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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)

Atty. Adrian S. Arias														
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Contact Person

+63(2)6315139														
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Company Telephone Number

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Month

3	0
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Day

June 30, 2014

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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

3	1	1	1
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Total No. of Stockholders

Total Amount of Borrowings

P100 Million

Domestic

P1,470.7 Million

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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

**QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE**

1. For the Quarterly Period ended: **June 30, 2014**
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 Corp.**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office: **6th Floor Quad Alpha Centrum, 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 Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock (P1.00 par value)	<u>1,164,999,818 (excluding 13,000,000 shares in Treasury Stock)</u>
Loans Payable and Long Term Debt	<u>P1,570.7 Million</u>

11. Are any or all of these securities listed on 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 Section 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [X] No []
 - b) has been subject to such filing requirement held for the past 90 days.
Yes [X] No []
13. Documents incorporated by reference:
 - a) The Company's 2013 Audited Financial Statements.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements Required Under SRC Rule 68

1. The unaudited Consolidated Financial Statements of the Company for the quarter ended 30 June 2014 are included in this report. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this SEC Form 17-Q.
2. Interim Statements of Comprehensive Income for the current interim period (01 January to 30 June 2014), with comparative Statement of Comprehensive Income for the comparable period (01 January to 30 June 2013) are attached to this report.
3. A statement showing changes in equity cumulatively for the current financial year to date period (01 January to 30 June 2014), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 30 June 2013) are attached to this report.
4. The basic and diluted earnings per share are presented on the face of the attached Statement of Comprehensive Income (01 January to 30 June 2014), as well as the basis of computation thereof.
5. The Company's interim financial report for the 2nd quarter 2014 has been prepared in accordance with Philippine Financial Reporting Standards (PFRS).
6. The Company follows the same accounting policies and methods of computation in its interim financial statements (01 January to 30 June 2014) compared with the most recent annual financial statements (2013), and **NO** policies or methods have been changed.
7. Owing to the nature of the business of the Company as an investments holding firm, there were **NO** seasonal or cyclical aspects that had a material effect on the financial condition or results of interim operations of the Company.
8. There were **NO** unusual items during the interim period (01 January to 30 June 2014), the nature, amount, size or incidents of which have affected the assets, liabilities, equity, net income or cash flows of the Company, **EXCEPT** that on June 17, 2014, Alakor Corporation ("Alakor") and its affiliate, National Book Store, Inc. ("NBS") subscribed to 414,700,000 shares and 85,300,000 shares, respectively, at a subscription price of Php1.8516 per share, from the increase in capital stock of the Corporation as approved by a majority of its stockholders at the meeting held on May 20, 2014. The 25% subscription price, or P231,450,000.00, was paid by Alakor and NBS on their respective subscriptions and was booked as deposit for future subscription in the Company's book of accounts.
9. There were **NO** changes in the estimates of amounts reported in prior financial years (2013 and 2012) that had a material effect in the current interim period (01 January to 30 June 2014).
10. There were **NO** issuances, repurchases and repayments of debt and equity securities during the current interim period (01 January to 30 June 2014).
11. The Company does not generate revenues from any particular segment and its business (investment holding) is not delineated into any segment, whether by business or geography. The Company is not required to disclose segment information in its financial statements.

12. Up to the time of the filing of this Quarterly Report, there were **NO** material events subsequent to the end of the interim period (01 January to 30 June 2014) that have not been reflected in the financial statements for said interim period, **EXCEPT** that on July 11, 2014 the Company acquired from Alakor and NBS, a total of 43,061,809,706 shares of The Philodrill Corporation (“OV”) by way of a special block sale, at a price of P0.03738 per share which is equivalent to the volume weighted average price of OV shares for the previous 60 trading days reckoned from April 30, 2014.
13. There were **NO** changes in the composition of the Company during the interim period (01 January to 30 June 2014), and there were no business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuance of operations during said interim period.
14. The Company has **NO** contingent liabilities or contingent assets as of its last annual balance sheet date (31 December 2013) and as of the end of the current interim period (30 June 2014).
15. There are **NO** material contingencies and any other events or transactions that are material to an understanding of the current interim period (01 January to 30 June 2014).

