

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Adrian S. Arias															(02) 635-6130														
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Contact Person

Company Telephone Number

Dec. 31, 2014

1	2	3	1
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Month

Day

1	7	-	A	
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FORM TYPE

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Mon
th

Day

Annual Meeting

N	/	A
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Secondary License
Type, If Applicable

S	E	C
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Dept. Requiring this Doc.

N	/	A
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Amended Articles Number/Section

Total Amount of Borrowings

3	1	0	8
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Total No. of Stockholders

P100 million	
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Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

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ANGLO PHILIPPINE HOLDINGS CORPORATION

AN INFRASTRUCTURE AND PROPERTY DEVELOPMENT COMPANY

April 23, 2015

Corporation Finance Department
Securities and Exchange Commission
SEC Bldg., EDSA Greenhills, Mandaluyong City

Attention: Atty. Justina F. Callangan
Director

Gentlemen:

We are amending the SEC Form 17-A which we filed last April 15, 2015 due to some typographical error which we want to correct, specifically on the supplementary schedule.

Please find attached Amended SEC Form 17-A which was already corrected.

Thank you.

Very truly yours,

IRIS MARIE U. CARPIO DUQUE
Assistant Corporate Secretary/
Compliance/Corporate Governance/
Anti Money Laundering Officer

"Helping Build the Filipino Future"

6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines
Telephone Nos.: (632) 631-5139 • (632) 635-6130 • Fax No.: (632) 631-3113 • E-mail: info@anglophil.com • Website: www.anglophil.com

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

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

1. For the Fiscal Year ended : **31 December 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 Corporation**
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 Building
125 Pioneer Street, Mandaluyong City 1550**
8. Registrant's telephone number, including area code: **(632) 631-5139; (632) 635-6130**
9. Former name, former address, and former fiscal year if changed since last report: **N/A**
10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of Each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common stock (P1.00 par value)</u>	<u>3,003,302,538 shares</u>
<u>Loans Payable and Long Term Debt</u>	<u>P100,000,000</u>

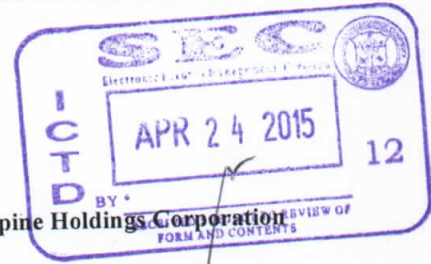
11. Are any or all of these securities listed in the Philippine Stock Exchange: **YES**

12. Check whether the registrant:

- a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and Rule 17(a)-1 thereunder and Sections 26 and 141 of the Corporation Code during the preceding 12 months (or for such shorter period that the registrant was required to file such reports).
Yes [X] No []
- b) has been subject to such filing requirement for the past 90 days.
Yes [X] No []

13. Aggregate market value of the voting stock held by non-affiliates: **P744,276,666.60**
(451,076,404 shares @ P1.65/share as of December 31, 2014)

14. Document incorporated by reference: **2014 Audited Financial Statements**



PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business and General Information

(a) Description of Business

(1) Business Development

Anglo Philippine Holdings Corporation (the “Company”) was incorporated in 1958, originally as an oil and mineral exploration company with the corporate name of “*Anglo Philippine Oil Corp.*” In 1996, the Company changed its primary purpose to that of an investments holding firm focused on natural resources, property development and infrastructure activities, and changed its corporate name to “*Anglo Philippine Holdings Corporation*”. On September 14, 2006, the SEC approved the Company’s Amended Articles of Incorporation extending the life of the Company for another fifty (50) years from June 25, 2008.

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

Natural Resources

The Company owns 100% of **Vulcan Materials Corporation (VMC)** which posted a net loss of P4.6 million in 2014 compared to a net income of P2.8 million in 2013.

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

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

The Philodrill Corporation (OV) (34.32% owned) In July 11, 2014, the Company acquired additional 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%. OV posted a consolidated net income of P374.6 million in 2014, compared to a net income of P312.2 million in 2013, and paid the Company a total of P44.3 million in cash dividends in 2014.

The Company owns 21.81% of **United Paragon Mining Corporation (UPM)**, which posted a net loss of P67.2 million in 2014 compared to a net loss of P82.3 million in 2013.

As of December 31, 2014, the Company owns 8.22% of **Atlas Consolidated Mining & Development Corporation (AT)** which posted a net income of P397.1 million in 2014 compared to P1.9 billion in 2013. AT has two (2) significant subsidiaries, namely: (a) Carmen Copper Corporation, which shipped 175,966 dmt of copper concentrate at an average of 26.861% Cu and posted a net income of P 460.8 million in 2014, compared to P2.6 billion in

2013, and (b) Berong Nickel Corporation, which shipped a total of 1,004,296wmt of nickel laterite ore and posted a net income of P357.6 million in 2014, compared to net loss of P32.5 million in 2013. AT paid the Company a total of P25.74 million in cash dividends in 2014.

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

Service Contract 6A	Octon, NW Palawan	11.11000 %
Service Contract 14D	Tara, NW Palawan	2.50000 %
Service Contract 41	Sulu Sea	1.67900 %
Service Contract 53	Onshore Mindoro	5.00000 %
SWAN Block	NW Palawan	33.57800 %

In SC 6A (Octon), where the Company has a 11.11% interest, OV has regained the operatorship of the area following the withdrawal of Pitkin Petroleum from the Farm-In Agreement. The Company, and the other members of the consortium, have also regained their previously farmed-out interests from Pitkin. The re-assignment of the said interests is now awaiting DOE approval.

