</i>
	<i>Atlas Consolidated Mining &amp; Dev't. Corp</i>	

<i>Maureen Alexandra S. Ramos-Padilla</i>	<i>Shang Properties, Inc. The Philodrill Corporation</i>	<i>Alakor Securities Corporation</i>
<i>Gerard Anton S. Ramos</i>	<i>Anglo Philippine Holdings Corporation Atlas Consolidated Mining &amp; Dev't. Corp</i>	<i>United Paragon Mining Corp.</i>
<i>Renato C. Valencia</i>	<i>Anglo Philippine Holdings Corporation (ID) House of Investments (ID) i- People, Inc. (ID) Malayan Insurance Co. (RD)</i>	<i>Metropolitan Bank &amp; Trust Company (ID) Roxas &amp; Company Inc.(RD) Roxas Holdings Inc. (RD, President &amp; CEO) Vulcan Industrial &amp; Mining Corp.(ID)</i>
<i>Ramoncito Z. Abad</i>	<i>Anglo Philippine Holdings Corporation (ID)</i>	<i>Monheim Group of Distributors (RD)</i>
<i>*RD – Regular Director</i>	<i>ID – Independent Director</i>	

## (2) Significant Employees

Other than the current officers and employees, the Company has not engaged the services of any person who is expected to make significant contributions to the business of the Company.

## (3) Family Relationships

Mr. Alfredo C. Ramos (Chairman of the Board) is the husband of Ms. Presentacion S. Ramos (Director) and brother-in-law of Atty. Augusto B. Sunico (Director). Ms. Maureen Alexandra Ramos-Padilla (Director), Mr. Adrian S. Ramos (Director) and Anton S. Ramos (Director) are the children of Mr. Alfredo C. Ramos and Ms. Presentacion S. Ramos.

There are no other family relationships known to the registrant other than the ones disclosed herein.

## (4) Involvement in Certain Legal Proceedings

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person of the Company was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior that time; (2) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses of any director, person nominated to become a director, executive officer, promoter, or control person; (3) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities of a director, person nominated to become a director, executive officer, promoter, or control person of the Company; and, (4) judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Company found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have

violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

## ITEM 10. EXECUTIVE COMPENSATION

### (1) Summary Compensation Table

The aggregate compensation paid to the Company's Chief Executive Officer and other three (3) most highly compensated executive and non-executive officers named below as a group for the two most recently completed fiscal years (2012 and 2013) and estimated to be paid for the ensuing fiscal year (2014) are:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Alfredo C. Ramos	Chairman/CEO				
Christopher M. Gotanco	President				
Adrian S. Arias	EVP				
Illuminada P. Rodriguez	VP-Finance & Admin				
		2012	P5,654,686	P1,840,786	-
		2013	5,654,686	1,840,786	
		2014 (est)	6,561,737	2,533,433	
All officers and directors as a group unnamed		2012	6,239,686	2,633,470	-
		2013	6,834,273	3,451,809	
		2014 (est)	7,175,987	3,624,400	

*\*The Company only employs a CEO and three (3) salaried officers*

### (2) Compensation of Directors

#### (A) Standard Arrangement

For the most recently completed fiscal year, directors received and will receive a per diem of P5,000.00 per month to defray their expenses in attending board meetings.

#### (B) Other Arrangements

There are no other arrangements for compensation of directors during the last fiscal year and for the ensuing fiscal year.

### (3) Employment Contracts and Termination of Employment and Change-in-Control

(A) The Company maintains standard employment contracts with Messrs. Alfredo C. Ramos and Christopher M. Gotanco, both of which provide for their respective compensation and benefits, including entitlement to health benefits, representation expenses and company car plan.

- (B) Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive more than P2,500,000.00 as a result of their resignation or any other termination of employment, or from a change in control of the Company, or a change in the executive officers' responsibilities following a change in control of the Company.

The Company maintains a retirement plan pursuant to which an eligible employee will receive one month's pay for every year of service for the first 10 years and two month's pay for every year of service beyond the first 10 years. Based on this policy, the retirement pay of some officers of the Company may exceed P2,500,000.00.

- (C) There are no warrants or options outstanding in favor of directors and officers of the Company.

## ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

### (1) Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2013, the Company is not aware of anyone who beneficially owns more than 5% of its outstanding stock, except as set forth below:

<u>Title of Class</u>	<u>Name and address of record owner and relationship with Issuer</u>	<u>Name of Beneficial Owner and Relationship with Record Owner</u>	<u>Citizenship</u>	<u>No. of shares held</u>	<u>Percentage Ownership</u>
Common	PCD Nominee Corporation Makati Stock Exchange Bldg. 6767 Ayala Avenue, Makati City  <b>Stockholder</b>	PCD Participants  (see note A)	Filipino/Non Filipino	399,006,484*	34.25%
Common	BDO Securities Corporation 27 Tower 1 Exchange Plaza Ayala Ave., Makati City  <b>Stockholder</b>	National Book Store Inc.  Client (see Note B)	Filipino	464,143,757**	39.84%
Common	Alakor Securities Corporation 9 <sup>th</sup> Floor, Quad Alpha Centrum 125 Pioneer St., Mandaluyong City  <b>Stockholder</b>	Alakor Corporation  Client (see Note B)	Filipino	105,375,425**	9.05%
Common	Alakor Securities Corporation 5 <sup>th</sup> Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City  <b>Stockholder</b>	National Book Store Inc.  Client (see Note B)	Filipino	73,454,649**	6.31%

\*Of the total 1,123,876,222 shares under the name of PCD Nominee Corp., 464,808,257 shares (39.898%) are under the name of BDO Securities Corp. (BDOSEC), and 260,610,032 shares (22.370%) are under the name of Alakor Securities Corporation (ASC).

\*\*Of the 464,808,257 shares under the name of BDOSEC, National Book Store Inc.(NBSI) owns 464,143,757 shares (39.84%). Of the 260,610,032 shares under the name of ASC, Alakor Corporation (AC) owns 105,375,425 shares (9.05%), while NBSI owns 73,454,649 shares (6.31%).

**Note A:** The shares registered under the name of PCD Nominee Corporation (PCD) are beneficially owned by its participants. Based on PCD's books, there are 195 beneficial owners of the Company's voting stock of which BDOSEC and ASC are the record owner of more than 5% of the Company's voting securities

**Note B:** Among the clients of BDOSEC and ASC, NBSI and AC are the beneficial owners of more than 5% of the Company's voting securities.

**Note C.** As a matter of practice, PCD itself does not vote the number of shares registered in its name; instead, PCD issues a general proxy constituting and appointing each of its participants as PCD's proxy to vote for the number of shares owned by such participant in PCD's books as of Record Date.

## (2) Security Ownership of Management

As of 31 December 2013, the Company's directors and officers own the following number of shares registered in their respective names:

Title of Class	Name of beneficial owner	Amount and nature of Beneficial ownership		Citizenship	Percent Of Class
		Direct	Indirect		
Common	Alfredo C. Ramos (D/CEO/N)	11,000	24,659,638	Filipino	2.12%
Common	Christopher M. Gotanco (D/O/N)	110	16,805,540	Filipino	1.1.0%
Common	Augusto B. Sunico (D/O/N)	22,110	110,000	Filipino	0.03%
Common	Roberto V. San Jose (D/O/N)	373,866	59,386	Filipino	0.04%
Common	Francisco A. Navarro (D/N)	400,000	13,582	Filipino	0.04%
Common	Presentacion S. Ramos (D/N)	55,000	27,481,665	Filipino	2.46%
Common	Adrian Paulino S. Ramos (D/N)	18,000	33,000	Filipino	<0.01%
Common	Gerard Anton S. Ramos (D/N)	1,000	0	Filipino	<0.01%
Common	Renato C. Valencia (ID/N)	1,100	0	Filipino	<0.01%
Common	Ramoncito Z. Abad (ID/N)	1,100	0	Filipino	<0.01%
Common	Maureen Alexandra S. Ramos-Padilla (D/N)	22,000	873,066	Filipino	0.08%
Common	Adrian S. Arias (O)	1,000	19,000	Filipino	0.00%
Common	Iluminada P. Rodriguez (O)	22,000	0	Filipino	0.01%

There are no additional shares of the Company which the above listed directors and officers have the right to acquire beneficial ownership of from options, warrants, conversion privileges, or similar obligations.

**(3) Voting Trust Holders of 5% or More**

To the extent known to the Company, there is no person holding more than 5% of the Company's securities under a voting trust or similar arrangement.

**(4) Changes in Control**

To the extent known to the Company, there are no arrangements which may result in a change in control of the Company.

**ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**(1) Related Transactions**

Except as disclosed in Note 17 of the 2013 Audited Financial Statements hereto attached, there had been NO transactions during the last two (2) years to which the Company was or is to be a party in which any director or executive officer of the Company, or nominee for election as a director, or owner of more than 5% of the Company's voting securities, or voting trust holder of 5% or more of any class of the Company's securities, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons had or is to have a direct or indirect material interest.

In the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest.

On March 12, 2014, the Board of Directors approved a proposal to undertake a private placement of up to 2,300,000,000 shares in favour of Alakor Corporation and its designated affiliate(s) to be taken from a proposed increase in capital stock from P2 billion to P4 billion and, if necessary, partly from the existing unissued capital stock of the Company.

Alfredo C. Ramos, Presentacion S. Ramos, Maureen Alexandra S. Ramos-Padilla, Gerard Anton S.Ramos and Adrian Paulino S.Ramos are directors of the Company and of Alakor Corporation. They did not participate in the deliberation and approval of the proposed capital increase and private placement.

The proposed capital increase will be submitted for approval by the stockholders at the annual stockholders' meeting on May 20, 2014. A waiver of the requirement to undertake a stock rights offer concurrent with the private placement will also be obtained from the minority stockholders at the same meeting.

**(2) Not Applicable**

**(3) Parent of the Company**

NO person holds more than 50% of the Company's voting securities, and the Company has no parent company.

**(4) Transaction with Promoters**

The Company has had no transaction with promoters during the last (5) years.

## **PART IV – CORPORATE GOVERNANCE**

**ITEM 13. CORPORATE GOVERNANCE**

The Company's compliance with SEC Memorandum Circular No. 2 dated April 5, 2002 and SEC Memorandum Circular No. 6, series of 2009, as well as all relevant Circulars on Corporate Governance has been monitored.

The Company, its directors, officers and employees complied with the leading practices and principles on good corporate governance as embodied in the Company's Corporate Governance Manual. The Company, its directors and officers have followed the provisions of the Corporate Governance Manual and have not adopted deviations from the same.

The Company also complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Corporate Governance Manual.

The Assistant Corporate Secretary acts as the Company's Compliance Officer.

**Corporate Governance Manual**

In January 27, 2011, the Board of Directors adopted its Revised Corporate Governance Manual and submitted it to the Securities and Exchange Commission. The Manual provides for:

- Objective
- Compliance System
  1. Duties and responsibilities of Compliance Officer
  2. Plan of Compliance including the general responsibilities and qualifications of:
    - Board of Directors
    - Board Committees
    - Corporate Secretary
    - External Auditor
    - Internal Auditor
- Communication Process
- Training Process
- Adequate and Timely Information
- Accountability and Audit
- Reportorial or Disclosure System of Company's Corporate Governance Policies
- Shareholders Benefits

- Governance Self-Rating System
- Monitoring and Assessment
- Penalties for Non-Compliance with the Manual

### **Internal Control**

In performing their duties, the Board of Directors acknowledges their responsibility for the Company's system of internal financial control. The system is designed with a view to provide reasonable assurance against any material misstatement or loss. This aims to ensure that assets of the Company are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. The internal control system also includes clearly drawn lines of accountability and delegation of authority and comprehensive reporting and analysis against approved annual budgets.

Regular reports are also prepared for the Board to ensure that Directors are supplied with all the information they require in timely and appropriate manner.

### **Audit Committee**

Pursuant to its Corporate Governance Manual, the Board created an Audit Committee in August 2002. The membership in said committee is compliant with the composition set forth in the Company's Corporate Governance Manual. The Committee acts in an advisory capacity and makes recommendation to the Board. It also reviews the findings and plans of the Internal and External Auditors of the Company and liaises, on behalf of the Board, with the auditors. The Committee meets to review audit reports, status of the Issuer's audits, internal controls, interim and final financial statements prior to recommending them to the Board for approval.

### **Nomination Committee**

Pursuant to its Corporate Governance Manual, the Board created a Nomination Committee. The Nomination Committee shall have at least three (3) members, one of whom is an independent director, and one (1) non-voting member in the person of the Human Resources Director/Manager or similar officer. The procedure for the nomination of regular and independent directors is detailed in the Company's Corporate Governance Manual and By-Laws, as amended. The Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.

#### ***Independent Director/s***

The nomination of Independent directors shall be conducted by the Committee prior to a stockholder's meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominee.

The Nomination Committee shall pre-screen the qualification and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

**Compensation and Remuneration Committee**

Pursuant to its Corporate Governance Manual, the Board created a Compensation and Remuneration Committee. The Committee shall be composed of at least (3) voting directors, one of whom shall be an independent director. The Committee shall review and evaluate the continuing compliance of the Company's compensation and remuneration structure and assess the sufficiency and effectiveness of the Company's compensation and remuneration system.

**PART V - EXHIBITS AND SCHEDULES****ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C**

- |    |                         |  |
|----|-------------------------|--|
| A. | Exhibits                | see Index to Financial Statement and<br>Supplementary Schedule |
| B. | Report on SEC Form 17-C | - Already filed with the SEC                                   |

## SIGNATURES

Pursuant to the requirement of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mandaluyong on \_\_\_\_ April 2014.

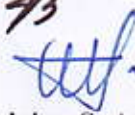
**Anglo Philippine Holdings Corporation**  
Issuer



**Christopher M. Gotanco**  
Director/President/COO



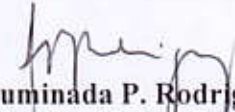
**Alfredo C. Ramos**  
Director/Chairman of the Board/CEO



**Adrian S. Arias**  
Executive Vice President &  
Assistant Corporate Secretary



**Augusto B. Sunico**  
Director/Treasurer



**Iuminada P. Rodriguez**  
Vice President - Finance and Admin.  
Chief Accounting Officer

**APR 04 2014**

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of April 2014, affiant exhibited to me his Community Tax Certificates, as follows:

Names	CTC No./Gov't Issued ID	Date of Issue	Place of Issue
Alfredo C. Ramos	08276902	01-02-2014	Manila
Christopher M. Gotanco	22769887	01-17-2014	Mandaluyong
Augusto B. Sunico	SC ID 12703	06-12-2008	Mandaluyong
Adrian S. Arias	22756932	01-09-2014	Mandaluyong
Iuminada P. Rodriguez	22769888	01-17-2014	Mandaluyong

Doc No.             
Page No.             
Book No.             
Series of 2014.           

**ATTY. JOEL G. GORDOLA**  
NOTARY PUBLIC  
COMMISSION EXPIRES DEC. 31, 2015  
PTR NO. 9042371, 102/2014, Q.C.  
ROLL OF ATTORNEY NO. 25103

**ANGLO PHILIPPINE HOLDINGS CORPORATION**  
**INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE**  
**SEC FORM 17-A**

<b>Financial Statements</b>	<b>Page</b>
Statement of Management’s Responsibility for Financial Statements	
Report of Independent Public Accountant	
Balance Sheets as of December 31, 2013, 2012, and 2011	
Statement of Comprehensive Income for the years ended December 31, 2013, 2012 and 2011	
Statement of Changes in Equity for the years ended December 31, 2013, 2012 and 2011	
Statement of Cash Flows for the years ended December 31, 2013, 2012 and 2011	
Notes to Financial Statements	
Supplementary Schedules	
Report of Independent Public Accountant on Supplementary Schedules	
1. Reconciliation of Retained Earnings Available for Dividend Declaration	
2. Tabular Schedule of Standards and Interpretations as of Reporting Date	
3. Supplementary Schedules required by Annex 68-E	
A. Financial Assets ( <b>See attached</b> )	
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Stockholders (Other Than Related Parties) ( <b>N/A</b> )	
C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements ( <b>see attached</b> )	
D. Intangible Assets – Other Assets ( <b>N/A</b> )	
E. Long Term Debt (see attached)	
F. Indebtedness to Related Parties ( <b>see attached</b> )	
G. Guarantees of Securities of Other Issuers ( <b>N/A</b> )	
H. Capital Stock ( <b>See attached</b> )	
4. Map of the Relationship of the Companies Within the Group	
5. Financial Ratios	



# ANGLO PHILIPPINE HOLDINGS CORPORATION

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Anglo Philippine Holdings Corporation and Subsidiary is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2013 and 2012, including the additional components attached therein:

- a. Reconciliation of Retained Earnings Available for Dividend Declaration
- b. Schedule of all the effective standards and interpretations as of reporting date
- c. Supplementary schedules required by Annex 68-E
- d. Map of the relationships of the companies within the group

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

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

SyCip, Gorres, Velayo and Company, the independent auditors, appointed by the stockholders for the years ended December 31, 2013 and 2012 has examined the consolidated financial statements of the company in accordance the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

**ALFREDO C. RAMOS**  
Chairman of the Board/CEO

**CHRISTOPHER M. GOTANCO**  
President/Director/COO

**AUGUSTO B. SUNICO**  
Treasurer/Director

SUBSCRIBED AND SWORN to before me this **APR 03 2014** day of April 2014, affiant exhibited to me his Community Tax Certificates, as follows:

Names	CTC No./Gov't Issued ID	Date of Issue	Place of Issue
Alfredo C. Ramos	08276902	01-02-2014	Manila
Christopher M. Gotanco	22769887	01-17-2014	Mandaluyong
Augusto B. Sunico	SC ID 12703	06-12-2008	Mandaluyong

Doc No. 216  
Page No. 47  
Book No. 70  
Series of 2014.