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation

Financial Performance – 2nd Quarter, 2014

Comparative financial highlights for the 2nd quarters of fiscal years 2014 and 2013 are presented below:

	<u>30 June 2014</u>	<u>30 June 2013</u>
Revenues	133,236,838	193,957,753
Net Income	95,399,073	143,962,667
Total Assets	5,012,821,671	4,867,591,846
Total Liabilities	2,091,552,317	1,933,293,963
Net Worth	2,921,269,354	2,934,297,883
Issued and Outstanding Capital	1,164,999,818	1,164,999,818

Changes in Financial Condition – 2nd Quarter 2014 vs. 2nd Quarter 2013

The Company posted P133.2 million in revenues and P95.4 million in net income, compared to P194.0 million in revenues and P144 million in net income for the same period in 2013. The comparatively lower 2014 figures is due mainly to lower gains on fair value changes of financial assets at FVPL in 2014 due to the disposal of Shang Properties, Inc. (SHNG) shares in August 2013.

Total Assets increased from P4.9 billion as of end-June 2013 to P5.0 billion as of end-June 2014 mainly due to: (i) increase in Cash and Cash Equivalent due to deposit for future subscription received from NBS and Alakor amounting to P231.45 million (ii) increase in Accounts Receivable due to accrual of consultancy fees from Euronote Profits Limited (EPL).

Total Liabilities increased from P1.9 billion as of end-June 2013 compared to P2.1 billion as of end-June 2014 due to deposit for future subscription received from NBS and Alakor.

Net Worth is at P2.9 billion as of the ends of June 2014 and June 2013.

Changes in Financial Condition – 2nd Quarter 2014 vs. Full Year 2013

Comparative financial highlights for the 2nd quarter, 2014 and yearend 2013 are presented below:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Revenues	133,236,837	496,769,731
Net Income/Loss	95,399,073	208,544,763
Total Assets	5,012,821,671	4,680,134,974
Total Liabilities	2,091,552,317	1,859,116,352
Net Worth	2,921,269,354	2,821,018,352
Issued and Outstanding Capital	1,164,999,818	1,164,999,818

As of the 2nd quarter of 2014, the Company posted revenues of P133.2 Million and a net income of P95.4 million, compared to revenues of P496.8 million and a net income of P208.5 million during the year 2013.

The increase in Total Assets as of end-June 2014 compared to end-December 2013 was due to (i) increase in Cash and Cash Equivalent arising from deposit for future subscription received from NBS and Alakor in the amount of P231.45 million, and (ii) increase in Accounts Receivable due to accrual of consultancy fees from EPL.

Total Liabilities increased as of end-June 2014 compared to end-December 2013 mainly due to deposit for future subscription received from NBS and Alakor.

The Company's Net Worth increased from P2.8 Billion as of end-2013 to P2.9 Billion as of end-June 2014 due to the net income generated by the Company as of end-June 2014.

The top five (5) key performance indicators of the Company and its majority-owned subsidiary are as follows:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Current Ratio	2.35 : 1	1.26 : 1
<u>Current Assets</u>	<u>653,046,905</u>	<u>342,921,149</u>
<u>Current Liabilities</u>	<u>278,291,753</u>	<u>272,909,056</u>
Asset to Equity Ratio	1.72 : 1	1.66 : 1
<u>Total Assets</u>	<u>5,012,821,671</u>	<u>4,680,134,974</u>
<u>Stockholders Equity</u>	<u>2,921,269,354</u>	<u>2,821,018,352</u>