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

In SC 53 (Mindoro), where the Company owns a 5% interest, the operator, Pitkin Petroleum, is still waiting for DAR and DOTC permits for the use of agricultural land for the drilling of Progreso-2 and the Sta. Teresa port for rig transport. Pitkin hopes to drill the Progreso-2 well between April-May 2015.

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

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.

Property Development

On December 2, 2014, the Board of Directors approved the sale of the Company's 15.79% investment in ***North Triangle Depot Commercial Corporation (NTDCC)*** to Ayala Land, Inc. (ALI). The sale was completed in two (2) tranches on December 10, 2014 and February 5, 2015 at a total consideration of P1.26 billion. Prior to the sale, NTDCC had paid the Company a total of P56.62 million in cash dividends and P31.58 million in redemption of preferred shares in 2014.

The Company continues to maintain 15.79% interest in ***MRT Development Corp.*** which generates revenues from concessionaire rentals and advertising fees in the MRT 3 stations. The enabling agreements to implement development of the property were executed last December 17, 2014 and development plans and preparations are now being finalised.

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

Infrastructure

The Company continues to maintain 18.6% equity in *MRT Holdings, Inc.*, the indirect majority owner of the Metro Rail Transit Corporation. As of end-2014, average ridership stood at about 565,000 passengers per day.

Other Investments

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

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

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

NO material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company and/or its subsidiary during the last three (3) years, **EXCEPT**: (i) the consolidation of VMC's financial statements into the Company's financial statements effective fiscal year 2012, as a result of the acquisition by the Company of 100% ownership of VMC on December 18, 2012; (ii) the sale of Shang Properties Inc. investment on August 27, 2013 for P778.5 million; (iii) the purchase of additional OV shares by way of special block sales on September 2, 2013 for P781 million and July 11, 2014 for P1.62 billion, thereby increasing the interest of the Company in OV from 1.71% to 11.87% to 34.32%; (iv) the classification of P437.8 million debt to EPL from Current Portion to Non-Current Portion of Long Term Debt as of December 17, 2013 (the entire EPL loan was fully paid on October 24, 2014); and, (v) the sale of NTDCC investment on December 10, 2014 and February 5, 2015 for P1.26 billion.

(2) Business of Issuer

(A) Description of Business

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

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

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

- (i) Principal products or services and their markets - The Company, as an investments holding firm, does not generate sales or revenues from the sale of any product or

service; rather, the Company generates revenues and income, principally: (a) from its investments by way of dividends received from, and/or equitizable share in the earnings of, investee companies; and, (b) sale of investments or of the securities to which the investment may have been converted, including interest income earned by such securities. On account of the Company's network and knowledge of local and regional investment opportunities, EPL, an offshore investments company engaged the services of the Company to advise on, solicit, negotiate for, buy and sell local and regional investment opportunities, in consideration for which the offshore investor pays the Company a percentage-based success fee and a fixed monthly service fee. This engagement with EPL has been terminated by mutual agreement effective October 31, 2014.

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

- (ii) Percentage of sales or revenues and net income contributed by foreign sales – In 2014, the Company recognized around P88.75 million in retainer fees for services rendered to EPL for which the Company acted as its adviser. This engagement with EPL has been terminated by mutual agreement effective October 31, 2014.

VMC does not have foreign sales.

- (iii) Distribution methods of the products or services

The Company does not openly distribute nor offer its investment advisory services to other entities except to its former client, EPL.

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

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

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

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

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

The natural resources, infrastructure and property development industries are not confined within any specific geographic area. So far, the Company and its subsidiary have participated in projects undertaken or to be undertaken in Metro Manila, Luzon, Visayas and Mindanao.

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

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

- (vi) Sources and availability of raw materials – VMC’s main source of aggregates is the Montalban Aggregates Project situated in Rodriguez, Rizal.
- (vii) Major customers - The Company and VMC are not dependent on any major customer. The Company’s revenues and income are dependent on the financial performance of its investee companies, while VMC sells its aggregates products to any buyer meeting its prices.
- (viii) Related party transactions – See Note 23 of the Company’s 2014 Audited Financial Statements.
- (ix) Patents, etc. – NONE
- (x) Government approvals - Not applicable.
- (xi) Effect of Government regulations - Existing government regulations do not adversely affect the business of the Company. Probable government regulation, if economically restrictive, may adversely affect the business of the Company and its subsidiary.
- (xii) Research and development activities - The Company did not undertake any research and development activities and did not incur any expenses for such activities during the last three (3) years.

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

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

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

- (xiv) Employees - As of 31 December 2014, the Company has fifteen (15) full-time employees (including officers), while VMC has four (4) full time employees (including officers) and thirty (30) casual employee.

(B) Additional Requirements as to Certain Issues or Issuers

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

ITEM 2. PROPERTIES

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

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

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

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

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

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

ITEM 3. LEGAL PROCEEDINGS

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

On February 5, 2013, Mr. Patrick V. Caoile filed a claim for payment of separation and other benefits amounting to Two Million Pesos (P2,000,000) before the National Labor Relations Commission (NLRC) against VMC, Vulcan Industrial & Mining Corporation and Alfredo C. Ramos. On April 14, 2014, the NLRC issued a resolution ordering VMC to pay Mr. Caoile P1.49 million in retirement benefits after he has undergone VMC's required clearance procedures. Subsequently, Mr. Caoile sought to file a Petition for Certiorari with the Court of Appeals (CA) against the NLRC resolution which matter is currently pending with the CA.