**MTV. JOEL G. GORDOLA**  
NOTARY PUBLIC  
COMMISSION EXPIRES DEC. 31, 2015  
PTR NO. 904287, 1022014, Q.C.  
ROLL OF ATTORNEY NO. 25103

# **Anglo Philippine Holdings Corporation and Subsidiary**

Financial Statements

As of December 31, 2013 and 2012

and for Each of the Three Years in the Period Ended  
December 31, 2013

and

Independent Auditors' Report



## **INDEPENDENT AUDITORS' REPORT**

The Stockholders and the Board of Directors  
Anglo Philippine Holdings Corporation and Subsidiary  
6th Floor, Quad Alpha Centrum Building  
125 Pioneer Street, Mandaluyong City

We have audited the accompanying financial statements of Anglo Philippine Holdings Corporation (the Company) and Subsidiary (collectively, the Group), which comprise the consolidated balance sheets as at December 31, 2013 and 2012, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and the financial statements of the Company, which comprise the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

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





Building a better  
working world

- 2 -

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Anglo Philippine Holdings Corporation and Subsidiary as at December 31, 2013 and 2012, and their financial performance and their cash flows for the years then ended, and the financial performance and cash flows of Anglo Philippine Holdings Corporation for the year ended December 31, 2011 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

*John T. Villa*

John T. Villa

Partner

CPA Certificate No. 94065

SEC Accreditation No. 0783-AR-1 (Group A),

February 9, 2012, valid until February 8, 2015

Tax Identification No. 901-617-005

BIR Accreditation No. 08-001998-76-2012,

April 11, 2012, valid until April 10, 2015

PTR No. 4225231, January 2, 2014, Makati City

April 2, 2014



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**BALANCE SHEETS**

	December 31, 2013 (Consolidated)	December 31, 2012 (Consolidated; As restated; Note 2)	January 1, 2012 (Parent Company; As restated; Note 2)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Notes 4 and 26)	P22,180,599	P38,854,568	P50,638,965
Receivables (Notes 6, 17 and 26)	202,920,740	224,261,211	221,184,639
Financial assets at fair value through profit or loss (FVPL; Notes 5 and 26)	114,746,731	757,001,944	536,646,882
Inventories (Note 7)	-	3,852,317	-
Prepaid expenses and other current assets	3,073,079	3,124,274	1,585,939
<b>Total Current Assets</b>	<b>342,921,149</b>	<b>1,027,094,314</b>	<b>810,056,425</b>
<b>Noncurrent Assets</b>			
Available-for-sale (AFS) investments (Notes 8 and 26)	3,215,562,906	3,246,796,186	2,925,654,256
Investments in associates (Notes 10, 27 and 28)	851,145,870	887,750,848	925,724,437
Property and equipment (Note 11)	66,771,611	71,033,404	16,608,730
Deferred exploration costs (Note 12)	191,634,210	190,833,973	156,979,742
Retirement benefit plan asset (Note 23)	9,182,451	12,731,242	12,081,320
Other noncurrent assets (Note 13)	2,916,777	13,469,746	-
<b>Total Noncurrent Assets</b>	<b>4,337,213,825</b>	<b>4,422,615,399</b>	<b>4,037,048,485</b>
<b>TOTAL ASSETS</b>	<b>P4,680,134,974</b>	<b>P5,449,709,713</b>	<b>P4,847,104,910</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Short-term loans payable (Notes 14 and 26)	P-	P3,117,531	P50,000,000
Current portion of long-term debt (Notes 15 and 26)	50,000,000	535,062,543	607,188,784
Accounts payable and accrued expenses (Notes 16, 25 and 28)	217,200,310	257,706,021	216,355,214
Income tax payable (Note 24)	5,708,746	1,505,785	8,813,518
<b>Total Current Liabilities</b>	<b>272,909,056</b>	<b>797,391,880</b>	<b>882,357,516</b>
<b>Noncurrent Liabilities</b>			
Long-term debt - net of current portion (Notes 15 and 26)	1,525,117,133	1,074,028,417	1,067,427,667
Decommissioning liability (Notes 3 and 13)	13,676,388	13,926,467	-
Deferred tax liabilities - net (Note 24)	41,981,129	56,645,940	33,212,132
Retirement benefit liability (Note 23)	-	5,382,060	-
Unearned revenue (Note 13)	5,432,916	5,432,916	-
<b>Total Noncurrent Liabilities</b>	<b>1,586,207,566</b>	<b>1,155,415,800</b>	<b>1,100,639,799</b>
<b>Total Liabilities</b>	<b>1,859,116,622</b>	<b>1,952,807,680</b>	<b>1,982,997,315</b>
<b>Equity (Note 18)</b>			
Capital stock - P1 par value			
Authorized - 2,000,000,000 shares			
Issued - 1,170,616,788 shares in 2013 and 2012 and 1,170,616,970 shares in 2011	1,170,616,788	1,170,616,788	1,170,616,970
Subscribed - 7,383,030 shares (net of subscriptions receivable of P1,367,688)	6,015,342	6,015,342	6,015,342
Additional paid-in capital	4,658,460	4,658,460	4,658,460
Net unrealized mark-to-market gain on AFS investments (Notes 8 and 26)	359,561,288	1,172,003,568	852,954,759
Re-measurement gains on defined benefit obligation, net of deferred taxes (Note 2)	3,221,314	5,307,489	4,750,148
Retained earnings (Note 26)	1,304,511,235	1,165,866,461	852,677,991
	2,848,584,427	3,524,468,108	2,891,673,670
Treasury stock - 13,000,000 shares at P2.12 per share	(27,566,075)	(27,566,075)	(27,566,075)
<b>Total Equity</b>	<b>2,821,018,352</b>	<b>3,496,902,033</b>	<b>2,864,107,595</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P4,680,134,974</b>	<b>P5,449,709,713</b>	<b>P4,847,104,910</b>

See accompanying Notes to Financial Statements.



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2013 (Consolidated; Note 2)	2012 (Consolidated; As restated; Note 2)	2011 (Parent Company; As restated; Note 2)
<b>REVENUES</b>			
Sales (Note 1)	₱86,137,874	₱-	₱-
Gains on:			
Fair value changes of financial assets at FVPL (Notes 5 and 26)	60,332,721	237,382,562	34,915,718
Discount on long-term debt (Note 15)	53,883,649	92,950,216	120,292,209
Sale of investment (Notes 5 and 10)	66,682,700	-	144,836,162
Management fees (Note 19)	103,077,000	100,950,000	92,660,196
Dividend income (Note 19)	68,744,848	20,790,279	17,572,702
Equity in net earnings of associates (Notes 10 and 27)	44,950,372	35,149,901	30,354,785
Interest income (Note 22)	12,958,049	24,966,930	24,904,497
Foreign exchange gains - net	-	33,288,212	-
Other income - net	2,518	-	-
	<b>496,769,731</b>	<b>545,478,100</b>	<b>465,536,269</b>
<b>COSTS AND EXPENSES</b>			
Cost of sales (Note 20)	64,247,279	-	-
Interest and other finance charges (Notes 11, 15, 17, 22 and 26)	100,668,455	91,714,366	98,896,966
General and administrative (Note 21)	75,363,369	25,343,698	45,709,141
Foreign exchange losses - net	34,523,222	-	116,727
Losses on:			
Receivable restructuring (Note 6)	13,275,874	-	-
Sale of investment (Note 5)	-	4,881,770	-
Impairment of receivables (Notes 6 and 26)	-	-	2,130,186
	<b>288,078,199</b>	<b>121,939,834</b>	<b>146,853,020</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>208,691,532</b>	<b>423,538,266</b>	<b>318,683,249</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)</b>			
Current	13,917,506	17,254,858	14,904,524
Deferred	(13,770,737)	23,194,949	16,066,023
	<b>146,769</b>	<b>40,449,807</b>	<b>30,970,547</b>
<b>NET INCOME</b>	<b>208,544,763</b>	<b>383,088,459</b>	<b>287,712,702</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Other comprehensive income (loss) that could be reclassified to profit or loss at a future point in time:</i>			
Net unrealized mark-to-market gain (loss) on AFS investments (Note 8)	(812,442,280)	319,048,809	(109,728,320)
<i>Other comprehensive income (loss) that could not be reclassified to profit or loss at a future point in time:</i>			
Re-measurement gains (losses) on retirement benefit, net of deferred tax (Note 2)	(2,086,175)	557,341	821,923
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(₱605,983,692)</b>	<b>₱702,694,609</b>	<b>₱178,806,305</b>
<b>Basic and Diluted Earnings Per Share (Note 25)</b>	<b>₱0.18</b>	<b>₱0.33</b>	<b>₱0.25</b>

See accompanying Notes to Financial Statements.



# ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 and 2011

	Capital Stock (Note 16)			Additional Paid- in Capital	Net Unrealized Mark-to-Market Gain on AFS Investments (Note 7)	Re-measurement Gains on Defined Benefit Obligation	Retained Earnings	Treasury Stock (Note 16)	Total
	Issued	Subscribed	Subscriptions Receivable						
Balances at January 1, 2011, as previously reported	₱1,170,616,970	₱7,383,030	(₱1,367,688)	₱4,658,460	₱962,683,079	₱-	₱658,165,280	(₱27,566,075)	₱2,774,573,056
Effect of change in accounting for employee benefits (see Note 2)	-	-	-	-	-	3,928,225	-	-	3,928,225
Balances at January 1, 2011, as restated	1,170,616,970	7,383,030	(1,367,688)	4,658,460	962,683,079	3,928,225	658,165,280	(27,566,075)	2,778,501,281
Total comprehensive income for the year, as previously stated	-	-	-	-	(109,728,320)	-	290,695,947	-	180,967,627
Effect of change in accounting for employee benefits (see Note 2)	-	-	-	-	-	821,923	(2,983,245)	-	(2,161,322)
Total comprehensive income, as restated	-	-	-	-	(109,728,320)	821,923	287,712,702	-	178,806,305
Cash dividends (Note 16)	-	-	-	-	-	-	(93,199,991)	-	(93,199,991)
Balances at December 31, 2011	₱1,170,616,970	₱7,383,030	(₱1,367,688)	₱4,658,460	₱852,954,759	₱4,750,148	₱852,677,991	(₱27,566,075)	₱2,864,107,595
Balances at January 1, 2012, as previously reported	₱1,170,616,970	₱7,383,030	(₱1,367,688)	₱4,658,460	₱852,954,759	₱-	₱855,661,236	(₱27,566,075)	₱2,862,340,692
Effect of change in accounting for employee benefits (see Note 2)	-	-	-	-	-	4,750,148	(2,983,245)	-	1,766,903
Balances at January 1, 2012, as restated	1,170,616,970	7,383,030	(1,367,688)	4,658,460	852,954,759	4,750,148	852,677,991	(27,566,075)	2,864,107,595
Total comprehensive income for the year, as previously stated	-	-	-	-	319,048,809	-	382,920,830	-	701,969,639
Effect of change in accounting for employee benefits (see Note 2)	-	-	-	-	-	557,341	167,629	-	724,970
Total comprehensive income, as restated	-	-	-	-	319,048,809	557,341	383,088,459	-	702,694,609
Fractional shares	(182)	-	-	-	-	-	-	-	(182)
Cash dividends (Note 16)	-	-	-	-	-	-	(69,899,989)	-	(69,899,989)
Balances at December 31, 2012	₱1,170,616,788	₱7,383,030	(₱1,367,688)	₱4,658,460	₱1,172,003,568	₱5,307,489	₱1,165,866,461	(₱27,566,075)	₱3,496,902,033
Balances at January 1, 2013, as previously reported	₱1,170,616,788	₱7,383,030	(₱1,367,688)	₱4,658,460	₱1,172,003,568	₱-	₱1,168,682,077	(₱27,566,075)	₱3,494,410,160
Effect of change in accounting for employee benefits (see Note 2)	-	-	-	-	-	5,307,489	(2,815,616)	-	2,491,873
Balances at January 1, 2013, as restated	1,170,616,788	7,383,030	(1,367,688)	4,658,460	1,172,003,568	5,307,489	1,165,866,461	(27,566,075)	₱3,496,902,033
Total comprehensive loss for the year	-	-	-	-	(812,442,280)	(2,086,175)	208,544,763	-	(605,983,692)
Cash dividends (Note 16)	-	-	-	-	-	-	(69,899,989)	-	(69,899,989)
Balances at December 31, 2013	₱1,170,616,788	₱7,383,030	(₱1,367,688)	₱4,658,460	₱359,561,288	₱3,221,314	₱1,304,511,235	(₱27,566,075)	₱2,821,018,352

See accompanying Notes to Financial Statements.



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2013 (Consolidated; Note 2)	2012 (Consolidated; Note 2)	2011 (Parent Company; Note 2)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱208,691,532	₱423,538,266	₱318,683,249
Adjustments for:			
Interest and other finance charges (Note 21)	100,668,455	91,714,366	98,878,974
Provision for impairment losses	11,494,026	-	-
Depreciation (Note 11)	3,454,400	1,292,638	1,480,548
Unrealized foreign exchange losses (gains)	735,152	(36,437,412)	(376,142)
Accretion expense on decommissioning liability	415,300	-	-
Dividend income (Note 19)	(68,744,848)	(20,790,279)	(17,572,702)
Discount on long-term debt (Note 15)	(53,883,649)	(92,950,216)	(120,292,209)
Equity in net earnings of associates (Note 10)	(44,950,372)	(35,149,901)	(30,354,785)
Interest income (Note 21)	(12,958,049)	(24,966,930)	(24,904,497)
Losses (gains) on:			
Receivable restructuring (Note 6)	13,275,874	-	-
Write off of receivables	593,339	-	-
Sale of investment (Notes 5 and 10)	(66,682,700)	4,881,770	(144,836,162)
Fair value changes of financial assets at FVPL (Note 5)	(60,332,721)	(237,382,562)	(34,915,718)
Sale of equipment (Note 11)	(15,833)	-	-
Impairment on receivables (Note 6)	-	-	2,130,286
Operating income before working capital changes	31,759,906	73,749,740	47,920,842
Decrease (increase) in:			
Financial assets at FVPL (Note 5)	(1,956,845)	-	(35,122,850)
Receivables (Notes 6 and 27)	20,221,116	23,127,961	(56,203,709)
Inventories (Note 7)	3,852,317	-	-
Prepaid expenses and other current assets	(889,861)	(304,966)	1,356,740
Retirement benefit plan asset (Note 23)	568,542	146,279	(5,196,298)
Increase (decrease) in accounts payable and accrued expenses	(60,087,027)	53,116,488	(67,532,494)
Net cash generated from (used in) operations	(6,531,852)	149,835,502	(114,777,769)
Dividends received (Note 10)	118,720,198	62,333,769	48,252,672
Interest received	208,191	636,357	135,596,038
Interest paid	(18,380,844)	(69,676,139)	(48,207,100)
Income taxes paid	(9,714,545)	(24,647,526)	(10,481,224)
Net cash flows from operating activities	84,301,148	118,481,963	10,382,617
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from:			
Sale of investment	773,363,649	12,145,730	-
Sale of equipment	300,000	-	-
Redemption of investments in associates (Note 10)	31,580,000	31,580,000	31,580,000
Decrease (increase) in:			
AFS investments (Notes 7 and 27)	(781,209,000)	(2,093,121)	(1,579,100)
Acquisition of subsidiary, net of cash acquired (Notes 9 and 27)	-	(221,584)	-
Deferred exploration costs	(800,237)	(5,536,732)	(460,333)
Additions to property and equipment (Note 11)	(142,153)	(44,203)	(42,134)
Net cash flows from investing activities	23,092,259	35,830,090	29,498,433

(Forward)



	<b>Years Ended December 31</b>		
	<b>2013</b> <b>(Consolidated;</b> <b>Note 2)</b>	<b>2012</b> <b>(Consolidated;</b> <b>Note 2)</b>	<b>2011</b> <b>(Parent Company;</b> <b>Note 2)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	<b>₱50,000,000</b>	<b>₱50,000,000</b>	<b>₱50,000,000</b>
Payments of borrowings	<b>(100,412,222)</b>	<b>(147,018,575)</b>	<b>(111,712,691)</b>
Retirement benefits paid	<b>(5,382,060)</b>	<b>-</b>	<b>-</b>
Cash dividends paid (Note 18)	<b>(68,206,942)</b>	<b>(69,422,252)</b>	<b>(92,658,407)</b>
Net cash flows used in financing activities	<b>(124,001,224)</b>	<b>(166,440,827)</b>	<b>(154,371,098)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON</b>			
<b>CASH AND CASH EQUIVALENTS</b>	<b>(66,152)</b>	<b>344,377</b>	<b>-</b>
<b>NET DECREASE IN CASH AND CASH</b>			
<b>EQUIVALENTS</b>	<b>(16,673,969)</b>	<b>(11,784,397)</b>	<b>(114,490,048)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>			
<b>OF YEAR</b>	<b>38,854,568</b>	<b>50,638,965</b>	<b>165,129,013</b>
<b>CASH AND CASH EQUIVALENTS AT END OF</b>			
<b>YEAR (Note 4)</b>	<b>₱22,180,599</b>	<b>₱38,854,568</b>	<b>₱50,638,965</b>

*See accompanying Notes to Financial Statements.*



# **ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**

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## **NOTES TO FINANCIAL STATEMENTS**

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### **1. Corporate Information**

Anglo Philippine Holdings Corporation (APHC or “the Parent Company”) was registered with the Philippine Securities and Exchange Commission (SEC) on June 25, 1958 originally as an oil and mineral exploration company with the corporate name of “Anglo Philippine Oil Corp.” In 1996, the Parent Company changed its primary purpose to that of an investments holding firm focused on natural resources-based companies, infrastructure and property development. The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange (PSE).