Debt to Equity Ratio	0.72 : 1	0.66 : 1
<u>Total Liabilities</u>	<u>2,091,552,317</u>	<u>1,859,116,622</u>
Stockholders Equity	2,921,269,354	2,821,018,352
Equity to Debt Ratio	1.40 : 1	1.52 : 1
<u>Stockholders Equity</u>	<u>2,921,269,354</u>	<u>2,821,018,352</u>
Total Liabilities	2,091,552,317	1,859,116,622
Book Value per share	2.51	2.42
<u>Stockholders Equity</u>	<u>2,921,269,354</u>	<u>2,821,018,352</u>
Total Outstanding Shares	1,164,999,818	1,164,999,818
Earnings per share	0.08	0.18
<u>Net Income/(Loss)</u>	<u>95,399,073</u>	<u>208,544,763</u>
Weighted Average # of shares	1,164,999,818	1,164,999,818

Current Ratio increased from 1.26:1 as of end-2013 to 2.35:1 as of end-June 2014 due to increase in Current Assets as a result of: (i) increase in Cash and Cash Equivalent arising from the deposit for future subscription received from NBS and Alakor in the amount of P231.45 million, and (ii) increase in Accounts Receivable due to accrual of consultancy fees from EPL.

Assets to Equity Ratio increased from at 1.66:1 as of end-2013 to 1.72:1 as of end-June 2014 due to increase in total assets resulting from the increase in cash and cash equivalents and account receivable.

Debt-to-Equity Ratio slightly increased from 0.66:1 as of end-2013 to 0.72:1 as of end-June 2014, while Equity-to-Debt ratio slightly decreased from 1.52:1 as of end-2013 to 1.40:1 as of end-June 2014 due to the increase in Stockholders Equity arising from Net Income generated by the Company during the 1st semester.

Book Value per Share increased due to the increase in Stockholders' Equity arising from the net income generated by the Company during the 1st semester.

The Company posted a P0.08 Earnings Per Share (EPS) as of end-June 2014 compared to P0.18 EPS as of end-2013.

Results of Operations – 2nd Quarter 2014

INVESTMENTS IN SUBSIDIARY & ASSOCIATES

Vulcan Materials Corporation (VMC) (100% owned) – VMC posted a net loss of P2.99 million as of end-June 30, 2014 compared to a net loss of P1 million as of end-June 2013.

For the second quarter of 2014, VMC produced 100,458 cu.m. of aggregates, or an average of 16,743 cu. m./month.

United Paragon Mining Corporation (UPM) (21.81% owned) – UPMC posted a net loss of P31.3 million as of end-June 2014 compared to a net loss of P46 million as of end-June 2013. UPM awaits the grant of a new permit for its Longos area, while other options are also being explored to allow UPMC to exploit the mine on a limited basis.

North Triangle Depot Commercial Corp. (NTDCC) (15.79% owned) – NTDCC posted a net income of P210.0 million as of end-June 2014 compared to a net income of P194.9 million as of end-June 2013. NTDCC paid the Company P15.79 million in redemption of preferred shares on April 2, 2014. Lease out and occupancy rates remain steady at 98%.

AFS INVESTMENTS

The Philodrill Corporation (OV) (34.32% owned) registered a consolidated net income of P278.3 million as of end-June 2014, compared to a net income of P156.6 million for the same period last year. OV also paid a total of P11.39 million in cash dividends to the Company on March 31, 2014.

Last July 11, 2014, the Company acquired 43,061,809,706 OV shares by way of a special block sale to increase its ownership in OV from 11.87% to 34.32%.

The Company owns 8.27% of **Atlas Consolidated Mining & Development Corporation (AT)** which posted a consolidated net income of P117.6 million as of end-March 2014 compared to a net income of P568.8 million for the same period last year. AT's two (2) significant subsidiaries, namely: (a) *Carmen Copper Corporation* and *Berong Nickel Corporation*, posted net incomes of P275.21 million and P1.27 million, respectively for the first quarter of 2014.

PROJECT INVESTMENTS

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-June 2014, average ridership stood at about 570,000 passengers per day.

In **Oil Exploration**, the operator of SC 6A (Octon), Pitkin Petroleum, continues with the processing and interpretation of the new 3D seismic data over the block through Fairfield in Vietnam.