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

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

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

NO matter was submitted to a vote of security holders during the fourth quarter of the fiscal year 2014.

PART II –OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Price of and Dividends on Common Equity and Related Stockholder Matters

(1) Market Information

The Company's shares are listed and traded in the Philippine Stock Exchange. The high and low sale price of the Company's shares for each quarter during the last two (2) fiscal years 2013 and 2014 and the first quarter of the current fiscal year 2015, expressed in Philippine Pesos, are as follows:

	<u>Stock Prices (Php)</u>	
	<u>High</u>	<u>Low</u>
2015– 1st quarter	1.64	1.20
2014 – 1st quarter	2.00	1.65
2 nd quarter	1.96	1.63
3 rd quarter	2.04	1.72
4 th quarter	2.00	1.59
2013 – 1st quarter	2.47	2.15
2 nd quarter	2.42	1.80
3 rd quarter	2.06	1.82
4 th quarter	2.00	1.66

(2) Holders

As of 31 December 2014, total number of shareholders of record is 3,108 while common shares outstanding were 3,003,302,538 shares. The Company's top 20 Stockholders as of 31 December 2014 are as follows:

<u>Rank</u>	<u>Stockholders</u>	<u>Total Shares</u>	<u>Percentage</u>
1	ALAKOR CORPORATION	1,524,661,961	50.7662%
2	PCD NOMINEE CORPORATION CORPORATION	1,123,540,148	37.4102%
3	NATIONAL BOOK STORE INC.	313,640,759	10.4432%
4	SAN JOSE OIL COMPANY	4,693,332	0.1563%
5	ALYROM PROPERTY HOLDINGS, INC.	2,924,900	0.0974%
6	WESTERN GUARANTY CORPORATION	990,000	0.0329%
7	SANTIAGO TANCHAN III	972,398	0.0324%
8	JALANDONI, JAYME, ADAMS & Co., INC.	964,700	0.0321%
9	CONSTANTINE TANCHAN	881,466	0.0293%
10	MARIANO GO BIAO	850,000	0.0283%

11	S.J. ROXAS & CO., INC. A/C # 2.19.038	850,000	0.0283%
12	JACK F. CONLEY	825,000	0.0275%
13	ANSALDO, GODINEZ & CO, INC.	754,035	0.0251%
14	JESSELYN CO	715,732	0.0238%
15	ANTONIO M. HENARES	660,000	0.0219%
16	TBG MBTC FAO CARLOS EJERCITO	500,000	0.0166%
17	JESUS GARCIA	440,000	0.0146%
18	ANTONIO HENARES &/OR CARMEN HENARES	440,000	0.0146%
19	ALAKOR SECURITIES CORPORATION	400,000	0.0133%
20	FRANCISCO A. NAVARRO	400,000	0.0133%

**Of the total 1,123,540,148 shares under the name of PCD Nominee Corp., 464,143,757 shares (15.45%) are under the name of BDO Securities Corp. (BDOSC), and 260,397,032 shares (22.370%) are under the name of Alakor Securities Corporation (ASC).*

**Of the 464,143,757 shares under the name of BDOSC, National Book Store Inc.(NBSI) owns 464,143,757 shares (15.454%) and of the 260,397,032 shares under the name of ASC, Alakor Corporation (AC) owns 105,375,425 shares (3.509%), while NBSI owns 73,454,649 shares (2.446%).*

(3) Dividends

Cash Dividend	Amount	Declaration Date	Record Date	Payment Date
2014 –CD 12	P0.015/share	October 29, 2014	November 12, 2014	December 8, 2014
2013 –CD 11	P0.03/share	October 22, 2013	November 8, 2013	December 4, 2013
2013 –CD 10	P0.03/share	March 19, 2013	April 05, 2013	May3, 2013
2012 –CD 9	P0.02/share	October 19, 2012	Nov. 07, 2012	November 23, 2012
2012 –CD 8	P0.04/share	March 28, 2012	April 16, 2012	May 4, 2012
2011 –CD 7	P0.03/share	September 28, 2011	October 12, 2011	November 08, 2011
2011 –CD 6	P0.05/share	March 25, 2011	April 08, 2011	April 29, 2011
2010 –CD 5	P0.03/share	April 12, 2010	April 30, 2010	May 24, 2010
2009 –CD 4	P0.15/share	April 22, 2009	May 08, 2009	May 29, 2009
2008 - CD 3	P0.05/share	April 25, 2008	May 30, 2008	June 25, 2008
2007 –CD 2	P0.05/share	July 27, 2007	October 15, 2007	November 8, 2007
2007 - CD 1	P0.10/share	April 30, 2007	May 17, 2007	June 8, 2007
Stock Dividend	Rate	Declaration Date	Record Date	Payment Date
2008 - SD 1	10%	Sept. 19, 2008	October 31, 2008	Nov. 26, 2008

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

(4) Recent Sales of Unregistered Securities

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

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

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

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

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

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

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

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

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

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

The Company's financial statements for the year ended 31 December 2014 reflect foreign exchange gain/losses on the Company's deposits.

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

Financial highlights for the years 2014, 2013 and 2012 are presented below:

	2014 (Consolidated)	2013 (Consolidated)	2012 (Consolidated Restated)
Revenues	799,173,644	497,240,698*	546,293,589*
Net income	517,811,981	208,544,763	383,088,459
Total assets	6,028,459,075	4,680,134,974	5,449,709,713
Total Liabilities	310,468,763	1,859,116,622	1,952,807,680
Net worth	5,717,990,312	2,821,018,352	3,496,902,033
Issued & subscribed capital	3,003,302,538	1,164,999,818	1,164,999,818

*Net of Equity in net losses of associates.