On December 18, 2012, the Parent Company acquired 100% interest in Vulcan Materials Corporation (VMC). VMC was registered with the Philippine SEC on September 12, 1991 and is involved in mining exploration and sale of aggregates. The Parent Company and its wholly owned subsidiary VMC (“the Subsidiary”), collectively referred to as “the Group”, were incorporated in the Philippines.

In 2013, VMC entered into a Memorandum of Agreement (MOA) with Global Project, Inc. (GPI) for a term of one year for the latter to undertake quarry operations specifically on the Montalban Aggregates Project, and buy from VMC all the quarried materials from the Project Area. GPI shall receive from VMC payments (recorded as contractor’s fee in the “Cost of Sales” in the statement of comprehensive income) for the production operations conducted by the former.

The registered office address of the Parent Company is 6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City.

The accompanying financial statements as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013, were authorized for issue by the Board of Directors (BOD) on April 2, 2014.

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### **2. Summary of Significant Accounting Policies**

#### **Basis of Preparation**

The accompanying financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss (FVPL) and certain available-for-sale (AFS) investments which are all carried at fair value. The financial statements are presented in Philippine peso (₱), which is the Parent Company’s functional currency. All values are rounded off to the nearest ₱ except when otherwise indicated. The financial statements for 2011 represent the Parent Company’s financial statements only since the subsidiary was only acquired in December 2012.

The financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional balance sheet at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the consolidated financial statements. An additional statement of balance sheet as at January 1, 2012 is presented in these financial statements due to retrospective application of the Revised Philippine Accounting Standards (PAS) 19, *Employee Benefits* (see Note 23).



### Statement of Compliance

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

### Basis for 2013 and 2012 Consolidation

The consolidated financial statements comprise the financial statements of Anglo Philippine Holdings Corporation and its subsidiary as of and for the year ended December 31, 2013 and 2012. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiary is fully consolidated from the date of acquisition, being the date which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary. The financial statements of the subsidiary are prepared for the same reporting year as those of the Parent Company, using consistent accounting policies.

All intra-company balances and transactions, including income, expenses, unrealized gains and losses and dividends, are eliminated in full. Profits and losses resulting from intra-company transactions that are recognized in assets and liabilities are eliminated in full.

### Changes in Accounting Policies and Disclosures

#### **New and Amended Standards and Interpretations and Improved PFRS Adopted in Calendar Year 2013**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended standards and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and improved PFRS which the Group has adopted starting January 1, 2013. Unless otherwise indicated, the adoption did not have any significant impact on the consolidated financial statements of the Group.



**Amendment to PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income***

The amendments to PAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or “recycled”) to statement of income at a future point in time (i.e., upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group’s financial position or performance.

**Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine***

This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (“production stripping costs”) and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset.

- **PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments)***
- **PFRS 10, *Consolidated Financial Statements***
- **PFRS 11, *Joint Arrangements***
- **PFRS 12, *Disclosure of Interests in Other Entities***
- **PFRS 13, *Fair Value Measurement***
- **Revised PAS 27, *Separate Financial Statements***
- **Revised PAS 28, *Investments in Associates and Joint Ventures***
- **Amendments to PFRS 1, *First-time Adoption of PFRS - Government Loans***

***Improvements to PFRS***

The *Annual Improvements to PFRS* (2009-2011 cycle) contain non-urgent but necessary amendments to the following standards:

- **PFRS 1, *First-time Adoption of PFRS - Borrowing Costs***
- **PFRS 1, *First-time Adoption of PFRS - Repeated Application of PFRS 1***
- **PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment***
- **PAS 32, *Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments***
- **PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities***
- **PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information***

**Revised PAS 19, *Employee Benefits***

Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures.

For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in statement of comprehensive income when incurred.



Prior to 2013, actuarial gains and losses are measured using the 10% corridor approach wherein actuarial gains and losses are recognized in income when the net cumulative unrecognized actuarial gains and losses for the retirement plan at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets at that date. These gains and losses are recognized over the remaining estimated working lives of the employees participating in the plan.

In 2013, the Group decided to change the policy in recognizing actuarial gains and losses such that all actuarial gains and losses during the year are recognized immediately in other comprehensive income as they occur. This change in accounting policy which is aligned with one of the requirements of Revised PAS 19 is accounted for retroactively, and accordingly, an additional statement of financial position as at January 1, 2012 is presented in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

The following summarizes the effects of this accounting policy change:

	December 31, 2012	January 1, 2012
<u>Increase (decrease) in:</u>		
<u>Statements of financial position</u>		
Retirement benefit plan asset	₱3,559,818	₱2,524,147
Deferred tax assets	1,067,945	757,244
Re-measurement gains on defined benefit obligation, net of deferred taxes	5,307,489	4,750,148
Retained earnings	(2,815,616)	(2,983,245)
	2012	2011
<u>Statements of comprehensive income</u>		
General and administrative	₱239,470	(₱2,423,836)
Other income	-	(1,837,943)
Income (loss) before income tax	239,470	(4,261,779)
Provision for (benefit from) income tax	(71,841)	1,278,534
Net income (loss)	167,629	(2,983,245)
Re-measurement gains on defined benefit obligation	796,201	1,174,176
Income tax effects	(238,860)	(352,253)
Re-measurement gains on defined benefit obligation, net of deferred tax	557,341	821,923
<u>Total comprehensive income</u>	<u>₱724,970</u>	<u>(₱2,161,322)</u>

There is no significant impact on the Group's cash flows as of and for the year ended December 31, 2012 and 2011.

#### **New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2013**

The Group will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new, revised and amended PFRS, PAS and IFRIC to have a significant impact on its consolidated financial statements.



**Amendments to PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets***

These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

**Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)**

These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL).

**Philippine Interpretation IFRIC 21, *Levies***

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014.

**Amendments to PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting***

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014.

**Amendments to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities***

These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Group, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

**Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions***

The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re-measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.



*Improvements to PFRS*

The *Annual Improvements to PFRS* (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- **PFRS 2, *Share-based Payment - Definition of Vesting Condition***
- **PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination***
- **PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets***
- **PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables***
- **PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation***
- **PAS 24, *Related Party Disclosures - Key Management Personnel***
- **PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization***

The *Annual Improvements to PFRS* (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- **PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'***
- **PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements***
- **PFRS 13, *Fair Value Measurement - Portfolio Exception***
- **PAS 40, *Investment Property***

No Mandatory Effectivity:

**PFRS 9, *Financial Instruments***

PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at FVPL. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.



On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

Deferred Effectivity:

**Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate***

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires the revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on the stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Philippine SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final revenue standard is issued by International Accounting Standards Board and an evaluation of the requirements of the final revenue standard against the practices of the Philippine real estate industry is completed.

Revenue Recognition

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

*Sale of aggregates*

Sale of aggregates is recognized when the goods are delivered to and accepted by the customer.

*Interest Income*

Interest income from bank deposits and short-term investments are recognized as they accrue using the effective interest rate (EIR) method.

*Management Fees*

Management fees are recognized when services are rendered based on the contractual agreement between the parties.

*Dividend Income*

Dividend income is recognized when the shareholder's right to receive payment is established.



### *Other Income*

Other income is recognized when earned.

### Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs of sales include direct material costs, personnel expenses, utilities and other manufacturing costs. This is recognized when the inventories are sold and title is transferred to the buyer. General and administrative expenses are generally recognized when the services are used or the expenses arise while interest expense is accrued in the appropriate period. Employee-related expenses are provided in the period when services are rendered.

### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

As of December 31, 2013 and 2012, the Group has assets or liabilities that are measured at fair value on a recurring basis.



For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### Cash and Cash Equivalents

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

#### Financial Instruments

##### *Date of Recognition*

Financial instruments are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial instruments, recognition and derecognition, as applicable, is done using trade date accounting.

##### *Initial Recognition of Financial Instruments*

Financial instruments are recognized initially at fair value. The initial measurement of financial instruments, except for those classified as at FVPL, includes transaction cost.

The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) financial assets, loans and receivables and available-for-sale (AFS) financial assets. The Group classifies its financial liabilities as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the financial assets were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every balance sheet date. As of December 31, 2013 and 2012, the Group has no HTM financial assets and financial liabilities at FVPL.

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

##### *“Day 1” Difference*

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

##### *Financial Assets at FVPL*

Financial assets at FVPL include financial assets held for trading purposes and financial assets designated upon initial recognition as at FVPL.



Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses are recognized in statement of comprehensive income. Interest and dividend income or expense is recognized in the statement of comprehensive income, according to the terms of the contract, or when the right to the payment has been established. Interest earned on holding financial assets at FVPL are reported as interest income using the effective interest method. Dividends earned on holding financial assets at FVPL are recognized in the statement of comprehensive income when the right of payment has been established.

Financial assets may be designated as at FVPL by management on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

As of December 31, 2013 and 2012, the Group's financial assets at FVPL consist of investments in quoted equity securities.

#### Derivative Financial Instruments

Derivative financial instruments (including bifurcated embedded derivatives) are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated and are subsequently re-measured at fair value. Changes in fair value of derivative instruments not accounted for as effective hedges are recognized in the statement of comprehensive income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

#### *Embedded Derivatives*

An embedded derivative is separated from hybrid or combined contract if all of the following conditions are met:

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

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

Changes in fair values of bifurcated derivatives are recognized under "Mark-to-market changes of derivative asset" account in the statement of comprehensive income.



### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets at FVPL or designated as AFS financial asset. This accounting policy relates to the Group's "Cash and cash equivalents" and "Receivables" accounts, which arise primarily from advances to related parties and other types of receivables.

After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less allowance for doubtful accounts. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in the "Interest income" account in the statement of comprehensive income. Losses arising from impairment of loans and receivables, if any, are reported as loss on impairment of receivables.

Loans and receivables are classified as current assets when they are expected to be realized within 12 months after the balance sheet date or within the normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

### *AFS Investments*

AFS investments are those nonderivative financial assets designated as such or are not classified as at FVPL, HTM financial assets or loans and receivables. These are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

After initial recognition, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the changes in fair values of AFS investments are excluded net of tax from reported earnings and are reported as "Net unrealized valuation gain (loss) on AFS investments" in the equity section of the balance sheet and as part of other comprehensive income in the statement of comprehensive income. When the investment is disposed of or determined to be impaired, the cumulative gains or losses previously recognized in equity is recognized as income in the statement of comprehensive income. Dividends earned on holding AFS investments are recognized when the right of payment has been established. The losses arising from impairment of such investments are recognized as provision for impairment losses in the statement of comprehensive income.

The fair value of AFS investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. AFS investments whose fair value cannot be reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, are carried at cost.

The Group's AFS investments are presented as noncurrent assets in the balance sheets (see Note 8).

### *Other Financial Liabilities*

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings. Issued financial instruments or their components, which are not classified as at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial



instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Any effects of restatement of foreign currency-denominated liabilities are recognized in the "Foreign exchange gains - net" and "Foreign exchange losses - net" accounts in the statement of comprehensive income.

Other financial liabilities are classified as current liabilities when they are expected to be settled within twelve (12) months from the balance sheet date or the Group does not have an unconditional right to defer settlement for at least 12 months from balance sheet date. Otherwise, they are classified as noncurrent liabilities.

This accounting policy applies primarily to the Group's "Accounts payable and accrued expenses", "Short-term loans payable", "Long-term debt" and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as retirement benefit plan obligation and income tax payable).

#### Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial asset is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has or have occurred after initial recognition of the asset (an incurred "loss event") and that loss has an impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated.

Objective evidence includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that borrower will enter bankruptcy or other financial reorganization.

#### *Loans and Receivables*

For loans and receivables, the Group first 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. 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 there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the reduced amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Receivables, together with the



associated allowance accounts, are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income by adjusting the allowance account.

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

#### *AFS Investments*

For AFS investments, the Group assesses at each reporting date whether there is objective evidence that an AFS investment is impaired.

In the case of an AFS equity investment, this would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. If an AFS investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in net income, is transferred from other comprehensive income to income in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income. Increases in fair value after impairment are recognized directly in equity through the statement of comprehensive income.

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### Derecognition of Financial Instruments

##### *Financial Assets*

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

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



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

#### *Financial Liabilities*

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

#### Offsetting Financial Instruments

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

#### Inventories

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

- |                                    |   |   |
|------------------------------------|---|---|
| Finished goods and work in process | - | determined using the moving average method; cost includes direct labor and a proportion of manufacturing overhead based on actual production but excluding borrowing cost |
| Spare parts and other supplies     | - | purchase cost on a moving average basis   |

NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. In the case of spare parts and other supplies, NRV is the value of inventories when sold at their condition at the end of the reporting period. In determining NRV, the Company considers any adjustment for obsolescence.

#### Investments in Associates

The Group’s investments in associates are accounted for using the equity method. An associate is an entity in which the Group has significant influence. Under the equity method, the investments in associates are carried in the balance sheet at cost plus post acquisition changes in the Group’s share of net assets of the associate.

The statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.



The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on the Group's investment in associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

#### Property and Equipment

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

The initial cost of property and equipment comprises its purchase price, including import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Quarry development costs are amortized on a unit of production (UOP) basis over the economically recoverable reserves of the quarry concerned. The unit of account for aggregates is cubic meter in loose volume (LCM).

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortized on a UOP basis whereby the denominator is the proven and probable reserves and the portion of resources expected to be extracted economically. The estimated fair value of the mineral resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortization, until the resource becomes probable of economic extraction in the future and is recognized in "Deferred exploration costs" account in the balance sheet.



Depreciation of other items of property and equipment is computed using the straight-line method over the estimated useful lives of the asset as follows:

<u>Category</u>	<u>Number of Years</u>
Condominium units and improvements	20
Machinery and equipment	10 - 15
Transportation equipment	3 - 5
Furniture, fixtures and office equipment	2 - 5

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

Property and equipment also include the estimated costs of rehabilitating the Group's Montalban Aggregates Project, for which the Group is liable. These costs are amortized using the units-of-production method based on the estimated recoverable mine reserves until the Group actually incurs these costs in the future.

When assets are retired or otherwise disposed of, both the cost and related accumulated depletion, depreciation, amortization and any impairment in value are removed from the accounts, and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts until these are no longer in use.

#### Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that a nonfinancial asset may be impaired when events or changes in circumstances indicate that the carrying value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

As assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



### Deferred Exploration Costs

Deferred exploration costs include costs incurred after the Group has obtained legal rights to explore in a specific area, including the determination of the technical feasibility and commercial viability of extracting mineral resources. Deferred exploration costs include, among others, acquisition of rights to explore, topographical and geophysical studies, exploratory drilling, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources. All exploration costs and related expenses are carried as deferred exploration costs, net of impairment losses, if any.

The costs and expenses for exploration activities which do not result in the discovery of petroleum or mineral deposits that are commercially productive are recognized in the statement of comprehensive income after the project is abandoned and when management expects no further recovery. When the results of exploration costs are determined to be negative, the accumulated costs are written off. If the results are positive, the deferred exploration costs shall be capitalized and amortized based on the unit of production method from the start of commercial operations.

### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are made by discounting the expected future cash flows at a pre-tax amount that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

The Group records the present value of estimated costs of legal and constructive obligations required to restore quarry site in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the quarry site. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets to the extent that it was incurred as a result of the development/construction of the quarry. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in the statement of comprehensive income. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and decommissioning liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in the statement of comprehensive income as extraction progresses.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of comprehensive income.

For closed sites, changes to estimated costs are recognized immediately in the statement of comprehensive income.



Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when receipt of reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement.

#### Capital Stock and Additional Paid-in Capital

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock or options are shown in equity as a deduction, net of tax, from the proceeds. Amount of contribution in excess of par value is accounted for as an additional paid-in capital.

Where the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any directly attributable incremental costs (net of applicable taxes) is deducted from equity attributable to the Group's stockholders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Group's stockholders.

#### Retained Earnings

Retained earnings include profit attributable to the Group's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are declared. Interim dividends are deducted from equity when they are paid.

Retained earnings are appropriated for the cost of treasury shares acquired. When the appropriation is no longer needed, it is reversed. Dividends for the year that are approved after the balance sheet date are dealt with as an event after the balance sheet date. Retained earnings may also include effect of changes in accounting policy as may be required by the relevant transitional provisions.

#### Earnings Per Share

Basic earnings per share is computed based on the weighted average number of shares outstanding and subscribed for each respective period with retroactive adjustments for stock dividends declared, if any. When shares are dilutive, the unexercised portion of stock options is included as stock equivalents in computing diluted earnings per share.

Diluted earnings per share amounts are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

#### Segment Reporting

An operating segment is a component of an entity that: (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.



The Group's segments pertain to its investment in a subsidiary and investments in associates. This segment is carried by VMC, a subsidiary and North Triangle Depot Commercial Corporation (NTDCC) and United Paragon Mining Corporation (UPMC), the Group's associates. The summarized financial and other relevant information of the Group's associates are disclosed in Notes 10 and 26 to the financial statements.

### Income Taxes

#### *Current Income Tax*

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

#### *Deferred Tax*

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

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

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

### Retirement Benefit Plan

The Group has a defined retirement benefit plan which requires contributions to be made to a separately administered fund. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.



Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of comprehensive income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods. These are retained in other comprehensive income until full settlement of the obligation.

#### Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at the balance sheet date. Exchange gains and losses arising from foreign currency transactions and translations of foreign currency denominated monetary assets and liabilities are credited to or charged against current operations. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

#### Contingencies

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

#### Events After the Balance Sheet Date

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

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### **3. Significant Accounting Judgments and Estimates**

The Group's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Judgments

##### *Determining Functional Currency*

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the ₱. The ₱ is the currency of the primary economic environment in which the Group operates.



#### *Determining Control over the Subsidiary*

The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Parent Company regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Parent Company determined that it exercises control on its subsidiary.