In **SC 53 (Mindoro)**, the operator, Pitkin Petroleum, is finalising the plans to drill Progreso-2 well by the last quarter of 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 Petroleum, are awarded the contract for Area 15.

In the SWAN Block, the consortium awaits PNOC-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.

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) (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.

Discussion and Analysis of Material Events and Uncertainties

Except as discussed below, Management is not aware of any material event or uncertainty that has affected the current interim period and/or would have a material impact on future operations of the Company.

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

1. 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.
2. 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 accounts receivables.
3. The Company has **NO** material commitments for capital expenditures but is expected to contribute its equity share in the capital expenditures of investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
4. 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, save as stated in paragraph 1 above.
5. There are **NO** significant elements of income or loss that did not arise from the Company's continuing operations.

6. There have been **NO** material changes from 31 December 2013 to 30 June 2014 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:
- (a) Cash and Cash Equivalents increased from P22.18 million as of end-2013 to P268.3 million as of end-June 2014 arising from deposit for future subscriptions received from NBS and Alakor amounting to P231.45 million.
 - (b) Financial Assets at Fair Value through FVPL increased due to the increase in market value of OV shares.
 - (c) Accounts Receivable increased from P202.9 million as of end-2013 to P250.2 million as of end-June 2014 due to the accrual of consultancy fees from EPL for the first semester of 2014.
 - (d) Investment in associates increased due to equity share in net earnings of associates booked by the Company.
 - (e) Income Tax Payable decreased from P5.7 million as of end-2013 to P3.4 million as of end-June 2014 due to payment of income tax payable for the 1st quarter 2014.
 - (f) Net Unrealized Valuation Gain on AFS investments increased due to increase in the market value of OV shares.
 - (g) Retained Earnings increased due to the net income generated by the Company during the 1st semester 2014.
7. There are **NO** events that will trigger a direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
8. 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.

Item 3. Management's Assessment and Evaluation of Financial Risk Exposures

Financial Risk Exposures

The Group has exposure to credit risk, liquidity risk, market risk, interest rate risk, foreign exchange 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 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, debtors and lessors who are highly reputable and with good credit standing.

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

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to credit risk is not significant. No receivables are past due and all receivables are assessed to be collectible and in good standing as of June 30, 2014 and December 31, 2013. Provisions for impairment losses on trade receivables and other receivables were made on accounts specifically identified to be doubtful of collection.

Other than the receivable which were provided with allowance, all other receivable are assessed to be collectible and in good standing as of June 30, 2014 and December 31, 2013.

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 they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

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.

As of June 30, 2014 and December 31, 2013, 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 are as follows:

	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired	Total
30 June 2014						
Cash and cash equivalents	268,312,711	-	-	-	-	268,312,711
Financial assets at FVPL*	-	131,139,121	-	-	-	131,139,121
Receivables	32,788,675	52,632,441	164,794,071	-	16,757,060	266,972,247
AFS investments*	-	-	-	3,224,807,313	-	3,224,807,313
	301,101,386	183,771,562	164,794,071	3,224,807,313	16,757,060	3,891,231,392

*Based on expected date of disposal

	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired	Total
31 December 2013						
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
	₱53,778,053	₱118,094,475	₱160,997,349	₱3,222,541,099	16,757,060	₱3,572,168,036

*Based on expected date of disposal

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

30 June 2014	Within 6 months	6 to 12 months	1 to 2 years	2 to 4 years	Total
Accounts payable and accrued expenses*	11,507,671	67,115,856	P138,906,259	5,684,400	P224,585,568
Short-term loans payable					
Principal	50,000,000	-	-	-	P50,000,000
Future Interest	1,022,222	-	-	-	1,022,222
Long-term debt					
Principal	-	-	634,395,567	1,037,453,750	1,671,849,317
Future Interest	16,196,847	16,196,847	33,309,549	14,062,592	79,765,835
	78,726,740	84,202,271	806,611,375	1,057,200,742	2,023,749,794