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

	<u>December 31, 2014</u> <u>(Consolidated)</u>	<u>December 31, 2013</u> <u>(Consolidated)</u>	<u>December 31, 2012</u> <u>(Consolidated; As Restated)</u>
Current Ratio	3.30:1	1.25:1	1.29:1
<u>Current Assets</u>	<u>960,428,076</u>	<u>341,017,601</u>	<u>1,027,094,314</u>
Current Liabilities	291,147,785	272,909,056	797,391,880
Assets to Equity Ratio	1.05 : 1	1.66 : 1	1.56 : 1
<u>Total Assets</u>	<u>6,028,459,075</u>	<u>4,680,134,974</u>	<u>5,449,709,713</u>
Stockholders Equity	5,717,990,312	2,821,018,352	3,496,902,033
Debt to Equity Ratio	0.05 : 1	0.66 : 1	0.56 : 1
<u>Total Liabilities</u>	<u>310,468,763</u>	<u>1,859,116,622</u>	<u>1,952,807,680</u>
Stockholders Equity	5,717,990,312	2,821,018,352	3,496,902,033
Equity to Debt Ratio	18.42 : 1	1.52 : 1	1.79 : 1
<u>Stockholders Equity</u>	<u>5,717,990,312</u>	<u>2,821,018,352</u>	<u>3,496,902,033</u>
Total Liabilities	310,468,763	1,859,116,622	1,952,807,680
Book Value per share	1.90	2.42	3.00
<u>Stockholders Equity</u>	<u>5,717,990,312</u>	<u>2,821,018,352</u>	<u>3,496,902,033</u>
Shares Outstanding	3,003,302,538	1,164,999,818	1,164,999,818
Earnings per share	0.31	0.18	0.33
<u>Net Income</u>	<u>517,811,981</u>	<u>208,544,763</u>	<u>383,088,459</u>
Average Number of shares outstanding	1,697,327,875	1,164,999,818	1,164,999,818

Current Ratio decreased from 2012 to 2013 due to decrease in current assets arising from the sale of SHNG shares in August 2013. Likewise, Current Ratio increased from 2013 to 2014 due to substantial increase in current assets brought about by the increase in cash and cash equivalents from the proceeds of the sale of NTDC Shares in December 10, 2014.

Assets-to-Equity Ratio is higher at 1:66:1 in 2013 compared to 1.56:1 in 2012. But in 2014 Assets-to-Equity Ratio decreased due to increase in stockholders equity due to shares subscribed by Alakor Corporation (Alakor) and National Book Store, Inc. (NBSI) from the increase in the Company's Capital Stock.

Debt-to-Equity Ratio increased from 2012 to 2013 due to lower net income generated and unrealized valuation gain on AFS investments. However, Debt-to-Equity Ratio substantially decreased from 2013 to 2014 due to lower liabilities as a result of the Company's fullpayment of its loan obligation to EPL. Conversely, Equity-to-Debt Ratio decreased from 2012 to 2013 due to decrease in Stockholders Equity, but increased in 2013 as Stockholders Equity increased while liabilities decreased.

Book Value per Share (BVPS) decreased from 2012 to 2013 due to lower price of AT shares and lower net income generated by the Company, and in 2014 BVPS also decreased due to increased in the number of shares outstanding arising from the additional shares subscribed by Alakor and NBS from the increase in the Company's Capital Stock.

Earnings Per Share (EPS) decreased from 2012 to 2013 due to a decline in net income, but increased in 2014 due to higher net income generated by the Company.

- (i) There are **NO** known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity.
- (ii) The Company's internal source of liquidity comes, primarily, from revenues generated from operations. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the collection of its accounts receivables.
- (iii) The Company has **NO** material commitments for capital expenditures but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
- (iv) There are **NO** known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations.
- (v) There are **NO** significant elements of income or loss that did not arise from the Company's operations.
- (vi) There have been **NO** material changes from 2012-2014 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:

- a. Net Revenues decreased from 2012 to 2013 mainly due to the decrease in gains on fair value changes of financial assets at FVPL as a result of decrease in the market values of SHNG and OV shares. SHNG shares were sold in August 2013 resulting in a gain of P66.7 million. On the Other hand Net Revenues increased from 2013 to 2014 mainly due to the sale of NTDCC shares on December 10, 2014.
- b. Total sales generated by the Company's subsidiary, VMC, is lower in 2014 at P18 million compared to P86 million in 2013.
- c. Costs and Expenses are higher in 2014 compared to 2013 due to higher interest and other financing charges and general and administrative expenses which include capital gains tax arising from the sale of NTDCC shares. In 2013, Cost and Expenses are higher at P288.5 million compared to P122.8 million in 2012 due to: (i) cost of sales of subsidiary VMC, (ii) higher general and administrative expenses due to payment of taxes, (iii) restructuring of receivables of related parties; and, (iv) foreign exchange losses.
- d. Income Before Income Tax increased in 2014 compared to 2013 due to higher revenues generated by the Company arising from the sale of NTDCC shares. On the other hand, Income Before Income Tax is lower in 2013 compared to 2012 due to lower general and administrative expenses in 2012.
- e. Basic and Diluted Earnings Per Share increased in 2014 compared to 2013 due to the higher Net Income generated by the Company in 2014. The Basic and Diluted Earnings per share in 2012 is higher compared to 2013 due to higher Net Income generated in 2012.
- f. Retained Earnings continued to increase from 2012 to 2014 due to additional net income generated by the Company from 2012 to 2014.
- g. Current Assets decreased from P1.03 billion in 2012 to P341.02 million in 2013 due to the sale of SHNG shares in August 2013. Current assets increased from P341.02 million in 2013 to P960.43 million in 2014 due to increase in cash and cash equivalents arising from the proceeds of the sale of NTDCC shares.
- h. Non-Current Assets decreased from P4.42 billion in 2012 to P4.34 billion in 2013 due to the decrease in value of AFS investments. While the Company purchased additional OV shares in 2013, which was recorded as AFS investment of about P781.2 million, the decline in the market price of AT shares caused the decline in the value of AFS investments. In 2014, Non Current assets increased from P4.34 billion in 2013 to P5.07 billion due to increase in Investment in Associates brought about by the Company's purchase of additional OV shares of about P1.6 billion. After such purchase, the OV shares formerly classified as AFS investment and Financial Assets at FVPL have been reclassified as Investment in Associate, for accounting purposes.
- i. Current Liabilities increased from P272.9 million in 2013 to P291.1 million in 2014 due to the reclassification of its Non Current Portion of Long Term Debt to Current Portion. Current Liabilities decreased from P797.4 million in 2012 to P272.9 million in 2013 due to: (i) partial payment of the EPL loan; and, (ii) reclassification of the Current Portion of Long Term Debt to Non-Current Portion.

- j. Non-Current Liabilities decreased from 2013 to 2014 due to the fullpayment of the EPL loan. The increase in Non Current Liabilities from P1.16 billion in 2012 to P1.59 billion in 2013 was due to the reclassification of a portion of the EPL loans from Current to Non Current portion of Long Term Debt.
 - k. Stockholders' Equity increased from P4.68 billion to P6.03 billion due to additional shares subscribed by Alakor Corporation (Alakor) and National Book Store, Inc. (NBSI) from the increase in the Company's Capital Stock. Stockholders' Equity decreased from P3.5 billion in 2012 to P2.8 billion in 2013 due to lower market price of AT shares.
 - l. On September 23, 2014, the SEC approved the increase in the Company's authorized capital stock from P2 billion to P4 billion.
- (vii) There have been no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.
 - (viii) There are **NO** events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
 - (ix) There are **NO** material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

(2) Interim Periods

No interim financial statements are included in this report.

ITEM 7. FINANCIAL STATEMENTS

Refer to the Audited Financial Statements as of December 31, 2014, 2013, and 2012.

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

There have been **NO** changes in, nor disagreements with, accountants on accounting and financial disclosure for fiscal years 2014, 2013 and 2012.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS

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

(1) Directors and Executive Officers

(A) Names and Ages of Directors and Executive Officers

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>	<u>Period of Service</u>
Alfredo C. Ramos	71	Filipino	Chairman of the Board	1989 to present
Christopher M. Gotanco	65	Filipino	Director	1987 to present
			President	1988 to present
Adrian Paulino S. Ramos	36	Filipino	Director	2006 to present
			EVP/Treasurer	July 2014 to present
Gerard Anton S. Ramos	40	Filipino	Director	2011 to present
			EVP-Investments	July 2014 to present
Roberto V. San Jose	73	Filipino	Director	1998 to present
Francisco A. Navarro	71	Filipino	Corporate Secretary	1979 to present
Augusto B. Sunico	86	Filipino	Director	1984 to present
			Treasurer	1986 to June 2014
Presentacion S. Ramos	73	Filipino	Director	1984 to present
Maureen Alexandra S. Ramos-Padilla	42	Filipino	Director	2011 to present
Renato C. Valencia	72	Filipino	Independent Director	2006 to present
Ramoncito Z. Abad	67	Filipino	Independent Director	2007 to present
Adrian S. Arias	51	Filipino	EVP	2005 to June 2014
			EVP-Legal and Admin.	July 2014 to present
			Asst. Corporate Secretary	1998 to present
Iluminada P. Rodriguez*	66	Filipino	VP-Finance & Admin	2005 to June 2014
Iris Marie U. Carpio-Duque	36	Filipino	Asst. Corporate Secretary	July 2014 to present
Deborah S. Acosta-Cajustin	35	Filipino	Asst. Corporate Secretary	July 2014 to present
Gilbert V. Rabago	38	Filipino	Manager, Finance and Accounting	July 2014 to present

**Retired as of December 31, 2014*

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

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

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

Mr. Adrian Paulino S. Ramos has been a Director since 2006 and became Executive Vice President and Treasurer in July 2014.

Mr. Gerard Anton S. Ramos has been a Director since 2011 and became the Executive Vice President for Investments in July 2014.

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

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

Atty. Augusto B. Sunico has been a Director since 1984.

Atty. Augusto B. Sunico, Ms. Presentacion S. Ramos and Ms. Maureen Alexandra S. Ramos-Padilla have been Directors since 1984 and 2013, respectively.

Atty. Adrian S. Arias was appointed EVP-Legal and Administration in July 2014 and has been Assistant Corporate Secretary since 1998. He was previously the Executive Vice President.

Ms. Iluminada P. Rodriguez has retired from the Company effective December 31, 2014. She was previously the VP-Finance & Administration in 2005.