#### *Determining Whether Significant Influence Exists for Purposes of Applying PAS 28, Investment in Associates and Joint Ventures*

The Group evaluates various factors in determining whether significant influence exists. Under PAS 28, there is a presumption that if ownership is below 20%, significant influence does not exist unless otherwise supported. Among the factors being considered by management in the assessment are, degree of representation in the BOD of the investee, representations in management committees of the investee, corporate governance arrangements, and power to veto significant operating and financial decisions.

Under the exercise of this judgment, the Group classified its 15.79% investment in NTDC as an investment in associate. The carrying value of this investment is ₱350,797,199 and ₱369,444,795 as of December 31, 2013 and 2012, respectively (see Note 10).

Also, the Group has investment in UPMC where ownership is 21.81% in 2013 and 2012. This is classified as an investment in associate. The carrying value of this investment is ₱500,348,671 and ₱518,306,053 as of December 31, 2013 and 2012, respectively (see Note 10).

#### *Determining Whether Investments in Associates Qualify as Operating Segments for Purposes of Applying PFRS 8*

The Group exercises judgment in determining whether investments in associates qualify as operating segments as prescribed by PFRS 8 although the Group does not control the investees. Management considers the following factors in its assessment: review of operating results and performance of an equity method investee for purposes of making resource allocations, evaluating financial performance or evaluating whether to retain the investor-investee relationship. Based on management judgment, the Group considers its investments in UPMC and NTDC as operating segments. The carrying value of the Group's investments in associates amounted to ₱851,145,870 and ₱887,750,848 as of December 31, 2013 and 2012, respectively (see Note 10).

#### Estimates

##### *Estimating Impairment of Receivables*

The Group assesses at each reporting date whether there is any objective evidence that receivables are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the affiliated companies and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on age and status of the financial asset, as well as historical loss experience. Allowance for impairment loss is provided when management believes that the receivable balance cannot be collected or realized after exhausting all efforts and courses of action.



In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the Group's assessment of the accounts since their inception. The Group's assessments take into consideration factors such as any deterioration in country risk and industry, as well as identified structural weaknesses or deterioration in cash flows.

No allowance for impairment losses on receivables was recognized in 2013 and 2012. In 2011, the Group wrote-off its receivable from Vulcan Industrial and Mining Corporation (VIMC) amounting to ₱2,130,186. The receivables are carried at ₱202,920,740 and ₱224,261,211 as of December 31, 2013 and 2012, respectively (see Note 6).

*Estimating Impairment of AFS Equity Investments*

The Group treats AFS equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost. This determination of what is significant or prolonged requires judgment. The Group treats "significant" generally as 20% or more of the original cost of the investment, and "prolonged" as greater than 12 months. In making this judgment, the Group evaluates among other factors, the normal volatility of quoted prices, evidence of deterioration in the financial health of the investee, industry or sector performance, changes in technology and economic environment. For AFS investments carried at cost, the Group estimates the expected future cash flows from the investment and calculates the amount of impairment as the difference between the present value of expected future cash flows from the investment and its acquisition cost and recognizes the amount in the statement of comprehensive income.

AFS investments amounted to ₱3,215,562,906 and ₱3,246,796,186 as of December 31, 2013 and 2012, respectively. No impairment losses on AFS investments are recognized in 2013 and 2012 (see Note 8).

*Estimating Fair Values of Financial Assets and Financial Liabilities*

Where the fair values of financial assets and liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using generally accepted market valuation models. The inputs to these models are taken from observable markets, where possible but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation. The fair values of financial instruments are presented in Note 26.

*Estimating NRV of Inventories*

The Group estimates the allowance for inventory based on the age of blue rocks and physical deterioration of spare parts. Provisions are made for inventories that are no longer used in the production process. The amounts and timing of recorded expenses for any period would differ if different judgments or different estimates are made. An increase in allowance for inventory obsolescence would increase recorded general and administrative expenses and decrease current assets.

Allowance for inventory losses amounted to nil and ₱5,220,738 as of December 31, 2013 and 2012, respectively (see Note 7).



*Estimating Impairment of Property and Equipment*

The Group assesses impairment on property and equipment and other noncurrent assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific assets, the recoverable amount represents the net selling price.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the financial statements.

No impairment losses were recognized in 2013 and 2012 for property and equipment. As of December 31, 2013 and 2012, the net book values of property and equipment amounted to ₱66,771,611 and ₱71,033,404, respectively (see Note 11).

*Estimating Impairment of Deferred Exploration Costs*

The Group assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Until the Group has sufficient data to determine technical feasibility and commercial viability, deferred exploration costs need not be assessed for impairment. Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.



The carrying value of deferred exploration costs amounted to ₱191,634,210 and ₱190,833,973 as of December 31, 2013 and 2012, respectively. As of December 31, 2013 and 2012, no allowance for impairment losses on deferred exploration costs was recognized by the Group (see Note 12).

*Estimating Useful Lives of Property and Equipment*

The Group estimates the useful lives of property and equipment, except for quarry development costs, based on the period over which the assets are expected to be available for use. Quarry development costs are amortized based on estimated aggregate reserves. The estimated useful lives of property and equipment are reviewed periodically and are 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 assets. In addition, estimation of the useful lives is based on the collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As of December 31, 2013 and 2012, the net book values of property and equipment, excluding quarry development costs, amounted to ₱15,890,049 and ₱18,078,774, respectively (see Note 11). The estimated useful lives are disclosed in Note 2 to the financial statements.

*Estimating Aggregate Reserves*

The Group assesses its estimate of aggregate reserves on an annual basis. The Group's estimated reserves are based on the estimates of the Group's geologists. Annually, an inventory of the remaining reserves is derived by subtracting the annual production, which is reported to the Mines and Geo-Sciences Bureau. The estimated mineral reserves were 7,333,331 LCM and 7,533,595 LCM as of December 31, 2013 and 2012, respectively.

*Estimating Realizability of Deferred Tax Assets*

The Group reviews the carrying amounts of deferred tax assets at each balance sheet date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group can generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

The Group has deferred tax assets amounting to ₱7,741,306 and ₱9,095,455 as of December 31, 2013 and 2012, respectively (see Note 24).

The Group did not recognize deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO since management believes that it is not probable that sufficient taxable profit will be available against which the benefits can be utilized (see Note 24).

*Estimating Retirement Benefits Expense (Income)*

The determination of the Group's obligation and cost for retirement is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. These assumptions are described in Note 23 to the financial statements. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's retirement obligations.



As of December 31, 2013 and 2012, the retirement benefit plan asset amounted to ₱9,182,451 and ₱12,731,242, respectively, while retirement benefit liability amounted to nil and ₱5,382,060 as of December 31, 2013 and 2012, respectively. Net retirement benefit expense for the years ended December 31, 2013, 2012 and 2011 amounted to ₱568,541, ₱146,279 and ₱2,423,836, respectively (see Note 23).

*Estimating the Decommissioning Liability*

The Group has a legal obligation to decommission the quarry site located at Montalban, Rizal relating to its Montalban Project Aggregates at the end of its useful life in accordance with the Environmental Compliance Certificate issued by the Department of Environment and Natural Resources. The Group recognizes the present value of the obligation to decommission the quarry site and capitalizes the present value of this cost as part of the balance of the related property and equipment, which are being depreciated and amortized on a UOP basis.

Cost estimates expressed at current price levels at the date of the estimate are discounted using a rate of interest of 1.55% and 2.98% per annum in 2013 and 2012, respectively to take into account the timing of payments. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense.

Changes in the decommissioning liability that result from a change in the current best estimate of cash flows required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in the statement of comprehensive income as it occurs.

While the Group has made its best estimate in establishing the decommissioning provision because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates.

Decommissioning liability amounted to ₱13,676,388 and ₱13,926,467 as of December 31, 2013 and 2012, respectively (see Note 13).

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**4. Cash and Cash Equivalents**

	2013	2012
Cash on hand and with banks	₱22,180,599	₱30,834,232
Short-term deposits	-	8,020,336
	<b>₱22,180,599</b>	<b>₱38,854,568</b>

Cash with banks earn interest at their respective bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates (see Note 22).



For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at January 1:

	2012	2011
Cash on hand and with banks	₱7,955,254	₱3,708,565
Short-term deposits	42,683,711	161,420,448
	<b>₱50,638,965</b>	<b>₱165,129,013</b>

#### 5. Financial Assets at FVPL

This account consists of investments in shares of stock of the following companies:

	2013	2012
The Philodrill Corporation (TPC)	<b>₱114,746,731</b>	₱114,564,718
Shang Properties, Inc. (SPI)	-	642,437,226
	<b>₱114,746,731</b>	<b>₱757,001,944</b>

In 2013, the Group sold its entire 214,145,742 shares of stock in SPI at ₱3.6352 per share or an aggregate price of ₱773,363,649, net of selling costs amounting to ₱5,098,952. The Group recognized gain on sale of investment amounting to ₱66,682,700.

On June 7, 2013, the Group acquired 50,000,000 shares of TPC at ₱0.039 per share for an aggregate price of ₱1,950,000, excluding incidental costs of ₱6,845.

In 2012, the Group sold to National Book Store, Inc. (NBS), an entity under common control of an individual stockholder, all its 12,250,000 shares of stock in VIMC at ₱1.00 per share or an aggregate price of ₱12,145,730, net of selling costs amounting to ₱104,270. The Group recognized loss on sale of investment amounting to ₱4,881,770.

Gains on fair value changes of financial assets at FVPL recognized in 2013, 2012 and 2011 amounted to ₱60,332,721, ₱237,382,562 and ₱34,915,718, respectively. Cumulative unrealized gain on fair value changes of financial assets at FVPL amounted to ₱72,092,054 and ₱542,926,631 as of December 31, 2013 and 2012, respectively.

#### 6. Receivables

	2013	2012
Trade	<b>₱19,123,425</b>	₱19,716,764
Related parties (see Note 17)	<b>164,345,092</b>	218,352,780
Others (see Note 19)	<b>36,209,283</b>	3,072,161
	<b>219,677,800</b>	241,141,705
Less allowance for impairment losses	<b>16,757,060</b>	16,880,494
	<b>₱202,920,740</b>	<b>₱224,261,211</b>



The following are the significant transactions entered into by the Group in relation to its receivables:

- a. Trade receivables are noninterest-bearing and generally have a 30-day term. Other receivables consist of advances to officers and employees, among others.
- b. Movements in the allowance for impairment losses are as follows:

	2013	2012
Trade	<b>₱15,175,653</b>	₱15,175,653
Others		
Balances at beginning of year	<b>1,704,841</b>	1,704,841
Write-off	<b>(123,434)</b>	-
	<b>1,581,407</b>	1,704,841
	<b>₱16,757,060</b>	₱16,880,494

- c. Accrued management fees from Euronote Profits Limited (EPL), which is presented as "Others" under the "Receivables" account in the balance sheet, amounted to ₱26,637,000 (\$600,000) as of December 31, 2013.
- d. As of December 31, 2013, interest-bearing advances to NBS and Alakor Securities, Inc. (Alakor) were restructured as follows:
  1. On or before December 31, 2011, interest is computed at 12% per annum, compounded annually, subject to adjustments in case of payments and/or availments;
  2. From January 1, 2012 to December 31, 2012, interest is computed at 8% per annum compounded annually, subject to adjustments in case of payments and/or availments; and
  3. Starting January 1, 2013, and onwards, interest is computed at 8% per annum as simple interest.

Prior to restructuring, the advances to NBS and Alakor have interest rates of 12% per annum. The Company recognized loss on receivable restructuring amounting to ₱13,275,874 in 2013.

Provisions for impairment losses on trade receivables and other receivables were made on accounts collectively and specifically identified to be doubtful of collection.

Other than the receivables which were provided with allowance, all other receivables are assessed to be collectible and in good standing as of December 31, 2013 and 2012 (see Note 26).



## 7. Inventories

As of December 31, 2012, inventories consist of:

At NRV	
Finished goods (see Note 20)	₱3,712,483
Spare parts and other supplies	39,280
At cost:	
Work in process (see Note 20)	100,554
	₱3,852,317

Allowance for impairment losses relating to finished goods, spare parts and other supplies amounted to ₱5,220,738 as of December 31, 2012. All these inventory items were disposed of in 2013, recorded as part of "Cost of Sales" in the statement of comprehensive income (see Note 20).

## 8. AFS Investments

	2013	2012
Quoted equity shares - at fair value	₱3,177,135,070	₱3,208,368,350
Unquoted equity shares - at cost	38,427,836	38,427,836
	₱3,215,562,906	₱3,246,796,186

Quoted AFS investments represent investment in TPC and Atlas Consolidated Mining and Development Corporation (ACMDC).

On September 2, 2013, the Group acquired a total of 19,500,000,000 additional shares of TPC by way of a special block sale, at ₱0.04 per share or an aggregate price of ₱780,000,000, plus incidental costs of ₱1,209,000. The Group increased its shareholding in TPC from 1.71% to 11.82%.

In 2012, ACMDC increased its authorized capital stock and the Group purchased additional 120,000 shares at an aggregate price of ₱2,093,121. However, the Group's ownership decreased, despite the purchase of additional shares, from to 9.72% in 2011 to 8.27% 2012.

In 2011, the Group advanced ₱1,579,100 for future subscription to Rail Transit and Development, Inc. These are included under AFS investments in unquoted equity shares.

The aggregate cost of the AFS investments amounted to ₱2,856,001,618 and ₱2,074,792,618 as of December 31, 2013 and 2012, respectively.

No impairment loss was recognized in 2013, 2012 and 2011 on the Company's investment in ACMDC quoted shares.

Movements in the unrealized valuation gain (loss) on AFS investments recognized as a separate component of equity are as follows:

	2013	2012
Balances at beginning of year	₱1,172,003,568	₱852,954,759
Changes in fair value of AFS investments	(812,442,280)	319,048,809
Balances at end of year	₱359,561,288	₱1,172,003,568

No AFS investments were sold in 2013 and 2012.



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## 9. Acquisition of a Subsidiary

As discussed in Note 1, the Parent Company acquired VMC on December 18, 2012.

The cost of acquiring VMC amounted to ₱1,185,919, payable on or before December 14, 2013.

The fair values of identifiable acquired assets and liabilities of VMC at the time of acquisition are as follows:

Current assets	₱10,878,283
Noncurrent assets	97,460,355
Current liabilities	(82,411,276)
Noncurrent liabilities	(24,741,443)
<b>Fair value of net assets</b>	<b>₱1,185,919</b>

Cash consideration:

Cash acquired from a subsidiary	₱278,416
Cash paid	(500,000)
<b>Net cash outflow</b>	<b>(₱221,584)</b>

Total consideration consists of:

Cash	₱500,000
Payable to VIMC	685,919
<b>Total</b>	<b>₱1,185,919</b>

Payable to VIMC was still unpaid as of December 31, 2013.

If the acquisition had taken place at the beginning of 2012, the Group's revenue would have increased by ₱66,210,473 and the Group's net income would have decreased by ₱24,163,642.

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## 10. Investments in Associates

	2013	2012
Acquisition cost:		
Balances at beginning of year	₱879,685,280	₱911,265,280
Redemption*	(31,580,000)	(31,580,000)
<b>Balances at end of year</b>	<b>848,105,280</b>	<b>879,685,280</b>
Accumulated equity in net earnings:		
Balances at beginning of year	8,065,568	14,459,157
Equity in net earnings during the year	44,950,372	35,149,901
Dividends received	(49,975,350)	(41,543,490)
<b>Balances at end of year</b>	<b>3,040,590</b>	<b>8,065,568</b>
<b>Total</b>	<b>₱851,145,870</b>	<b>₱887,750,848</b>

\*The redemption has no impact on the % of ownership.



The carrying values of investments in associates are as follows:

	Percentage of Ownership	2013	2012
UPMC	21.81%	<b>₱500,348,671</b>	₱518,306,053
NTDCC (see Note 3)	15.79%	<b>350,797,199</b>	369,444,795
		<b>₱851,145,870</b>	<b>₱887,750,848</b>

The investment in NTDCC includes investment in voting and redeemable preferred shares amounting to ₱266,598,276 and ₱298,178,276 as of December 31, 2013 and 2012, respectively.

The summarized financial information of the associates as of and for the years ended December 31, 2013 and 2012 are as follows (in thousands):

UPMC

	2013	2012
Total assets	<b>₱1,127,380</b>	₱1,155,162
Total liabilities	<b>836,418</b>	781,853
Net loss	<b>82,336</b>	78,967

NTDCC

	2013	2012
Total assets	<b>₱6,913,478</b>	₱7,044,761
Total liabilities	<b>4,671,783</b>	4,684,725
Revenues	<b>1,929,338</b>	1,875,670
Net income	<b>398,403</b>	351,712

Investment in UPMC

UPMC's main business is the exploration, development, exploitation, recovery and sale of gold. UPMC became an associate on August 1, 2008, with the conversion of the Parent Company's receivable from UPMC to the latter's common shares.

On December 28, 2011, the Group sold its 9,954,873,395 shares of UPMC to EPL at ₱0.024 per share. The proceeds were settled through offsetting of accounts between the Parent Company and EPL. Accordingly, the Group's ownership in UPMC decreased from 25.62% in 2010 to 21.81% in 2011 (see Note 15).

Investment in NTDCC

NTDCC owns and operates the Triangle North of Manila (TriNoma) Commercial Center which is built adjacent to the Metro Rail Transit (MRT) Depot. The development rights over the 8.3-hectare portion of the MRT Depot were acquired from MRT Development Corp. in 2002.