31 December 2013	Within 6 months	6 to 12 months	1 to 2 years	2 to 4 years	Total
Accounts payable and accrued expenses*	P20,291,214	685,919	P176,658,361	5,684,400	P203,319,894
Short-term loans payable					
Principal	50,000,000	-	-	-	P50,000,000
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
	P84,554,728	14,882,766	P852,306,524	P1,063,605,096	P2,015,349,114

*Excluding accrued taxes

Market Risk

Excluding accrued taxes

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest Rate Risk

The Group's exposure to the risk for changes in market interest rate relates primarily to its short-term loans payable and long-term debt obligations with fixed interest rates. Most of the Group's existing debt obligations are based on fixed interest rates with relatively small component of the debts that are subject to interest rate fluctuation. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

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.

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.

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 represents a comparison by category of carrying amounts and estimated fair values of the Group's financial assets and liabilities as of June 30, 2014 and December 31, 2013, follows:

	30 June 2014		31 December 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	P268,312,711	P268,312,711	P22,180,599	P22,180,599
Financial Assets at FVPL	131,139,121	131,139,121	114,746,731	114,746,731
Receivables	250,215,187	250,215,187	202,920,740	202,920,740
Available-for-sale investments	3,224,807,313	3,224,807,313	3,215,562,906	3,215,562,706
Accounts payable and accrued expenses*	224,866,592	224,866,592	203,319,894	203,319,894
Long-term debt	1,570,720,133	1,570,720,133	1,575,117,133	1,575,117,133

*Excluding accrued taxes

Estimation of Fair Values

The following summarizes the methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Cash and Cash Equivalents, Receivables, Accounts Payable, Short Term Loans Payable and Accrued Expenses

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 & similar investments 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, impairment loss.

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. The discounted rates were \$ and P risk free rates plus appropriate credit spread.

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

	June 30, 2014		
	Level 1	Level 2	Level 3
Financial Assets			
Financial assets at FVPL	P131,139,121	P-	P-
AFS investments – quoted	3,181,987,000	-	-
	P3,313,126,121	P-	P-
	December 31, 2013		
	Level 1	Level 2	Level 3
Financial Assets			
Financial assets at FVPL	P114,746,731	P-	P-
AFS investments – quoted	3,177,135,070	-	-
	P3,291,881,801	P-	P-

As of June 30, 2014 and December 31, 2013, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of the level 3 measurements.

Derivative Asset

The Group has no derivative assets for the period ended June 30, 2014 and December 31, 2013.

PART II – OTHER INFORMATION

There were items for disclosure that were made under SEC Form 17-C during the current interim period (01 January to 30 June 2014).

SIGNATURES

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

Anglo Philippine Holdings Corporation
Registrant
(through its duly authorized representatives):



Date: 14 AUG 2014
Christopher M. Gotanco
President/Director/COO



Date: 14 AUG 2014
Adrian S. Arias
EVP-Legal and Administration

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
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SEC FORM 17-Q

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ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
BALANCE SHEETS