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

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

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

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

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

Mr. Adrian Paulino S. Ramos is a Director and the Executive Vice President and Treasurer of the Company. He serves as a director and/or executive officer, and

maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1996-present), investment holdings (2005-present), securities (2005-present), property development and infrastructure (2006-present), mining (2006-present) and bulk water supply (2006-present), among others.

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

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

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

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

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

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

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

Ms. Maureen Alexandra S. Ramos-Padilla is a Director of the Company. She serves as a director and/or executive officer, and maintains business interests in companies engaged in department store, media and music distribution, securities brokerage property development, oil and gas exploration and development (2013-present), among others.

Atty. Adrian S. Arias is the Company's Executive Vice President for Legal and Administration and an Assistant Corporate Secretary. He has been in active corporate

law practice for more than twenty (20) years and serves as a director and/or officer of an investment house (2006-present), financial services (2006-present), logistics company (2004-present), services (2006-present), merchandising (2009-present), shared support services (2011-present), and mining (2012-present).

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

Atty. Iris Marie U. Carpio-Duque, is the Assistant Corporate Secretary of the Company. For the past five years, she has served as officer and/or corporate secretary or assistant corporate secretary of various companies involved in mining, investment holding, securities brokering and real estate.

Atty. Deborah S. Acosta-Cajustin, is the Assistant Corporate Secretary of the Company. She has been in active corporate and taxation law practice for more than five (5) years and serves as an officer of companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media, investment holding, and securities brokering (2013-present).

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

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

<i>Alfredo C. Ramos</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial & Mining Corp.</i>
	<i>Atlas Consolidated Mining & Dev't. Corp</i>	<i>Shang Properties, Inc.</i>
	<i>MRT Holdings, Inc.</i>	<i>The Philodrill Corporation</i>
	<i>MRT Dev't Corp.</i>	<i>United Paragon Mining Corp.</i>
	<i>National Book Store, Inc.</i>	
<i>Christopher M. Gotanco</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Penta Capital Investment Corp.</i>
	<i>Boulevard Holdings, Inc.</i>	<i>The Philodrill Corporation</i>
	<i>MRT Holdings, Inc.</i>	<i>United Paragon Mining Corp.</i>
	<i>MRT Dev't Corp.</i>	<i>Vulcan Industrial & Mining Corp.</i>
	<i>Penta Capital Finance Corp.</i>	
<i>Augusto B. Sumico</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>The Philodrill Corporation</i>
	<i>Manuel L. Quezon University</i>	
<i>Presentacion S. Ramos</i>	<i>Alakor Securities Corporation</i>	<i>The Philodrill Corporation</i>
	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial & Mining Corp.</i>
	<i>National Book Store Inc.</i>	
<i>Roberto V. San Jose</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>CP Equities Corporation</i>

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

(2) Significant Employees

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

(3) Family Relationships

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

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

(4) Involvement in Certain Legal Proceedings

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

ITEM 10. EXECUTIVE COMPENSATION

(1) Summary Compensation Table

The aggregate compensation paid to the Company's Chief Executive Officer and other four (4) most highly compensated executive and non-executive officers named below as a group for the two most recently completed fiscal years (2012 and 2013) and estimated to be paid for the ensuing fiscal year (2014) are:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Alfredo C. Ramos	Chairman/CEO				
Christopher M. Gotanco	President				
Adrian S. Arias	EVP-Legal and Administration				
Adrian Paulino S. Ramos*	EVP/Treasurer				
Gerard Anton S. Ramos*	EVP-Investments				
		2013	P5,654,686	P1,840,786	-
		2014	6,206,255	1,064,327	
		2015 (est)	7,757,819	1,330,409	
All officers and directors as a group unnamed		2013	6,824,273	3,451,809	-
		2014	6,776,255	1,519,654	
		2015 (est)	8,470,319	1,899,568	

**Starting July 2014*

(2) Compensation of Directors**(A) Standard Arrangement**

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

(B) Other Arrangements

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

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

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

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

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

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

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2014, the Company is not aware of anyone who beneficially owns more than 5% of its outstanding stock, except as set forth below:

<u>Title of Class</u>	<u>Name and address of record owner and relationship with Issuer</u>	<u>Name of Beneficial Owner and Relationship with Record Owner</u>	<u>Citizenship</u>	<u>No. of shares held</u>	<u>Percentage Ownership</u>
Common	Alakor Corporation 9 th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City Stockholder	Alakor Corporation (Direct Ownership)	Filipino	1,524,661,961	50.77%

Common	PCD Nominee Corporation Makati Stock Exchange Bldg. 6767 Ayala Avenue, Makati City Stockholder	PCD Participants (see note A)	Filipino/Non Filipino	477,319,326*	15.89%
Common	BDO Securities Corporation 27 Tower 1 Exchange Plaza Ayala Ave., Makati City Stockholder	National Book Store Inc. Client (see Note B)	Filipino	464,143,757**	15.45%
Common	National Book Store Inc. 4 th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City Stockholder	National Book Store Inc. (Direct Ownership)	Filipino	313,640,759	10.44%
Common	Alakor Securities Corporation 9 th Floor, Quad Alpha Centrum 125 Pioneer St., Mandaluyong City Stockholder	Alakor Corporation Client (see Note B)	Filipino	105,375,425**	3.51%
Common	Alakor Securities Corporation 5 th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City Stockholder	National Book Store Inc. Client (see Note B)	Filipino	73,454,649**	2.45%

*Of the total 1,123,540,148 shares under the name of PCD Nominee Corp., 464,143,757 shares (15.45%) are under the name of BDO Securities Corp. (BDOSC), and 260,397,032 shares (22.370%) are under the name of Alakor Securities Corporation (ASC).