## 11. Property and Equipment

2013						
	Quarry Development Costs	Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Total
<b>Cost:</b>						
Balances at beginning of year	₱52,954,630	₱22,091,616	₱1,928,693	₱509,893	₱2,943,556	₱80,428,388
Additions	–	130,562	–	–	11,591	142,153
Disposals	–	–	–	(284,167)	–	(284,167)
Reassessment of decommissioning asset	(665,379)	–	–	–	–	(665,379)
<b>Balances at end of year</b>	<b>52,289,251</b>	<b>22,222,178</b>	<b>1,928,693</b>	<b>225,726</b>	<b>2,955,147</b>	<b>79,620,995</b>
<b>Accumulated depreciation:</b>						
Balances at beginning of year	–	6,845,316	–	–	2,549,668	9,394,984
Depletion, depreciation and amortization (see Notes 20 and 21)	1,407,689	1,105,211	552,036	74,491	314,973	3,454,400
<b>Balances at end of year</b>	<b>1,407,689</b>	<b>7,950,527</b>	<b>552,036</b>	<b>74,491</b>	<b>2,864,641</b>	<b>12,849,384</b>
<b>Net book values</b>	<b>₱50,881,562</b>	<b>₱14,271,651</b>	<b>₱1,376,657</b>	<b>₱151,235</b>	<b>₱90,506</b>	<b>₱66,771,611</b>
2012						
	Quarry Development Costs	Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Total
<b>Cost:</b>						
Balances at beginning of year	₱–	₱22,091,616	₱–	₱–	₱2,619,460	₱24,711,076
Additions*	52,954,630	–	1,928,693	509,893	324,096	55,717,312
<b>Balances at end of year</b>	<b>52,954,630</b>	<b>22,091,616</b>	<b>1,928,693</b>	<b>509,893</b>	<b>2,943,556</b>	<b>80,428,388</b>
<b>Accumulated depreciation:</b>						
Balances at beginning of year	–	5,740,106	–	–	2,362,240	8,102,346
Depreciation (see Note 21)	–	1,105,210	–	–	187,428	1,292,638
<b>Balances at end of year</b>	<b>–</b>	<b>6,845,316</b>	<b>–</b>	<b>–</b>	<b>2,549,668</b>	<b>9,394,984</b>
<b>Net book values</b>	<b>₱52,954,630</b>	<b>₱15,246,300</b>	<b>₱1,928,693</b>	<b>₱509,893</b>	<b>₱393,888</b>	<b>₱71,033,404</b>

\*Include additions arising from acquisition of a subsidiary in 2012 amounting to ₱55,673,109 (see Note 9).



## 12. Deferred Exploration Costs

The Group is a participant in certain Service Contracts (SC) and Geophysical Survey and Exploration Contracts (GSEC) with the Philippine Government, through the Department of Energy (DOE), for the exploration, development and exploitation of the contract areas situated in Northwest Palawan, Sulu Sea and Mindoro Island.

The aforementioned SC and GSEC, which provide for minimum work expenditure obligations and the drilling of a specified number of wells, are covered by operating agreements which set forth the participating interests, rights, and obligations of the participants to the contracts. The deferred exploration costs represent the Group's share in the jointly controlled assets of the aforementioned SCs and GSECs. The full recovery of the deferred exploration costs incurred in connection with the Group's participation in the exploration of the contract areas is dependent upon the discovery of mineral resources from the respective contract areas and the success of the future development thereof:

The percentage of participation and the balances of the deferred exploration costs as of December 31 are as follows:

	Percentage of Participation	2013	2012
<b>Parent Company</b>			
SC 6 (Offshore Northwest Palawan)	3.33		
Block A (Octon)		<b>₱55,683,065</b>	₱55,683,065
Saddle Rock Prospect		<b>7,325,361</b>	7,325,361
Esperanza Prospect		<b>823,118</b>	823,118
SC 41 (Sulu Sea)	1.68	<b>48,266,249</b>	48,266,249
SWAN Block (Northwest Palawan)	33.58		
SC 39 (Busuanga/Calauit)		<b>15,891,445</b>	15,891,445
GSEC 86 (Northwest Malampaya)		<b>10,345,190</b>	10,345,190
GSEC 83 (North Calamian Project)		<b>533,923</b>	533,923
SC 53 (Onshore Mindoro)	5.00	<b>20,253,577</b>	19,453,340
SC 14 (Northwest Palawan, Tara Block)	2.50	<b>4,194,784</b>	4,194,784
<b>VMC</b>			
Comet Nickel-Chromite, Bataan and Batangas Aggregates Project		<b>28,317,498</b>	28,317,498
		<b>₱191,634,210</b>	<b>₱190,833,973</b>

### *Parent Company*

#### SC No. 6A (Octon)

Block operator Pitkin Petroleum Limited commissioned geophysical contractor Seabird Exploration to undertake bathymetric survey and 3D seismic data acquisition over the northern portion of SC 6A using the seismic vessel M/V Voyager Explorer. The 3D seismic survey was completed in November 2013. A total of 508 sq km of full fold 3D and 48.5 line-km of 2D data were acquired without any major problems and within budget. Data processing commenced on November 22, 2013 at Fairfield's Ho Chi Minh Processing Center and is anticipated to be completed in April 2014.



SC No. 14 (Retention Block, Tara and Libro)

EDSL Consultants, have undertaken and completed an integrity test program for the Libro-1, Pandan-1 and Tara South-1 wells. They have likewise prepared and completed design concept and costing for the P & A of these wells, with the actual works now programmed to be undertaken during the summer months of 2014.

Last year, the Parent Company reported the consortium's intention to turn-over the control and ownership of the now idle Pandan and Libro platforms to the Philippine Government through the Department of Energy (DOE). These facilities can still be used by the Philippine Navy as forward outposts in the West Philippine Sea area.

SC No. 41 (Sulu Sea)

In 2012, Philodrill in partnership with Philex Petroleum Corporation (Philex) submitted a joint bid for Area 15, one of the fifteen areas offered by the DOE under the 4th Philippine Energy Contracting Round (PECR4). While the results for some of the areas offered under the PERC4 were already announced, the DOE has yet to officially release the results for Area 15. A newspaper report indicated that the DOE may re-bid some of those areas on offer including Area 15 - Sulu Sea Block.

A new bidding round, PECR5, was announced by the DOE in early January 2014. Philodrill, Philex and the Parent Company, the latter having signed an earlier agreement with Philodrill for the transfer of a portion of its interest in the joint bid irrespective of bidding results, will most likely participate in the PECR5 bidding if Area 15 will again be offered.

SC NO. 53 (Onshore Mindoro)

Block operator Pitkin Petroleum continued with their evaluation of the Onshore Mindoro Block utilizing the new gradiometry and aeromagnetic data integrated into the seismic data interpretation. The combined results have resulted in the confirmation of the seismically-defined structures and the identification of two additional structural leads. To firm up their results, Pitkin proposed to undertake a Test Mini-Sosie seismic program in 2014 which is seen to help to confirm and upgrade some of the identified structures to prospect status. As of end-2013, Pitkin was finalizing the seismic program with Geocon, its selected geophysical contractor for the seismic program.

Parallel to the seismic work, the operator likewise continued to prepare for the drilling of Progreso-2 well in the second half of 2014. A community relations team has been mobilized to kick-off the information and education campaign in the areas where these activities will be conducted.

SWAN BLOCK (Deepwater Northwest Palawan)

The consortium continues to work on a possible swap of participating interest in some of their blocks in exchange for interest in Service Contract No. 57 and 58 of PNOC-EC, which now cover the old SWAN Block.

*VMC*

Comet Nickel-Chromite Project

The Group and Comet signed a MOA on December 4, 2007, to process, occupy, use and control explore, develop, conduct mining, mine, process and market any product from the MPSA 003-90-X area which was registered with the DENR-Region VI at Surigao City on January 22, 2008.



On March 25, 2010, the Mines and Geoscience Bureau (MGB) responded to Comet's concern, regarding the application for renewal of the MPSA in subject, stating that the same was already approved through a letter dated November 20, 2009. However, Comet responded through a letter to MGB on April 7, 2010 objecting to the further evaluation and eventual approval of the MPSA. Management believes that the future outcome is favorable to the Group.

As of December 31, 2013, management has an outstanding offer from a potential buyer for the operating right in the Dinagat Project.

Bataan Aggregates Project

The Bataan Aggregates Project is located in Barangay Nagbalayong, Municipality of Morong, Bataan. The Aggregates Project Sharing Agreement No. 000328-III was filed on January 8, 2001 with an area of 138.0397 hectares while the ISAG Permit No. III-02-08 with an area of 12.8 hectares was granted on December 17, 2008.

Batangas Aggregates Project

The Batangas Aggregates Project is located in Barangay San Miguel, Batangas City, Batangas. It is covered by MPSA No. 091-97-IV granted on November 20, 1997 with an area of 332.3980 hectares.

The recovery of these deferred exploration costs incurred in connection with the Group's participation in the acquisition and mineral exploration activities depends upon the discovery of commercial quantities or the success of exploration activities and future development of the corresponding mining properties.

The Group maintains an account with Land Bank of the Philippines for its MRF pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as "The Philippine Mining Act of 1995". The MRF shall be used for the physical and social rehabilitation of areas and communities affected by mining activities and for research in the social, technical and preventive aspects of rehabilitation.

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**13. Other Noncurrent Assets, Unearned Revenue and Decommissioning Liability**

Other Noncurrent Assets

Other noncurrent assets include deposits made to Comet Mining Exploration Corporation and Asencio Pinzon Aggregates Corporation (APAC), owner of the mining rights on Loreto, Dinagat and Rodriguez, Rizal, respectively. The Group conducts exploration activities on those locations.

It also includes advances made to Vinc Vita Mining Corporation (VVMC) pertaining to the acknowledgment of the Group to develop and exploit the area on Bolinao, Pangasinan upon securing the necessary application and exploration permit by VVMC.

In 2013, the Group recognized a provision on allowance for impairment on advances against royalties amounting to ₱11,486,742 (see Note 21). Total allowance for impairment on other noncurrent assets amounted to ₱14,336,742 as of December 31, 2013.



Unearned Revenue

On August 8, 2008, the Subsidiary and Angat Rockbase Concrete Aggregates, Inc. (ARCAI) entered into a MOA wherein the Subsidiary warrants the delivery of approximately 2,000 - 2,200 LCM per day of blasted materials to ARCAI at the agreed price equivalent to the Subsidiary's prevailing material cost plus ₱20 per LCM.

ARCAI also agreed to pay ₱20.0 million as contribution to the costs incurred by the Subsidiary and to develop the quarry and cost to prepare the area to be designated for use by ARCAI. The amount is payable as follows:

- ₱5.0 million front end signing of contract; and
- ₱15.0 million to be build-in the cost of raw materials and amortized over three years at the committed volume of 600,000 LCM per annum or ₱8.33 per LCM.

On July 24, 2012, the Subsidiary and ARCAI signed a MOA extending the term of the original agreement by another five years from the original expiration date. For and in consideration of the renewal, ARCAI agreed to pay the Subsidiary ₱1.5 million upon signing to pay for the historical development cost on the last year of the extended agreement.

Decommissioning Liability

Decommissioning liability amounted to ₱13,676,388 and ₱13,926,467 as of December 31, 2013 and 2012, respectively. This was based on technical estimates of probable costs, which may be incurred by VMC in rehabilitating the quarry site in Montalban, Rizal relating to its Montalban Aggregates Project from 2012 up to 2023, discounted at the rate of 1.55% and 2.98% per annum in 2013 and 2012, respectively.

Furthermore, VMC maintains an account with Land Bank of the Philippines for its Mine Rehabilitation Fund pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as "The Philippine Mining Act of 1995". The MRF shall be used for the physical and social rehabilitation of areas and communities affected by mining activities and for research in the social, technical and preventive aspects of rehabilitation. This is presented as part of "Other Noncurrent Assets" account in the balance sheet.

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**14. Short-term Loans Payable**

- a. VMC obtained from Metropolitan Bank and Trust Company (MBTC) a loan which bears interest of 12% per annum maturing in June 2013. This loan is secured by a pledge agreement and a continuing surety agreement executed by VMC and a stockholder and assignment of substantially all of the assets of VMC. As of December 31, 2013 and 2012, the outstanding balance of the loan amounted to nil and ₱3,117,531, respectively.
- b. Short-term loan payable to LBP represents short-term revolving bank loan. The loan bears an interest of 8.25% and matures every six months. The loan is guaranteed by a stockholder. On January 6, 2012, the Parent Company paid in full its outstanding short-term loan payable to LBP.

Interest expense relating to the above loans amounted to ₱85,203, ₱68,750 and ₱6,712,292 for the years ended December 31, 2013, 2012 and 2011, respectively (see Note 22).



## 15. Long-term Debt

The long-term debt of the Group pertains to loans availed from EPL and TPC which are summarized as follows:

	2013	2012
EPL loans, net of discount of ₱151,126,084 in 2013 and ₱164,446,948 in 2012	<b>₱1,475,117,133</b>	₱1,509,090,960
TPC	<b>100,000,000</b>	100,000,000
	<b>1,575,117,133</b>	1,609,090,960
Less current portion - EPL and TPC	<b>50,000,000</b>	535,062,543
Noncurrent portion - EPL and TPC	<b>₱1,525,117,133</b>	₱1,074,028,417

Related interest expense on EPL loan amounted to ₱25,267,628, ₱27,532,368 and ₱32,698,253, for the years ended December 31, 2013, 2012 and 2011, respectively (see Note 22).

- a. In 2007, EPL granted the Group a loan amounting to ₱846,105,746 which bears interest of 1% payable quarterly and is scheduled to mature on October 23, 2012. Accretion of Day 1 difference for 2013, 2012 and 2011 amounted to nil, ₱11,049,496, and ₱13,324,237, respectively [see Note 15 (f)].
- b. In 2009, EPL extended loans to the Group with an aggregate amount of ₱900,900,000 (\$19,500,000). The Group assigned its receivables from ETCI on December 16, 2009 amounting to ₱277,529,288 to EPL, wherein ₱268,589,082 was applied against the advances from EPL and the remaining ₱8,940,205 represented interest and finance charges incurred by the Group. As a result of the assignment, PN 09-01 was issued by the Group to EPL on the same date for the remaining amount of ₱632,310,918 (\$13,686,383), which is scheduled to mature on December 31, 2013 and is subject to interest of 1.5% per annum [see Note 15 (g)].
- c. In 2010, the original EPL loan amounting to ₱169,452,079 matured. Upon maturity, the loan was extended for another 5 years. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).

The old loan was derecognized as it already matured, and a new loan was recognized at its present value having 10.23% as effective interest rate. This resulted in a Day 1 difference of ₱28,036,227. Accretion of Day 1 difference amounted to ₱4,636,971, ₱6,224,072 and ₱9,632,328 in 2013, 2012 and 2011, respectively. The effective interest rate applied on the original loan was 7.70%. The unamortized discount on the said loan amounted to ₱1,420,746 and ₱6,057,716 as of December 31, 2013 and 2012, respectively.

- d. In 2011, the original EPL loan amounting to ₱488,786,542 (including accumulated interest) matured. Upon maturity, the loan was extended for another 5 years. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).



The old loan was derecognized as it already matured, and a new loan was recognized at its present value using 10.58 % as effective interest rate. This resulted in a Day 1 difference of ₱120,292,209. Accretion of Day 1 difference amounted to ₱35,714,558, ₱33,909,889 and ₱16,087,541 in 2013, 2012 and 2011, respectively. The effective interest rate applied on the original loan was 8.55%. The unamortized discount on the said loan amounted to ₱34,580,221 and ₱70,294,779 as of December 31, 2013 and 2012, respectively.

- e. On December 28, 2011, the Group made partial payment to EPL amounting to ₱238,916,962 through disposal of UPMC shares (see Note 10).
- f. In 2012, the original EPL loan amounting to ₱599,685,898 (including accumulated interest) matured. Upon maturity, the loan was extended for another 5 years. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).

The old loan was derecognized as it already matured, and a new loan was recognized at its present value using 6.85% as effective interest rate. This resulted in a Day 1 difference of ₱92,950,216. Accretion of Day 1 difference for 2013 and 2012 amounted to ₱26,401,180, ₱4,855,764, respectively. The effective interest rate applied on the original loan was 2.65%. The unamortized discount on the said loan amounted to ₱61,693,272 and ₱88,094,452 as of December 31, 2013 and 2012, respectively.

- g. In 2013, the original EPL loan amounting to \$9,915,467 (including accumulated interest) matured. Upon maturity, the loan was extended for another 5 years, the new principal to be converted to its peso equivalent which amounted to ₱437,767,853. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).

The old loan was derecognized as it already matured, and a new loan was recognized at its present value using 4.74 % as effective interest rate. This resulted in a Day 1 difference of ₱53,883,649. Accretion of Day 1 difference for 2013 amounted to ₱451,804 in 2013. The unamortized discount on the said loan amounted to ₱53,431,845 as of December 31, 2013.

- h. On June 30, 2011, TPC granted the Group with a loan amounting to ₱50,000,000 which bears interest of 8% per annum and is scheduled to mature on June 30, 2013. The loan was used to partially pay the LBP loan. On January 6, 2012, TPC granted the Group with additional loan amounting to ₱50,000,000 to settle the remaining balance of loan payable to LBP. The loan bears an interest of 8% per annum and scheduled to mature on January 6, 2014. Upon maturity, the loan was renewed with the same interest rate of 8% and is scheduled to mature on January 6, 2016. On June 30, 2013, loan amounting to ₱50,000,000 matured. Upon maturity, the loan was renewed with the same interest rate of 8% per annum and is scheduled to mature on June 30, 2015.

Related interest expense amounted to ₱8,111,111, ₱8,066,666 and ₱2,044,444 for the years ended December 31, 2013, 2012 and 2011, respectively (see Note 19). Unpaid interest related to this loan, which is presented under "Accounts payable and accrued expenses" account in the parent company balance sheet, amounted to ₱2,044,444 and ₱2,044,444 as of December 31, 2013 and 2012, respectively (see Note 14).