ASSETS	Unaudited June 30, 2014 (Consolidated)	Audited December 2013 (Consolidated)
Current Assets		
Cash & cash equivalents	268,312,711	22,180,599
Financial assets at fair value through profit or loss (FVPL)	131,139,121	114,746,731
Accounts Receivable - net	250,215,187	202,920,740
Prepaid expenses and other current assets	3,379,885	3,073,079
Total Current Assets	653,046,905	342,921,149
Non-current Assets		
Available-for-sale investments	3,224,807,313	3,215,562,906
Investment in a subsidiary	-	-
Investment in associates	861,672,997	851,145,870
Property and equipment-net	65,317,683	66,771,611
Deferred exploration costs	195,877,546	191,634,210
Retirement benefit plan asset	9,182,451	9,182,451
Other noncurrent assets	2,916,776	2,916,777
Total Noncurrent Assets	4,359,774,766	4,337,213,825
TOTAL ASSETS	5,012,821,671	4,680,134,974
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES:		
Current Liabilities		
Current portion of long-term debt	50,000,000	50,000,000
Accounts Payable and accrued expenses	224,866,592	217,200,310
Income tax payable	3,425,162	5,708,746
Total Current Liabilities	278,291,753	272,909,056
Non-Current Liabilities		
Deposit for Future Subscriptions	231,450,000	-
Long-term debt-net of current portion	1,520,720,133	1,525,117,133
Unearned revenues	5,432,916	5,432,916
Decommissioning Liability	13,676,388	13,676,388
Deferred income tax liabilities-net	41,981,127	41,981,129
Total Noncurrent Liabilities	1,813,260,564	1,586,207,566
TOTAL LIABILITIES	2,091,552,317	1,859,116,622
STOCKHOLDERS' EQUITY		
Capital stock-P1 par value		
Authorized - 2,000,000,000 shares		
Issued - 1,170,616,788 shares as of		
June 2014 and December 2013		
net of subscriptions receivable amounting to P1,367,688)	1,176,632,130	1,176,632,130
Additional paid-in-capital	4,658,460	4,658,460
Net unrealized valuation gain/(loss) on AFS investments	364,413,218	359,561,288
Re-measurement gains on defined benefit obligation, net of deferred taxes	3,221,314	3,221,314
Retained Earnings	1,399,910,308	1,304,511,235
Cost of 13,000,000 shares in June 2014 and December 2013	2,948,835,430	2,848,584,427
	(27,566,075)	(27,566,075)
Total Stockholders' Equity	2,921,269,354	2,821,018,352
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	5,012,821,671	4,680,134,974

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

	UNAUDITED			
	Jan. to June 30, 2014 (Consolidated)	April to June 30, 2014 (Consolidated)	Jan. to June 30, 2013 (Consolidated)	April to June 30, 2013 (Consolidated)
REVENUES				
Gains on:				
Fair value changes of financial assets at FVPL	16,392,390	9,835,434	81,747,295	(18,506,553)
Management fees	53,370,000	26,430,000	50,430,000	25,920,000
Dividend Income	37,124,814	25,735,575	55,741,370	42,892,625
Equity share in net earnings of associates	26,317,127	14,226,730	20,741,123	10,946,665
Interest income	32,507	(1,638,493)	4,459,913	127,093
Foreign Exchange gains - net	-	-	(22,361,948)	(24,725,224)
Other Income	-	-	3,200,000	2,000,000
	133,236,838	74,589,245	193,957,753	38,654,605
COST AND EXPENSES				
Interest expenses and bank charges	16,609,844	8,381,472	18,535,100	10,187,504
General and administrative expenses	13,289,930	6,462,957	25,013,805	17,681,188
	29,899,773	14,844,428	43,548,905	27,868,692
INCOME BEFORE INCOME TAX	103,337,064	59,744,817	150,408,848	10,785,913
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	3,425,162	3,425,162	1,861,258	1,861,258
Income tax paid during the first quarter	4,512,830	-	4,584,923	-
	7,937,992	3,425,162	6,446,181	1,861,258
NET INCOME	95,399,073	56,319,655	143,962,667	8,924,655
OTHER COMPREHENSIVE INCOME/(LOSS)				
Unrealized valuation gain/(loss) on AFS investments	4,851,930	61,931,410	(669,124,950)	(1,312,514,325)
TOTAL COMPREHENSIVE INCOME/(LOSS)	100,251,003	118,251,065	(525,162,283)	(1,303,589,670)
Basic and Diluted Earnings Per Share	0.08	0.05	0.12	0.01