*Of the 464,143,757 shares under the name of BDOSC, National Book Store Inc.(NBSI) owns 464,143,757 shares (15.45%) and of the 260,397,032 shares under the name of ASC, Alakor Corporation (AC) owns 105,375,425 shares (3.51%), while NBSI owns 73,454,649 shares (2.45%).

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

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

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

(2) Security Ownership of Management

As of 31 December 2014, the Company's directors and officers own the following number of shares registered in their respective names:

<u>Title of Class</u>	<u>Name of beneficial owner</u>	<u>Amount and nature of Beneficial ownership</u>		<u>Citizenship</u>	<u>Percent Of Class</u>
		<u>Direct</u>	<u>Indirect</u>		
Common	Alfredo C. Ramos (D/CEO/N)	11,000	24,659,638	Filipino	0.82%
Common	Christopher M. Gotanco (D/O/N)	110	16,805,540	Filipino	0.56%
Common	Adrian Paulino S. Ramos (D/N)	18,000	33,000	Filipino	<0.01%
Common	Gerard Anton S. Ramos (D/N)	1,000	0	Filipino	<0.01%

Common	Roberto V. San Jose (D/O/N)	373,866	59,386	Filipino	0.01%
Common	Augusto B. Sunico (D/O/N)	22,110	110,000	Filipino	<0.01%
Common	Francisco A. Navarro (D/N)	400,000	13,582	Filipino	0.01%
Common	Presentacion S. Ramos (D/N)	55,000	27,481,665	Filipino	0.92%
Common	Renato C. Valencia (ID/N)	1,100	0	Filipino	<0.01%
Common	Ramoncito Z. Abad (ID/N)	1,100	0	Filipino	<0.01%
Common	Maureen Alexandra S. Ramos-Padilla (D/N)	22,000	873,066	Filipino	0.03%
Common	Adrian S. Arias (O)	1,000	19,000	Filipino	0.00%
Common	Iluminada P. Rodriguez (O)	22,000	0	Filipino	0.01%

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

(3) Voting Trust Holders of 5% or More

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

(4) Changes in Control

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

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(1) Related Transactions

Except as disclosed in Note 23 of the 2014 Audited Financial Statements hereto attached, there had been NO transactions during the last two (2) years to which the Company was or is to be a party in which any director or executive officer of the Company, or nominee for election as a director, or owner of more than 5% of the Company's voting securities, or voting trust holder of 5% or more of any class of the Company's securities, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons had or is to have a direct or indirect material interest.

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

On March 12, 2014, the Board of Directors approved a proposal to undertake a private placement of up to 2,300,000,000 shares in favour of Alakor Corporation and its designated

affiliate(s) to be taken from a proposed increase in capital stock from P2 billion to P4 billion and, if necessary, partly from the existing unissued capital stock of the Company.

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

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

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 Company as approved by a majority of the stockholders at the meeting held on May 20, 2014.

On September 23, 2014, the amendment to the Company's Articles of Incorporation, was approved by the Securities and Exchange Commission, amending the following articles:

1. Third Article - specifying the place of principal office from "Metro Manila, Philippines," to "Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, 1550, Philippines"; and
2. Sixth Article - increasing the authorized capital stock of the Company from Two Billion Pesos (P2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par value of One Peso (P1.00) per share, to Four Billion Pesos (P4,000,000,000.00) divided into Four Billion (4,000,000,000) shares with a par value of One Peso (P1.00) per share.

On October 03, 2014, National Book Store, Inc. ("NBS") subscribed to an additional 228,340,759 shares of the Company at a subscription price of Php1.8516 per share, from the unissued capital stock of the Company.

On October 24, 2014, Alakor Corporation ("Alakor") further subscribed to an additional 1,109,961,961 shares of the Company at a subscription price of Php1.8516 per share from the unissued capital stock of the Corporation.

(2) Not Applicable

(3) Parent of the Company

As of December 31, 2014, Alakor Corporation holds 54.28% of the Company's outstanding capital stock.

(4) Transaction with Promoters

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

PART 1V –CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

Refer to the attached Annual Corporate Governance Report for the year 2014.

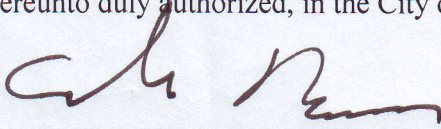
PART V - EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

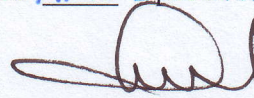
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| A. | Exhibits | see Index to Financial Statement and
Supplementary Schedule |
| B. | Report on SEC Form 17-C | - Already filed with the SEC |

SIGNATURES

Pursuant to the requirement of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mandaluyong on APR 15 2015 April 2015.