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**16. Accounts Payable and Accrued Expenses**

	<b>2013</b>	<b>2012</b>
Trade	<b>₱20,681,504</b>	₱33,263,902
Deposit	<b>89,419,081</b>	89,419,081
Accrued interest (see Notes 14 and 15)	<b>36,864,078</b>	57,060,501
Due to a related party (see Note 17)	<b>26,224,825</b>	21,193,686
Accrued taxes	<b>13,880,416</b>	9,084,093
Deposits from customers	<b>9,470,646</b>	8,821,525
Dividends payable (see Note 18)	<b>9,225,223</b>	7,532,176
Accrued guarantee fee (see Note 17)	-	19,318,035
Others	<b>11,434,537</b>	12,013,022
	<b>₱217,200,310</b>	₱257,706,021

- a. "Deposit" pertains to advances received from Metro Pacific Investments Corporation (MPIC) in relation to the potential acquisition by MPIC of the shares owned by the Group in Metro Rail Transit Holdings, Inc. (MRTHI), subject to the completion of certain closing requirements.
- b. The Group has a contract with APAC, the holder of the MPSA No. 070-97-IV issued by the Philippine Government on July 29, 1997. Under the contract, APAC granted the Group the right to conduct mining operations in the mine site in exchange for royalty payments, based on the percentage of net sales generated by the Group. Accrued royalties included under "Trade" account amounted to nil and ₱835,049 as of December 31, 2013 and 2012, respectively.
- c. Accrued taxes include excise tax payables, withholding tax payables, output VAT and SSS payables.
- d. Deposits from customers include a deposit made by Laura Trading (HK) Limited Group (LTLC) amounting to \$0.2 million as agreed in the exclusive marketing agreement entered by LTLC and the Group. Per marketing agreement, the former agreed to pay the latter \$200,000 for the future extracted mines related to the Group's Comet Project.

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**17. Related Party Transactions**

In addition to those mentioned in Notes 5, 6 and 10 to the financial statements, the Group has the following related party transactions in the normal course of business:

- a. The Group grants interest-bearing and noninterest-bearing advances to its related parties with less than one year credit term. The following are the amounts of due from/to related parties, which are included as part of the "Receivables" and "Accounts Payable and Accrued Expenses" account in the balance sheet (see Notes 6 and 16):



Category	Year	Receipts (Payments)	Outstanding balance		Terms	Conditions
			Due from related parties (see Note 6)	Due to a related party (see Note 16)		
<b>Entities under common control:</b>						
Alakor	2013	₱5,102,041	₱107,665,113	₱-	12% interest	Unsecured
	2012	₱-	₱127,013,984	₱-		
NBS	2013	(977,422)	53,332,235	-	12% interest	Unsecured
	2012	-	87,991,052	-		
VIMC	2013	4,265,001	-	26,224,825	Noninterest- bearing	Unsecured
	2012	20,757,767	-	21,193,686		
<b>Associate:</b>						
UPMC	2013	-	3,347,744	-	Noninterest- bearing	Unsecured
	2012	-	3,347,744	-		
<b>Stockholder:</b>						
Individual*	2013	-	-	-	Noninterest- bearing	Unsecured
	2012	-	-	19,318,035		
			<b>2013</b>	<b>₱164,345,092</b>	<b>₱26,224,825</b>	
			2012	₱218,352,780	₱40,511,721	

\*Included as part of "Accrued guarantee fee" account under Accounts payable and accrued expenses.

- i. Alakor, NBS and VIMC are entities under common control of an individual stockholder.
  - ii. The outstanding balances of due from related parties are not impaired as of December 31, 2013 and 2012.
  - iii. Advances to Alakor have various terms of not more than one year. If the related party is not able to settle at maturity date, the outstanding balance is subjected to 8% interest per annum in 2013 (see Note 6). In 2012, advances to Alakor have interest rate of 12% per annum.
  - iv. The Group also provided advances to Alakor and UPMC amounting to ₱8,347,744 in 2011.
  - v. The Group made advances to NBS which is still outstanding as of December 31, 2013, subject to 8% interest per annum (see Note 6). In 2012, advances to NBS have interest rate of 12% per annum.
  - vi. In the ordinary course of business, VIMC charges overhead expenses to VMC for the supervisory and management functions being rendered by VIMC's personnel. Advances to VIMC amounting to ₱2,130,186 were written-off in 2011.
- b. On January 1, 2002, the Parent Company entered into a Guarantee Agreement with Alakor to have the latter's Chairman of the BOD as a guarantor of the Group's loan with LBP. The guarantee fee is equivalent to 4% and 5% per annum of the amount guaranteed without collateral and amount guaranteed with real estate or other types of collateral, respectively.

In 2013, the accrued guarantee fee was used by Alakor to offset against its interest-bearing advances from the Company. Accrued guarantee fee amounted to nil and ₱19,318,035 as of December 31, 2013 and 2012, respectively (see Note 16).



- c. Compensation of key management personnel is as follows:

	2013	2012	2011
Short-term employee benefits	₱10,406,244	₱7,495,473	₱8,837,061
Post employment benefits	483,260	305,029	6,025,579
	<b>₱10,889,504</b>	<b>₱7,800,502</b>	<b>₱14,862,640</b>

## 18. Equity

### *Dividends*

- a. On October 22, 2013, the Group's BOD approved the declaration of cash dividends amounting to ₱34,949,995 at ₱0.03 per share to stockholders of record as of November 8, 2013. The cash dividends were paid on December 4, 2013.
- b. On March 19, 2013, the Group's BOD approved the declaration of cash dividends amounting to ₱34,949,994 at ₱0.03 per share to stockholders of record as of April 5, 2013. The cash dividends were paid on May 3, 2013.

As of December 31, 2013 and 2012, unpaid dividends amounted to ₱9,225,223 and ₱7,532,176, respectively (see Note 16).

- c. On October 19, 2012, the Group's BOD approved the declaration of cash dividends amounting to ₱23,299,996 at ₱0.02 per share to stockholders of record as of November 7, 2012. The cash dividends were paid on November 23, 2012.
- d. On March 28, 2012, the Group's BOD approved the declaration of cash dividends amounting to ₱46,599,993 at ₱0.04 per share to stockholders of record as of April 16, 2012. The cash dividends were paid on May 4, 2012.
- e. On September 28, 2011, the Group's BOD approved the declaration of cash dividends amounting to ₱34,950,000 at ₱0.03 per share to stockholders of record as of October 12, 2011. The cash dividends were paid on November 8, 2011.
- f. On March 25, 2011, the Group's BOD approved the declaration of cash dividends amounting to ₱58,249,991 at ₱0.05 per share to stockholders of record as of April 8, 2011. The cash dividends were paid on April 29, 2011.

### *Capital Stock*

- a. The movements in capital stock of the Group are as follows:

	2013		2012	
	Shares	Par value	Shares	Par value
Issued and outstanding:				
At beginning of year	1,170,616,788	₱1,170,616,788	1,170,616,970	₱1,170,616,970
Fractional shares	-	-	(182)	(182)
At end of year	<b>1,170,616,788</b>	<b>₱1,170,616,788</b>	<b>1,170,616,788</b>	<b>₱1,170,616,788</b>
Subscribed:				
At beginning and end of year	7,383,030	₱7,383,030	7,383,030	₱7,383,030
Subscriptions receivable:				
At beginning and end of year	(1,367,688)	(1,367,688)	(1,367,688)	(1,367,688)
	<b>6,015,342</b>	<b>₱6,015,342</b>	<b>6,015,342</b>	<b>₱6,015,342</b>



The par value of the shares of stock is ₱1.

Below is the Group's track record of registration of securities under the Securities Regulation Code of the SEC:

Date of Registration (SEC Approval)	Description	Number of shares registered	Par value per share	Total amount
June 25, 1958	Initial Capital	50,000,000	₱0.01	₱500,000
November 5, 1958	Increase in authorized capital stock	1,000,000,000	0.01	10,000,000
		1,050,000,000		10,500,000
February 26, 1970	Increase in authorized capital stock	1,000,000,000	0.01	10,000,000
		2,050,000,000		20,500,000
March 22, 1979	Increase in authorized capital stock	8,000,000,000	0.01	80,000,000
		10,050,000,000		100,500,000
September 14, 1990	Increase in authorized capital stock	19,950,000,000	0.01	199,500,000
		30,000,000,000		300,000,000
March 13, 1996	Change of par value from ₱0.01 to ₱1.00	300,000,000	1.00	300,000,000
March 13, 1996	Increase in authorized capital stock	1,700,000,000	1.00	1,700,000,000
	<b>Total Authorized Capital</b>	<b>2,000,000,000</b>		<b>₱2,000,000,000</b>

As of December 31, 2013 and 2012, there were no movements in the Group's registered securities. There are 3,116 and 3,130 shareholders as of December 31, 2013 and 2012, respectively who hold 1,164,999,818 shares.

## 19. Management Fees and Dividend Income

### *Management Fees*

The Group signed an agreement with EPL whereby the Group provides general administration and risk management services to the latter for the efficient management and supervision of EPL's Philippine investment operations. In consideration for such services, the Group is paid a monthly management fee for a period of 3.5 years from July 2007 to December 2010, subject to renewal thereafter as may be mutually agreed upon by the parties.

In 2011, the Group renewed its contract with EPL for another 5 years from January 1, 2011 to December 31, 2015. The service fee increased from \$150,000 per month to \$200,000 per month effective July 1, 2011.

For the years ended December 31, 2013, 2012 and 2011 management fees amounted to ₱103,077,000, ₱100,950,000 and ₱92,660,196, respectively. Accrued management fees amounted to ₱26,637,000 as of December 31, 2013 which is classified as "Others" under the "Receivables" account.

### *Dividend Income*

Dividend income pertains to dividends received from SPI, TPC, and ACMDC (see Notes 5 and 8).



## 20. Costs of Sales

Breakdown of costs of sales for 2013 is as follows:

Contractor's fee (see Note 1)	₱58,435,237
Depletion, depreciation and amortization (see Note 11)	1,959,725
Net change in inventory account	3,852,317
	₱64,247,279

## 21. General and Administrative Expenses

	2013	2012 (As restated; see Note 2)	2011 (As restated; see Note 2)
Taxes and licenses	₱26,896,223	₱4,156,201	₱12,697,479
Salaries, wages and employee benefits	18,305,915	10,783,805	13,653,072
Provision for impairment losses (see Notes 6 and 13)	11,494,027	-	-
Outside services	7,476,548	2,744,869	4,006,129
Transportation and travel	2,041,799	1,846,596	2,909,814
Depreciation (see Note 11)	1,494,675	1,292,638	1,480,548
Communication, light and water	1,397,026	1,190,154	1,231,429
Repairs and maintenance	1,193,013	190,724	521,960
Insurance	745,157	685,019	1,225,640
Representation and entertainment	598,976	501,407	438,969
Pension (see Note 23)	568,541	146,279	2,423,836
Office supplies	399,279	314,637	743,287
Membership fees	254,448	304,500	301,000
Others	2,497,742	1,186,869	4,075,978
	₱75,363,369	₱25,343,698	₱45,709,141

“Others” consist mainly of membership fees and gas and oil expenses, among others.

## 22. Interest Income, Expense and Other Finance Charges

The breakdown of interest income on bank deposits and receivables follows:

	2013	2012	2011
Cash in banks	₱208,191	₱620,613	₱3,445,277
Due from related parties	12,749,858	24,346,317	21,459,220
	₱12,958,049	₱24,966,930	₱24,904,497



Interest and other finance charges consist of:

	2013	2012	2011
Amortization of discount on long-term debt (see Notes 15 and 26)	P67,204,513	P56,039,221	P53,831,777
Interest expense (see Notes 14 and 15)	33,463,942	35,667,784	41,883,308
Guarantee fee (see Notes 15, 16 and 17)	-	-	3,163,889
Bank charges and others	-	7,361	17,992
	<b>P100,668,455</b>	<b>P91,714,366</b>	<b>P98,896,966</b>

Interest expense consists mainly of interest on due to related parties and long-term debt.

### 23. Pension Benefits Costs

APHC has a funded, noncontributory defined pension plan covering all its regular employees. The retirement benefit plan obligation is determined using the projected unit credit method. There was no plan of termination or curtailment for the years ended December 31, 2013, 2012 and 2011.

On February 14, 2013, the BOD approved payment of the retirement benefits of all of VMC's employees under its former policies as a result of VMC's change of management (see Note 1).

Prior to the payment of retirement benefits, the VMC has an unfunded defined benefit retirement plan covering all its regular full-time employees. The benefits are computed equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year.

The following tables summarize the funded status of APHC and the amounts recognized in the balance sheets, the components of net retirement benefit expense (income) recognized in the statements of comprehensive income and the changes in the present value of the defined benefit obligation and the fair value of plan assets.

#### *Retirement Benefit Plan Asset (Liability)*

	2013	2012 (APHC, As restated)	2012 (VMC)	2011 (APHC, As restated)
Present value of defined benefit obligation	P24,541,995	P24,933,000	(P5,382,060)	P22,506,462
Fair value of plan assets	36,316,385	45,282,977	-	43,296,712
Funded status	(11,774,390)	(20,349,977)	5,382,060	(20,790,250)
Effect of the asset ceiling	2,591,939	7,618,735	-	8,708,930
Retirement benefit plan asset (liability)	<b>P9,182,451</b>	<b>P12,731,242</b>	<b>(P5,382,060)</b>	<b>P12,081,320</b>



*Components of Net Retirement Benefit Expense (Income)*

	2013	2012 (As restated)	2011 (As restated)
Current service cost	₱1,039,508	₱961,768	₱929,227
Interest cost	1,545,846	1,519,186	4,445,102
Interest income on plan assets	(2,489,175)	(2,922,528)	(4,756,927)
Interest on the effect of the asset ceiling	472,362	587,853	310,218
Effect of settlement/curtailment gain	-	-	1,496,216
<b>Net retirement benefit expense</b>	<b>₱568,541</b>	<b>₱146,279</b>	<b>₱2,423,836</b>

*Movements in the Retirement Benefit Plan Asset (Liability) Recognized in the Parent Company Balance Sheets*

	2013	2012 (APHC, As restated)	2012 (VMC)	2011 (APHC, As restated)
Balances at beginning of year	₱12,731,242	₱12,081,320	(₱5,382,060)	₱5,710,846
Retirement benefit expense	(568,541)	(146,279)	-	(2,423,836)
Re-measurement gains (losses) on defined benefit obligation	(2,980,250)	796,201	-	1,174,176
Contributions paid	-	-	-	7,620,134
<b>Balances at end of year</b>	<b>₱9,182,451</b>	<b>₱12,731,242</b>	<b>(₱5,382,060)</b>	<b>₱12,081,320</b>

*Changes in the Present Value of the Defined Benefit Obligation*

	2013	2012 (As restated)	2011 (As restated)
Balances at beginning of year	₱24,933,000	₱22,506,462	₱44,010,909
Current service cost	1,039,508	961,768	929,227
Interest cost	1,545,846	1,519,186	4,445,102
Benefits paid	(10,270,000)	-	(19,010,000)
Settlement loss	-	-	1,496,216
Re-measurement (gains) losses:			
Actuarial losses (gains) arising from changes in financial assumptions	1,730,753	578,630	2,973,335
Actuarial losses (gains) arising from deviations of experience from assumptions	5,562,888	(633,046)	(12,338,327)
<b>Balances at end of year</b>	<b>₱24,541,995</b>	<b>₱24,933,000</b>	<b>₱22,506,462</b>



*Changes in the Fair Value of Plan Assets*

	2013	2012 (As restated)	2011 (As restated)
Balances at beginning of year	₱45,282,977	₱43,296,712	₱52,793,224
Interest income	2,489,175	2,922,528	4,756,927
Benefits paid	(10,270,000)	-	(19,010,000)
Re-measurement gains (losses)	(1,185,767)	(936,263)	(2,863,573)
Contributions paid	-	-	7,620,134
<b>Balances at end of year</b>	<b>₱36,316,385</b>	<b>₱45,282,977</b>	<b>₱43,296,712</b>

The assets of the Plan are being held by one trustee financial institution. The investing decisions of the Plan are made by certain officers of the Group duly authorized by the BOD.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2013	2012	2011
Insurance	100.0%	0.0%	0.0%
Government securities	0.0%	99.0%	97.0%
Others	0.0%	1.0%	3.0%

The principal assumptions used to determine retirement benefit plan obligation are as follows:

	2013	2012	2011
Discount rates	4.81%	6.20%	6.75%
Wage and salary increases	5.00%	5.00%	5.00%
Average expected future service years of active plan members	16.9	17.0	16.0

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2013, assuming all other assumptions were held constant:

	Increase (Decrease)	Amount
Discount rates	+1%	₱1,508,158
	-1%	1,282,566
Future salary increase rate	+1%	1,257,303
	-1%	1,079,562

The APHC does not expect to contribute to the defined benefit pension plan in 2014. The average duration of the defined benefit obligation at the end of the reporting date is 5.6 years.



## 24. Income Taxes

The provision for current income tax in 2013, 2012 and 2011 represents the regular corporate income tax for APHC while provision for VMC in 2013 represents MCIT.