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
June 30, 2014

	Capital stock Issued	Subscriptions Subscribed	Subscriptions Receivable	Add'tl Paid-in Capital	Net Unrealized Valuation Gain/(Loss) on AFS Investments	Re- measurement gains on defined benefit obligation	Retained Earnings	Treasury Stock	Total
Balances at January 1, 2014	1,170,616,788	7,383,030	(1,367,688)	4,658,460	359,561,288	3,221,314	1,304,511,235.00	(27,566,075)	2,821,018,352
Net Income as of second quarter 2014	-	-	-	-	-	-	95,399,073		95,399,073
Other Comprehensive Income/(Loss) as of second quarter 2014	-	-	-	-	4,851,930	-	-		4,851,930
Cash Dividends	-	-	-	-	-	-	-	-	-
Balances at June 30, 2014	1,170,616,788	7,383,030	(1,367,688)	4,658,460	364,413,218	3,221,314	1,399,910,308	(27,566,075)	2,921,269,354

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
June 30, 2013

	Capital stock Issued	Subscriptions Subscribed	Subscriptions Receivable	Add'tl Paid-in Capital	Net Unrealized Valuation Gain/(Loss) on AFS Investments	Retained Earnings	Treasury Stock	Total
Balances at January 1, 2013	1,170,616,788	7,383,030	(1,367,688)	4,658,460	1,172,003,568	1,168,682,077	(27,566,075)	3,494,410,161
Net Income as of second quarter 2013	-	-	-	-	-	143,962,667		143,962,666
Other Comprehensive Income as of second quarter 2013	-	-	-	-	(669,124,950)			(669,124,950)
Cash Dividends	-	-	-	-	-	(34,949,995)	-	(34,949,995)
Balances at June 30, 2013	1,170,616,788	7,383,030	(1,367,688)	4,658,460	502,878,618	1,277,694,750	(27,566,075)	2,934,297,883

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

FOR THE PERIOD

	Jan. 1 to June 30 2014 (Consolidated)	Apr. to June 2014 (Consolidated)	Jan. 1 to June 30 2013 (Consolidated)	Apr. to June 2013 (Consolidated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	95,399,073	56,319,655	143,962,667	8,924,656
Adjustment to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	1,453,928	801,816	1,835,702	1,110,940
Decrease (increase) in:				
Receivables	(47,294,447)	(15,964,915)	(30,726,530)	1,470,051
Prepayments and other current assets	(306,806)	(303,432)	(178,353)	(104,636)
Increase (decrease) in:				
Accounts payable and accrued expenses	7,666,282	6,974,560	4,271,063	(8,929,242)
Income Taxes Payable	(2,283,584)	(6,362,678)	355,472	(4,229,451)
Net cash used in operating activities	54,634,445	41,465,007	119,520,022	(1,757,683)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Financial assets at FVPL	(16,392,390)	(9,835,434)	(85,840,310)	14,413,538
Investment in associates	(10,527,127)	1,563,271	(4,951,124)	4,843,335
Advances to other project	(4,392,477)	(3,117,774)		
Addition to property and equipment	-	-	44,812	-
Deferred exploration	(4,243,337)	(3,820,226)	(800,235)	(114,441)
Net cash used in investing activities	(35,555,331)	(15,210,163)	(91,546,857)	19,142,433
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	-	-	-	-
Payment of borrowings	(4,397,000.00)	(4,397,000)	(23,072,306)	(6,954,029)
Deposit for future subscription	231,450,000.00	231,450,000		
Cash dividends paid to stockholders	-	-	(34,949,995)	(34,949,995)
Net cash provided by financing activities	227,053,000.00	227,053,000	(58,022,301)	(41,904,023)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	246,132,113	253,307,844	(30,049,136)	(24,519,273)
CASH AND CASH EQUIVALENTS, BEGINNING	22,180,599	15,004,867	38,854,568	33,321,705
CASH AND CASH EQUIVALENTS, END	268,312,711	268,312,711	8,805,432	8,802,432

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
SCHEDULE A - FINANCIAL ASSETS
PURSUANT TO SRC RULE 68, AS AMENDED
June 30, 2014

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	131,139,121	131,139,121	1,639,239
The Philodrill Corporation (AFS)	19,500,000,000	780,000,000	780,000,000	9,750,000
Atlas Consolidated Mining & Dev't. Corp	171,570,500	2,401,987,000	2,401,987,000	25,735,575