The components of the Group's net deferred tax liabilities are as follows:

	2013	2012 (As restated)
Deferred taxes recognized in comprehensive income:		
<i>Deferred tax assets:</i>		
Unamortized past service cost	₱6,091,585	₱7,438,738
Allowance for impairment losses on receivables	1,629,875	1,629,875
Unrealized foreign exchange losses	19,846	-
NOLCO	-	26,842
	<b>7,741,306</b>	<b>9,095,455</b>
<i>Deferred tax liabilities:</i>		
Unamortized discount of long-term debt	45,337,825	49,334,084
Retirement benefit plan asset	1,374,172	1,544,735
Deferred revenue	1,629,875	1,629,875
Unrealized foreign exchange gains	-	10,958,063
	<b>48,341,872</b>	<b>63,466,757</b>
	<b>40,600,566</b>	<b>54,371,302</b>
Deferred tax liability related to re-measurement gains on defined benefit obligation recognized as other comprehensive income	1,380,563	2,274,638
	<b>₱41,981,129</b>	<b>₱56,645,940</b>

As of December 31, 2013, the Group did not recognize deferred tax assets on the following deductible temporary differences and carryforward benefits of MCIT and NOLCO since management believes that it is not probable that sufficient taxable profit will be available against which the benefits can be utilized:

	2013	2012
Deductible temporary differences on:		
Allowance for impairment losses on:		
Receivables	₱11,324,143	₱11,447,577
Advances against royalties	14,336,742	2,850,000
Other noncurrent assets	36,137	-
Other current assets	27,284	56,137
Decommissioning liability, net of the corresponding asset	1,652,106	890,266
Unrealized foreign exchange loss	669,000	-
MCIT	-	1,413,514
NOLCO	-	11,892,502
Retirement benefit obligation	-	5,382,060
Allowance on inventory obsolescence	-	5,220,738



Movements in NOLCO are as follows:

	2013	2012
Balances at beginning of year	₱11,981,976	₱3,967,592
Applied against taxable income	(11,981,976)	-
Additions	-	8,014,384
<b>Balances at end of year</b>	<b>₱-</b>	<b>₱11,981,976</b>

As of December 31, 2013, excess MCIT that can be claimed as deduction from future taxable income and income tax liabilities is as follows:

	2013	2012
Balances at beginning of year	₱1,413,514	₱1,778,081
Applied against taxable income	(1,413,514)	-
Additions	-	373,607
Expirations	-	(738,174)
<b>Balances at end of year</b>	<b>₱-</b>	<b>₱1,413,514</b>

The reconciliation of income tax computed at statutory tax rate to provision for income tax follows:

	2013	2012 (As restated)	2011 (As restated)
Income tax at statutory rate	₱62,607,460	₱127,061,480	₱95,604,974
Additions to (reductions in) income tax resulting from:			
Nondeductible expenses	7,140,317	1,571,334	4,702,966
Loss on receivable restructuring	3,982,762	-	-
Dividend income subject to zero-rated income tax	(20,415,554)	(6,237,084)	(5,271,811)
Income subjected to transfer tax	(20,004,810)	-	(43,450,848)
Fair value changes of financial assets at FVPL	(18,099,816)	(71,214,769)	(10,474,716)
Equity in net earnings of associates	(13,485,112)	(10,544,970)	(9,106,435)
Change in unrecognized deferred tax assets	(3,826,195)	-	-
Interest income subjected to final tax and others	(109,832)	(186,184)	(1,033,583)
Others	2,357,549	-	-
	<b>₱146,769</b>	<b>₱40,449,807</b>	<b>₱30,970,547</b>



## 25. Basic and Diluted EPS

Basic and diluted earnings per share are computed as follows:

	2013	2012 (As restated)	2011 (As restated)
Net income for the year	₱208,544,763	₱383,088,459	₱287,712,702
Divided by weighted average number of common shares	1,164,999,818	1,164,999,818	1,165,000,000
<b>Basic and diluted earnings per share</b>	<b>₱0.18</b>	<b>₱0.33</b>	<b>₱0.25</b>

The resulting per share amounts are the same for both basic and diluted earnings per share in 2013, 2012 and 2011 since the Group does not have any debt or equity securities that will potentially cause an earnings per share dilution.

## 26. Financial Risk Management and Capital Management

The main purpose of the Group's financial liabilities is to finance the Group's operations and capital expenditures. The Group has various financial assets such as cash and cash equivalents, receivables, financial assets at FVPL and AFS investments which arise directly from its operations.

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to credit risk, liquidity risk, foreign currency risk and equity price risk from the use of its financial instruments. The Board reviews and approves the policies for managing each of these risks and they are summarized below.

### *Credit Risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's cash with banks, short term deposits and receivables.

The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees and debtors who are highly reputable and with good credit standing.

The Group has assessed the credit quality of the following financial assets:

- Cash and cash equivalents and short-term deposits are classified as high grade since these are deposited with reputable counterparties.
- Trade and other receivables that are past due by over 120 days are still collectible from various debtors. Receivables from related parties are classified standard grade since these are receivables from related parties which were transacted on an arm's length basis taking into account the related parties' financial standing and ability to pay. Other than receivable which



was written off in 2011, there was no history of default on the outstanding receivables as of December 31, 2013 and 2012.

Cash with banks are deposits made with reputable banks duly approved by the BOD.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to credit risk is not significant. There were no impaired receivables as of December 31, 2013 and 2012. In 2011, the Group wrote-off its receivable from VIMC amounting to ₱2,130,186 (see Note 6). The remaining receivables are not past due and are assessed to be collectible and in good standing as of December 31, 2013 and 2012.

The Group's maximum exposure to credit risk is equal to the aggregate carrying amount of its financial assets.

#### *Liquidity Risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

The Group's financial assets used for liquidity management are its cash and cash equivalents, financial assets at FVPL, receivables and AFS investments.

As of December 31, 2013 and 2012, the Group's cash and cash equivalents may be withdrawn anytime, while its financial assets at FVPL and AFS investments are traded in the stock exchange and may be converted to cash by selling them during the normal trading hours on any business day.

The maturity profile of the Group's financial assets used for liquidity management based on their maturities is as follows:

	2013					
	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired	Total
Cash and cash equivalents	₱22,180,599	₱-	₱-	₱-	₱-	₱22,180,599
Financial assets at FVPL*	-	114,746,731	-	-	-	114,746,731
Receivables	31,597,454	3,347,744	160,997,349	6,978,193	16,757,060	219,677,800
AFS investments*	-	-	-	3,215,562,906	-	3,215,562,906
	<b>₱53,778,053</b>	<b>₱118,094,475</b>	<b>₱160,997,349</b>	<b>₱3,222,541,099</b>	<b>₱16,757,060</b>	<b>₱3,572,168,036</b>

\*Based on expected date of disposal.

	2012					
	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired	Total
Cash and cash equivalents	₱38,854,568	₱-	₱-	₱-	₱-	₱38,854,568
Financial assets at FVPL*	-	757,001,944	-	-	-	757,001,944
Receivables	5,908,432	3,347,744	215,005,035	-	16,880,494	241,141,705
AFS investments*	-	-	-	3,246,796,186	-	3,246,796,186
	<b>₱44,763,000</b>	<b>₱760,349,688</b>	<b>₱215,005,035</b>	<b>₱3,246,796,186</b>	<b>₱16,880,494</b>	<b>₱4,283,794,403</b>

\*Based on expected date of disposal.



The Group's financial liabilities based on contractual undiscounted payments are as follows:

	2013				Total
	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	
Accounts payable and accrued expenses	₱20,291,214	₱685,919	₱176,658,361	₱5,684,400	₱203,319,894
Short-term loan payable:					
Principal	50,000,000	-	-	-	50,000,000
Future interest	66,667	-	-	-	66,667
Long-term debt:					
Principal	-	-	638,792,567	1,037,453,750	1,676,246,317
Future interest	14,196,847	14,196,847	36,855,596	20,466,946	85,716,236
	₱84,554,728	₱14,882,766	₱852,306,524	₱1,063,605,096	₱2,015,349,114

\*Excluding accrued taxes.

	2012				Total
	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	
Accounts payable and accrued expenses	₱78,498,434	₱109,423,035	₱60,700,456	₱-	₱248,621,925
Short-term loan payable:					
Principal	3,117,531	-	-	-	3,117,531
Future interest	187,052	-	-	-	187,052
Long-term debt:					
Principal	50,000,000	485,062,543	50,000,000	1,188,477,464	1,773,540,007
Future interest	16,551,550	14,551,550	17,827,162	35,654,324	84,584,586
	₱148,354,567	₱609,037,128	₱128,527,618	₱1,224,131,788	₱2,110,051,101

\*Excluding accrued taxes.

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and other market variables which will adversely affect the Group's total comprehensive income or value of its financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters. The exposures to specific market risks are as follows:

#### Foreign Exchange Risk

The Group uses the Philippine peso as its functional currency and is therefore exposed to foreign exchange movements, primarily in U.S. dollar currency. The Group follows a policy to manage its foreign exchange risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-peso currencies.

Information on the Group's \$-denominated monetary assets and liabilities and their ₱ equivalent are as follows:

	2013		2012	
	\$	₱	\$	₱
Financial Assets:				
Cash and cash equivalents	7,430	329,857	674,752	27,698,572
Receivables	600,000	26,637,000	-	-
Financial Liabilities:				
Accounts payable and accrued expenses	200,000	8,879,000	200,000	8,210,000
Long-term debt	-	-	12,446,468	510,927,526
Net foreign currency-denominated liabilities	407,430	18,087,857	(11,971,716)	(491,438,954)



As of December 31, 2013 and 2012, the exchange rate of the Philippine peso to the USD is ₱44.40 and ₱41.05, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in Philippine ₱/\$, with all other variables held constant, of the Group's income before income tax.

There is no other impact on the Group's equity other than those affecting the statements of comprehensive income.

	Change in ₱/\$ exchange rate	
	\$ strengthens by 5%	\$ weakens by 5%
Increase (decrease) in income before income tax and inequity		
<b>2013</b>	<b>₱904,393</b>	<b>(₱904,393)</b>
2012	(24,161,448)	24,161,448
2011	(26,020,081)	26,020,081

*Equity Price Risk*

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of the listed shares. The equity price risk exposure arises from the Group's investment in financial assets at FVPL and quoted AFS investments.

The effects on equity and income before income tax, (as a result of a change in the fair value of AFS equity investments and financial assets at FVPL, respectively, at December 31, 2013, 2012 and 2011 due to a reasonably possible change in bid market prices, with all other variables held constant), are as follows:

*Financial Assets at FVPL*

	Change in fair market value	
	Increase in market indices by 5%	Decrease in market indices by 5%
Increase (decrease) in income before income tax and in equity		
<b>2013</b>	<b>₱7,286,417</b>	<b>(₱7,286,417)</b>
2012	26,926,198	(26,926,198)
2011	8,290,506	(8,290,506)

*AFS Investments*

	Change in fair market value	
	Increase in market indices by 5%	Decrease in market indices by 5%
Increase (decrease) in other comprehensive income and in equity		
<b>2013</b>	<b>₱42,560,837</b>	<b>₱42,560,837</b>
2012	151,418,418	(151,418,418)
2011	144,361,321	(144,361,321)

The impact on the Group's equity already excludes the impact on transactions affecting the statement of comprehensive income.



Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The table below presents a comparison of carrying amount and estimated fair value of the Group's long-term debt as of December 31, 2013 and 2012:

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Other financial liabilities:</b>				
Long-term debt	<b>₱1,575,117,133</b>	<b>₱1,325,317,791</b>	₱1,609,090,960	₱1,772,081,531

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

*Cash and Cash Equivalents, Receivables, Accounts Payable and Accrued Expenses and Short-term Loans Payable*

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses and short-term loans payable approximate their fair values due to their short-term maturities.

*Financial Assets at FVPL and AFS Investments*

The fair values of publicly traded instruments and similar investments are determined based on quoted bid market prices at the balance sheet date. For unquoted AFS equity securities for which no reliable basis of fair value measurement is available, these are carried at cost, less impairment loss. The carrying amount of financial assets at FVPL and AFS investments approximate their fair values at the balance sheet date.

*Long-term Debt*

The fair value of the long-term debt is based on the discounted value of future cash flows using the applicable rates for similar types of loans ranging from 5.13% to 6.44% and 3.06% to 4.11% in 2013 and 2012, respectively. The fair value disclosed is determined under Level 2 hierarchy.

Fair Value Hierarchy

The Group uses the following hierarchy in determining the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets or identical assets or liabilities

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data

	2013		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Financial assets at FVPL	<b>₱114,746,731</b>	<b>₱-</b>	<b>₱-</b>
AFS investments - quoted equity securities	<b>3,177,135,070</b>	-	-
	<b>₱3,291,881,801</b>	<b>₱-</b>	<b>₱-</b>



	2012		
	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Financial assets at FVPL	₱757,001,944	₱-	₱-
AFS investments - quoted equity securities	3,208,368,350	-	-
	<b>₱3,965,370,294</b>	<b>₱-</b>	<b>₱-</b>

For the years ended December 31, 2013 and 2012, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of the level 3 measurements.

#### Capital Management

The Group's objectives when managing capital is to maintain a capital structure that provides a balance between the risk associated with higher level of borrowings and the advantages and security of a sound capital position.

The BOD has overall responsibility in monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group monitors capital on the basis of the debt-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, income tax payable, short-term loan payable, long-term debt, pension liability and deferred income tax liability. Total equity comprises all components of equity including capital stock, additional paid-in capital, net unrealized valuation gain on AFS investments and retained earnings, reduced by treasury shares.

There were no changes in the Group's approach to capital management in 2013 and 2012. The Group is also not subject to any externally-imposed capital requirements.

The debt-to-equity ratio of the Parent Company as of December 31, 2013 and 2012 is as follows:

	2013	2012 (As restated)
Total liabilities	<b>₱1,859,116,622</b>	₱1,952,807,680
Total equity	<b>2,821,018,352</b>	3,496,902,033
Debt-to-equity ratio	<b>0.66</b>	0.56

The following table pertains to the accounts and balances the Group considers as its core capital:

	2013	2012 (As restated)
Capital stock	<b>₱1,176,632,130</b>	₱1,176,632,130
Additional paid-in capital	<b>4,658,460</b>	4,658,460
Retained earnings	<b>1,304,511,235</b>	1,165,866,461
Treasury stock	<b>(27,566,075)</b>	(27,566,075)
	<b>₱2,458,235,750</b>	₱2,319,590,976



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## 27. Segment Reporting

As discussed in Note 2 the financial statements, the Group adopted PFRS 8 with effect from January 1, 2009. PFRS 8 requires operating segments to be identified on the basis of internal reports, which is similar to management basis, about components of the Group that are regularly reviewed by the chief operating decision maker.

For management purposes, the Group's operating segments pertain to its investment in VMC, a subsidiary and investments in NTDCC and UPMC, associates. VMC's main business is mining exploration and sale of aggregates. Investments in associates amounted to ₱851,145,870 and ₱887,750,848 as of December 31, 2013 and 2012, respectively. NTDCC owns and operates the Trinoma Commercial Center, while UPMC's main business is the exploration, development, exploitation, recovery and sales of gold.



Management monitors the operating results of its investments in associates separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on total revenues.

(in thousands)

	VMC		NTDCC			UPMC		
	2013	2012	2013	2012	2011	2013	2012	2011
<b>Revenue</b>								
External customers	₱86,138	₱66,210	₱1,829,029	₱1,764,180	₱1,686,897	₱-	₱-	₱-
Foreign exchange gain	-	558	-	-	-	-	5,963	-
Interest income	47	79	93,091	89,161	82,179	114	1,769	756
Other income	-	4,916	7,218	22,328	7,450	2,015	20,214	1,217
<b>Total revenue</b>	<b>86,185</b>	<b>71,763</b>	<b>1,929,338</b>	<b>1,875,669</b>	<b>1,776,526</b>	<b>2,129</b>	<b>27,946</b>	<b>1,973</b>
<b>Costs and Expenses</b>								
Direct operating	64,247	71,227	1,186,134	824,848	793,471	-	-	-
Depreciation	2,269	665	-	352,686	348,044	-	-	-
Interest expense	85	1,286	118,586	152,539	180,091	50,719	44,811	41,518
General and administrative	16,745	22,375	45,019	43,170	37,248	27,165	61,697	20,579
Foreign exchange	-	-	-	-	-	6,516	-	1,554
<b>Total costs and expenses</b>	<b>83,346</b>	<b>95,553</b>	<b>1,349,739</b>	<b>1,373,243</b>	<b>1,358,854</b>	<b>84,400</b>	<b>106,508</b>	<b>63,651</b>
Income (loss) before income tax	2,839	(23,790)	579,599	502,426	417,672	(82,271)	(78,562)	(61,678)
Provision for income tax	(495)	(374)	(181,196)	(150,714)	(125,304)	(65)	(405)	(31)
<b>Net income (loss)</b>	<b>₱2,344</b>	<b>(₱24,164)</b>	<b>₱398,403</b>	<b>₱351,712</b>	<b>₱292,368</b>	<b>(₱82,336)</b>	<b>(₱78,967)</b>	<b>(₱61,709)</b>
<b>Operating assets</b>	<b>₱99,155</b>	<b>₱108,339</b>	<b>₱6,913,478</b>	<b>₱7,044,761</b>	<b>₱7,206,460</b>	<b>₱1,127,380</b>	<b>₱1,155,152</b>	<b>₱1,220,505</b>
<b>Operating liabilities</b>	<b>₱95,626</b>	<b>₱107,152</b>	<b>₱4,671,783</b>	<b>₱4,684,725</b>	<b>₱4,735,036</b>	<b>₱836,418</b>	<b>₱781,853</b>	<b>₱769,340</b>
<b>Other disclosure:</b>								
Capital expenditures	₱12	₱3,944	₱-	₱9,094	₱1,376	₱2,574	₱9,564	₱156

Capital expenditures consist of additions to property and equipment.

Other required information for the segments are disclosed in Notes 9 and 10 to the financial statements.



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**28. Note to Statements of Cash Flows**

*Noncash Operating and Investing Activities:*

2013

Offsetting of accrued guarantee fees against advances to Alakor amounting to ₱19,318,035 (see Note 17).

2012

Acquisition on account of 100% interest in VMC amounting to ₱697,670 (see Note 8).

2011

Sale of UPMC shares to EPL amounting to ₱238,916,961 (see Notes 9 and 13).





Building a better  
working world

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Fax: (632) 819 0872  
ey.com/ph

BOA/PRC Reg. No. 0001,  
December 28, 2012, valid until December 31, 2015  
SEC Accreditation No. 0012-FR-3 (Group A),  
November 15, 2012, valid until November 16, 2015

## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULE**

The Stockholders and the Board of Directors  
Anglo Philippine Holdings Corporation and Subsidiary  
6th Floor, Quad Alpha Centrum Building  
125 Pioneer Street, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Anglo Philippine Holdings Corporation and Subsidiary (collectively, the Group) as at and for the years ended December 31, 2013 and 2012 and the financial statements of Anglo Philippines Holdings Corporation for the year ended December 31, 2011, included in this Form 17-A, and have issued our report thereon dated April 2, 2014. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

John T. Villa  
Partner  
CPA Certificate No. 94065  
SEC Accreditation No. 0783-AR-1 (Group A),  
February 9, 2012, valid until February 8, 2015  
Tax Identification No. 901-617-005  
BIR Accreditation No. 08-001998-76-2012,  
April 11, 2012, valid until April 10, 2015  
PTR No. 4225231, January 2, 2014, Makati City

April 2, 2014



### **Supplementary Schedules**

1. Reconciliation of Retained Earnings Available for Dividend Declaration
2. Tabular Schedule of Standards and Interpretations as of Reporting Date
3. Supplementary Schedules required by Annex 68-E
  - A. Financial Assets (**See attached**)
  - B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Stockholders (Other Than Related Parties) (**N/A**)
  - C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements (**see attached**)
  - D. Intangible Assets – Other Assets (**N/A**)
  - E. Long Term Debt (see attached)
  - F. Indebtedness to Related Parties (**see attached**)
  - G. Guarantees of Securities of Other Issuers (**N/A**)
  - H. Capital Stock (**See attached**)
4. Map of the Relationship of the Companies Within the Group
5. Financial Ratios

**ANGLO PHILIPPINE HOLDINGS CORPORATION**

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**SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Unappropriated Retained Earnings available as of December 31, 2012		₱1,157,800,893
Adjustments:		
Unamortized discount of long-term debt	(₱164,446,947)	
Unrealized fair value changes	(81,984,332)	(246,431,279)
Unappropriated Retained Earnings, as adjusted, at December 31, 2012		911,369,614
Net income based on the face of audited financial statement		211,226,056
Adjustments:		
Discount on long-term debt	(₱53,883,649)	
Amortization of discount on long-term debt	67,204,513	
Fair value adjustments	9,892,279	23,213,143
Unappropriated Retained Earnings at December 31, 2013		1,145,808,813
Less: Cash dividends declared in 2013		69,899,989
Treasury shares		27,566,075
Retained earnings available for dividend declaration at December 31, 2013		₱1,048,342,749



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**SCHEDULE OF ALL THE EFFECTIVE STANDARDS**  
**AND INTERPRETATIONS**  
**AS OF DECEMBER 31, 2013**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: First-time Adoption of PFRS - Borrowing Costs			✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'		Not early adopted	
<b>PFRS 2</b>	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Share-based payment - Definition of Vesting Condition		Not early adopted	
<b>PFRS 3 (Revised)</b>	Business Combinations	✓		
	Amendments to PFRS 3: Business Combinations - Accounting for Contingent Consideration in a Business Combination		Not early adopted	
	Amendments to PFRS 3: Business Combinations - Scope Exceptions for Joint Arrangements		Not early adopted	
<b>PFRS 4</b>	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations			✓
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources	✓		
<b>PFRS 7</b>	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets		Not early adopted	
PFRS 9	Financial Instruments*	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		Not early adopted	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities		Not early adopted	
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Investment Entities		Not early adopted	
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13: Fair Value Measurement - Short-term Receivables and Payables		Not early adopted	
	Amendments to PFRS 13: Fair Value Measurement - Portfolio Exception		Not early adopted	
<b>Philippine Accounting Standards</b>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Presentation of Financial Statements - Clarification of the requirements for comparative information	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Property, Plant and Equipment - Classification of servicing equipment		Not early adopted	
	Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation		Not early adopted	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24, Related Party Disclosures - Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities		Not early adopted	
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities*		Not early adopted	
	Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity instruments		Not early adopted	
PAS 33	Earnings per Share	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
<b>PAS 34</b>	Interim Financial Reporting			✓
	Amendments to PAS 34: Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
<b>PAS 36</b>	Impairment of Assets	✓		
	Amendments to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets		Not early adopted	
<b>PAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets	✓		
<b>PAS 38</b>	Intangible Assets			✓
	Amendments to PAS 38: Intangible Assets - Revaluation Method - Proportionate Restatements of Accumulated Amortization		Not early adopted	
<b>PAS 39</b>	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting		Not early adopted	
<b>PAS 40</b>	Investment Property			✓
	Amendment to PAS 40: Investment Property			✓
<b>PAS 41</b>	Agriculture			✓
<b>Philippine Interpretations</b>				
<b>IFRIC 1</b>	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
<b>IFRIC 2</b>	Members Share in Co-operative Entities and Similar Instruments			✓
<b>IFRIC 4</b>	Determining Whether an Arrangement Contains a Lease			✓
<b>IFRIC 5</b>	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
<b>IFRIC 6</b>	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
<b>IFRIC 7</b>	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine*	✓		
IFRIC 21	Levies		Not early adopted	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**SCHEDULE A - FINANCIAL ASSETS**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2013**

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 (in Peso)	Valued based on market quotation end of reporting period (in Peso)	Income received and accrued (in Peso)
The Philodrill Corporation (FVPL)	3,278,478,022	114,746,731	114,746,731	3,253,478
The Philodrill Corporation (AFS)	19,500,000,000	682,500,000	682,500,000	9,750,000
Atlas Consolidated Mining & Dev't. Corp. (AFS)	171,570,500	2,494,635,070	2,494,635,070	42,892,625

**SCHEDULE B**

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY  
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER  
THAN RELATED PARTIES)**

**PURSUANT TO SRC RULE 68, AS AMENDED**

**December 31, 2013**

<b>Designation of Debtor</b>	<b>Beginning period</b>	<b>Additions</b>	<b>Amounts Collected</b>	<b>Amounts Written Off</b>	<b>Current</b>	<b>Non-Current</b>	<b>Balance at end of period</b>
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*(None)*

**SCHEDULE C**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**December 31, 2013**

Name and Designation of Debtor	Balance at Beginning period (12/31/2012)	Additions	Amounts Collected/ Settlements	Amounts Written Off	Current	Non-Current	Balance at end of period (12/31/2013)
Vulcan Materials Corporation (wholly owned subsidiary)	3,640,221	3,855,220	3,000,000	-	4,495,441	-	4,495,441

**SCHEDULE D**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**INTANGIBLE ASSETS - OTHER ASSETS**  
**(OTHER THAN RELATED PARTIES)**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**December 31, 2013**

<b>Description</b>	<b>Beginning balance</b>	<b>Additions at cost</b>	<b>Charged to cost and expenses</b>	<b>Charged to other accounts</b>	<b>Other changes additions (deductions)</b>	<b>Ending balance</b>
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*(None)*

**SCHEDULE E**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**LONG-TERM DEBT**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2013**

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
Long Term Debt-EPL*	n/a	-	1,475,117,133
Long Term Debt-Philodrill**	n/a	P50,000,000	P50,000,000

\* Net of discount. Interest rate is at 1.5% p.a., maturity are as follows:

1. P100,006,025 - June 30, 2015
2. P488,785,542 - June 30, 2016
3. P599,685,898 - October 30, 2017
4. P437,767,853 - Dec. 17, 2018

\*\* Interest rate is at P8% p.a., maturity are as follows:

1. P50,000,000 - June 30, 2015
2. P50,000,000 - January 6, 2014

**SCHEDULE F**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**DEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIE**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2013**

<b>Name of Related Party</b>	<b>Balance at beginning of period</b>	<b>Balance at the end of period</b>
The Philodrill Corporation	100,000,000	100,000,000

**SCHEDULE G**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**GUARANTEES OF SECURITIES OF OTHER ISSUERS**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2013**

<b>Name of issuing entity of securities guaranteed by the company for which this statement is filed</b>	<b>Title of issue of each class of securities guaranteed</b>	<b>Total amount guaranteed and outstanding</b>	<b>Amount owed by person for which statement is filed</b>	<b>Nature of guarantee</b>	<b>Other changes additions (deductions)</b>	<b>Ending balance</b>
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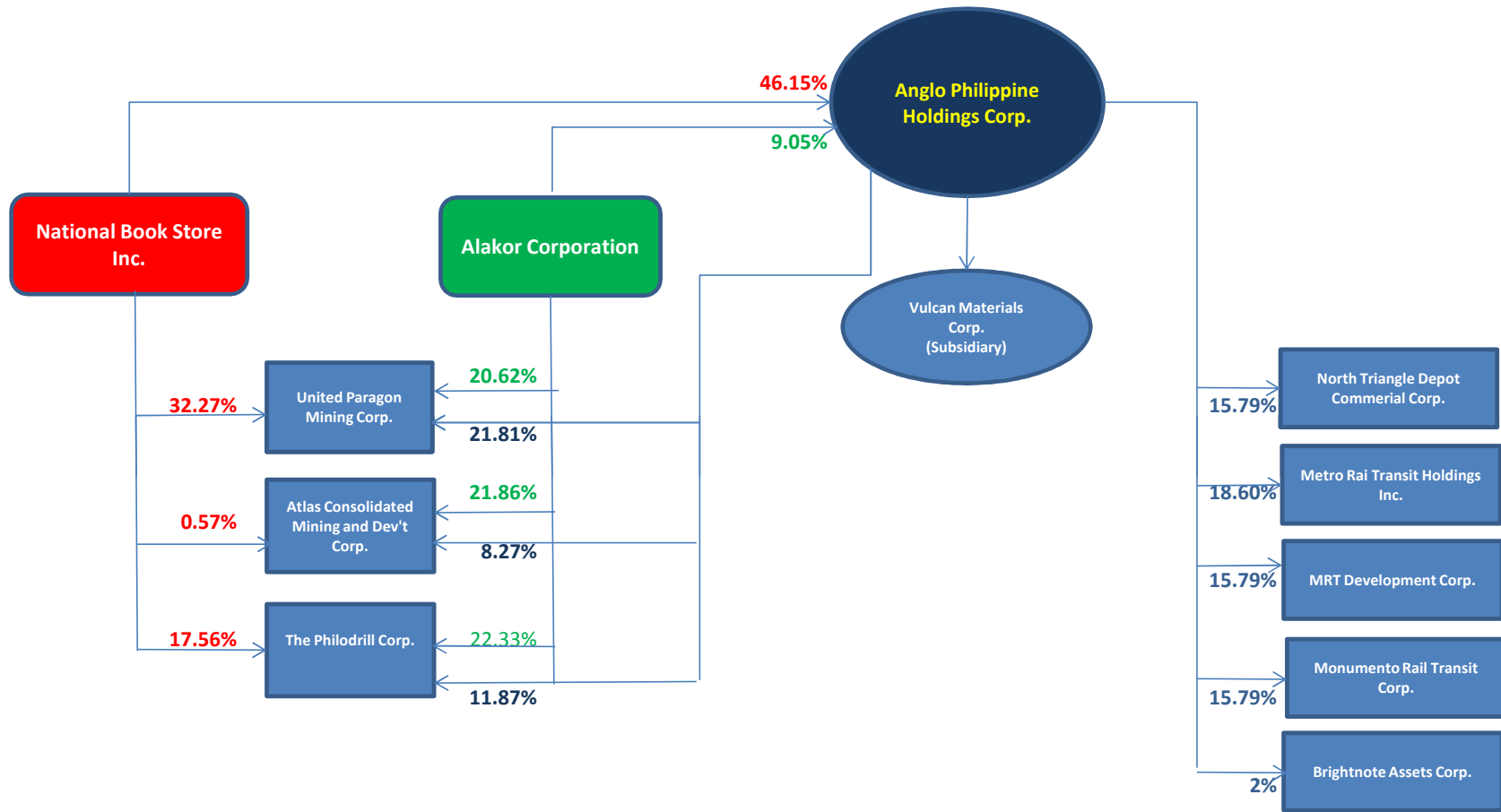
*(None)*

**SCHEDULE H**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**CAPITAL STOCK**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2013**

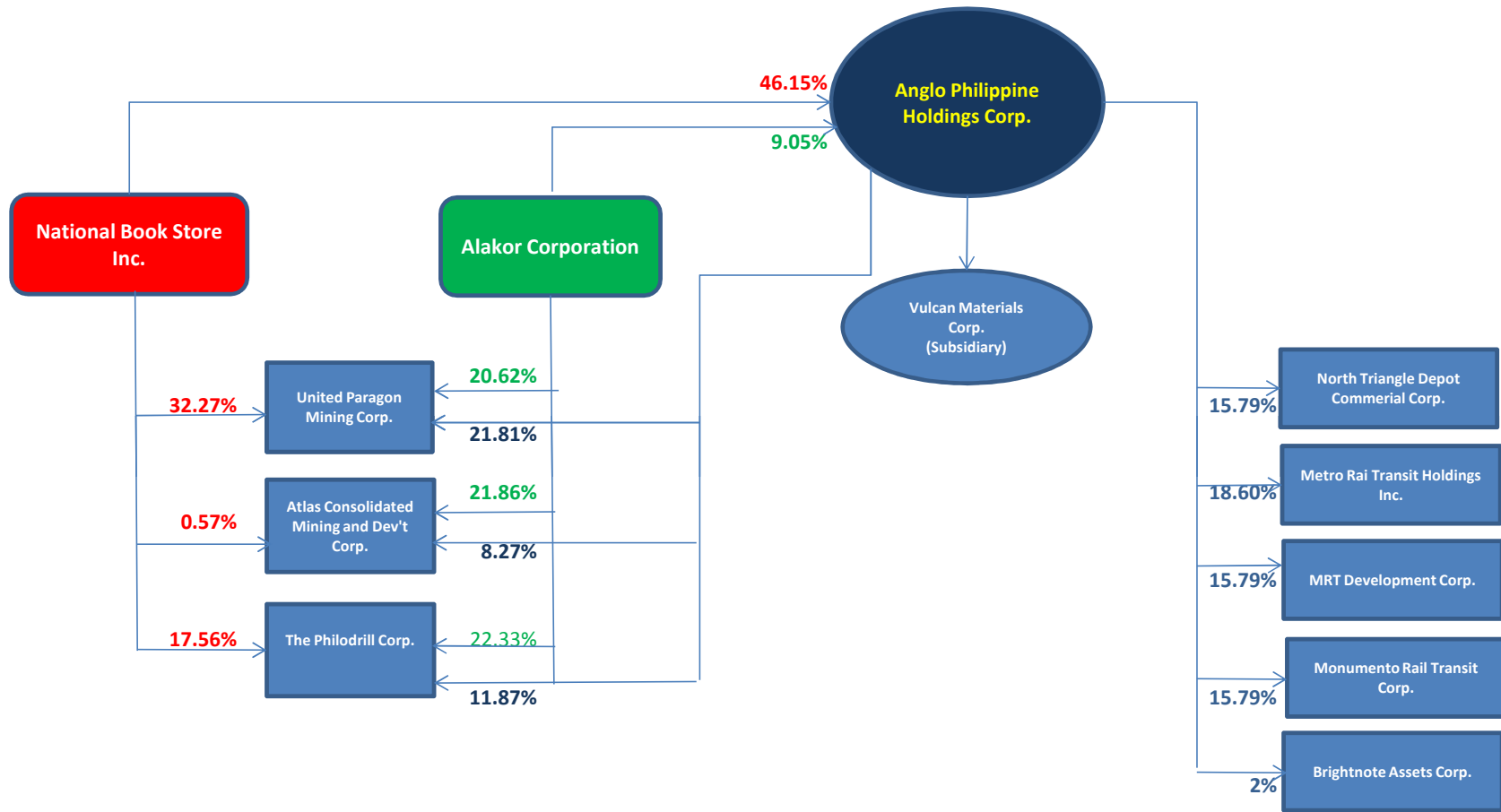
<b>Title of issue</b>	<b>Number of Shares authorized</b>	<b>Number of shares issued and outstanding at shown under related balance sheet caption</b>	<b>Number of shares reserved for options, warrants, conversion and</b>	<b>Number of shares held by related parties</b>	<b>Directors officers and employees</b>	<b>Others</b>
Common shares	2,000,000,000	1,177,999,818*	-	642,973,931	70,983,163	-

\* Including 13,000,000 shares in Treasury Stock

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY  
MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN GROUP  
PURSUANT TO SRC RULE 68, AS AMENDED  
DECEMBER 31, 2013**



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY  
MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN GROUP  
PURSUANT TO SRC RULE 68, AS AMENDED  
DECEMBER 31, 2013**



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY**  
**FINANCIAL RATIOS**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**December 31, 2013**

	12/31/2013	12/31/2012	12/31/2011
<b>Current Ratio</b>	<b>1.26:1</b>	1.29:1	0.92:1
<b>Assets to Equity Ratio</b>	<b>1.66:1</b>	1.56:1	1.69:1
<b>Debt to Equity Ratio</b>	<b>0.66:1</b>	0.56:1	0.69:1
<b>Equity to Debt Ratio</b>	<b>1.52:1</b>	1.79:1	1.44:1
<b>Book Value per share</b>	<b>2.42</b>	3.00	2.46
<b>Earnings per share</b>	<b>0.18</b>	0.33	0.25
<b>Interest Coverage Ratio</b>	<b>5.65</b>	13.46	8.59
<b>Return on Assets</b>	<b>4.46%</b>	7.03%	5.94%
<b>Return on Equity</b>	<b>7.42%</b>	10.96%	10.05%
<b>Net Profit Margin</b>	<b>41.98%</b>	70.23%	61.80%