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
June 30, 2014

Designation of Debtor	Beginning period	Additions	Amounts Collected	Amounts Written Off	Current	Non-Current	Balance at end of period
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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
June 30, 2014

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected/ Settlements	Amounts Written Off	Current	Non-Current	Balance at end of period
Vulcan Materials Corporation (wholly owned subsidiary)	4,495,441	1,589,660	1,000,000				5,085,101

SCHEDULE D
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INTANGIBLE ASSETS - OTHER ASSETS
(OTHER THAN RELATED PARTIES)
PURSUANT TO SRC RULE 68, AS AMENDED
June 30, 2014

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

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

SCHEDULE E - PROPERTY AND EQUIPMENT

June 30, 2014

Classification	Beginning Balance	Additions	Retirements	Other Charges		Ending Balance
				Additions	Deductions	
Quarry Development Cost	52,289,251					52,289,251
Condominium Units and Improvements	22,222,178	-	-			22,222,178
Machinery and Equipment	1,928,693					1,928,693
Transportation Equipment	225,726				-	225,726
Furnitures, Fixtures & Office Equipment	2,955,147	-	-		-	2,955,147
	79,620,995	-	-		-	79,620,995

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

SCHEDULE F - ACCUMULATED DEPRECIATION

June 30, 2014

Classification	Beginning Balance	Additions	Retirements	Other Charges		Ending Balance
				Additions/ (Deductions)		
Quarry Development Cost	1,407,689	34,777				1,442,466
Condominium Units and Improvements	7,950,527	585,074	-			8,535,601
Machinery and Equipment	552,036	600,760				1,152,796
Transportation Equipment	74,491	151,234				225,725
Furnitures, Fixtures & Office Equipment	2,864,641	82,084	-		-	2,946,725
	12,849,384	1,453,928	-		-	14,303,312

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

Aging of Accounts Receivable

As of June 30, 2014

	TOTAL	1 month	2 - 3 months	4-6 months	7 mos. To 1 year	1-2 years	3-5 years	5 yrs. & above
Types of Accounts Receivable								
a. Trade receivable	-	-	-	-	-	-	-	-
b. Non Trade Receivable								
1. Receivable from Affiliated Co.	88,382,697	-	-	1,589,660	3,495,441	83,297,595	-	-
2. Accrued Interest Receivable	77,699,755	-	-	-	-	77,699,755	-	-
3. Others	84,132,735	-	26,430,000	4,769,015	49,137,000	3,796,720	-	-
Sub-total	250,215,187	-	26,430,000	6,358,675	52,632,441	164,794,071	-	-
Less: Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-
Net Non-trade receivable	250,215,187	-	26,430,000	6,358,675	52,632,441	164,794,071	-	-
Net Receivable	250,215,187	-	26,430,000	6,358,675	52,632,441	164,794,071	-	-

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
 FINANCIAL RATIOS
 PURSUANT TO SRC RULE 68, AS AMENDED
 June 30, 2014

	6/30/2014	12/31/2013
Current Ratio	2.35:1	1.26:1
Assets to Equity Ratio	1.72:1	1.66:1
Debt to Equity Ratio	0.72:1	0.56:1
Equity to Debt Ratio	1.40:1	1.52:1
Book Value per share	2.51	2.42
Earnings per share	0.08	0.18
Interest Coverage Ratio	5.64	13.45
Return on Assets	1.90%	4.46%
Return on Equity	3.27%	7.42%
Net Profit Margin	71.60%	41.98%

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.

Statement of Compliance

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

Basis for Consolidation

The consolidated financial statements comprise the financial statements of Anglo Philippine Holdings Corporation and its subsidiary as of June 30, 2014 and for the year ended December 31, 2013.

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*.

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 June 30, 2014 and December 31, 2013, 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 June 30, 2014 and December 31, 2013, 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 June 30, 2014 and December 31, 2013, 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.

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 assets 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.

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.