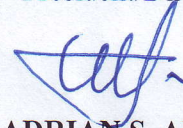
ALFREDO C. RAMOS
Chairman of the Board/CEO



CHRISTOPHER M. GOTANCO
President/Director/COO



ADRIAN PAULINO S. RAMOS
EVP/Treasurer/Director

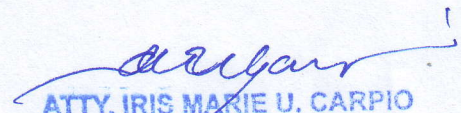


ADRIAN S. ARIAS
EVP-Legal and Admin./Compliance Officer

SUBSCRIBED AND SWORN to before me this APR 15 2015 day of April 2015, affiant exhibited to me his Community Tax Certificates, as follows:

Names	Passport Number	Issue Date/Expiry Date	Place of Issue
Alfredo C. Ramos	EB4871488	March 5, 2012/March 4, 2017	DFA Manila
Christopher M. Gotanco	EC0206506	Feb. 4, 2014/Feb. 3, 2019	DFA Manila
Adrian Paulino S. Ramos	EB3171638	July 26, 2011/July 25, 2016	DFA Manila
Adrian S. Arias	EC0251131	Feb. 08, 2014/Feb. 07, 2019	DFA Manila

Doc No. 396
Page No. 81
Book No. I
Series of 2015.



ATTY. IRIS MARIE U. CARPIO
Notary Public - City of Mandaluyong
Appt. No. 0374-14 / Until December 31, 2015
Quad Alpha Centrum, 125 Pioneer Street
Mandaluyong City 1550
PTR No. 2336114/ Mandaluyong City / 01-09-15
IBP No. 0988200 / 01-09-15 / QC Chapter
MCLE Compliance No. IV-0018799 / 04-25-2013
Roll No. 51028 (2005)

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE
SEC FORM 17-A
DECEMBER 31, 2014**

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management's Responsibility for Consolidated Financial Statements

Report of Independent Public Accountant

Consolidated Statements of Financial Position as at December 31, 2014 and 2013

Consolidated Statements of Comprehensive Income for the Years ended
December 31, 2014, 2013 and 2012

Consolidated Statements of Changes in Equity for the Years ended
December 31, 2014, 2013 and 2012

Consolidated Statements of Cash Flows for the Years ended
December 31, 2014, 2013 and 2012

Notes to Consolidated Financial Statements

SUPPLEMENTARY SCHEDULES

Report of Independent Auditors' on Supplementary Schedules

SCHEDULE I Financial Ratios

SCHEDULE II Map of the Relationships of the Company within the Group

SCHEDULE III Schedule of Effective Standards and Interpretations under the PFRS

SCHEDULE IV Reconciliation of Retained Earnings Available for Dividend Declaration

SCHEDULE A. Financial Assets in Equity Securities

SCHEDULE B. Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (other than Related Parties)

SCHEDULE C. Amounts Receivable from Related Parties which are Eliminated during the
Consolidation of Financial Statements

SCHEDULE D. Intangible Assets - Other Assets

SCHEDULE E. Long-Term Debt

SCHEDULE F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

SCHEDULE G. Guarantees of Securities of Other Issuers

SCHEDULE H. Capital Stock



ANGLO PHILIPPINE HOLDINGS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Anglo Philippine Holdings Corporation is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2014 and 2013, including the additional components attached therein:

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

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

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

SyCip, Gorres, Velayo and Company, the independent auditors, appointed by the stockholders for the years ended December 31, 2014 and 2013 has examined the consolidated financial statements of the company in accordance the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

ALFREDO C. RAMOS
Chairman of the Board/CEO

CHRISTOPHER M. GOTANCO
President/Director/COO

ADRIAN PAULINO S. RAMOS
EVP/Treasurer/Director

SUBSCRIBED AND SWORN to before me this APR 15 day of 2015 2015, affiant exhibited to me his Community Tax Certificates, as follows:

Names	Passport Number	Issue Date/Expiry Date	Place of Issue
Alfredo C. Ramos	EB4871488	March 5, 2012/March 4, 2017	DFA Manila
Christopher M. Gotanco	EC0206506	February 4, 2014/February 3, 2019	DFA Manila
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Doc No. 399
Page No. 81
Book No. I
Series of 2015.

ATTY. IRIS MARIE U. CARPIO
Notary Public - City of Mandaluyong
Appt. No. 0374-14 / Until December 31, 2015
Quad Alpha Centrum, 125 Pioneer Street
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PTR No. 2336114/ Mandaluyong City / 01-09-15
IBP No. 0988200 / 01-09-15 / QC Chapter
MCLE Compliance No. IV-0018799 / 04-25-2013
Roll No. 51028 (2005)

Anglo Philippine Holdings Corporation and Subsidiary

Consolidated Financial Statements
December 31, 2014 and 2013
and Years Ended December 31, 2014, 2013 and 2012

and

Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Anglo Philippine Holdings Corporation

We have audited the accompanying consolidated financial statements of Anglo Philippine Holdings Corporation and Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Anglo Philippine Holdings Corporation and Subsidiary as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Eleanore A. Layug

Partner

CPA Certificate No. 0100794

SEC Accreditation No. 1250-A (Group A),

August 9, 2012, valid until August 8, 2015

Tax Identification No. 163-069-453

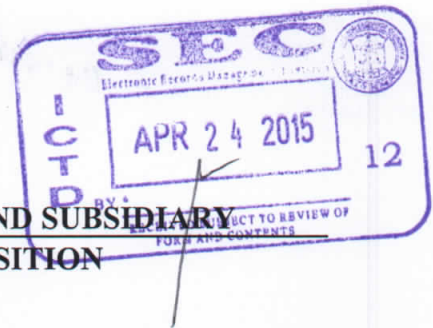
BIR Accreditation No. 08-001998-97-2015,

January 5, 2015, valid until January 4, 2018

PTR No. 4751289, January 5, 2015, Makati City

March 24, 2015





ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P674,906,744	P22,180,599
Receivables (Note 5)	134,779,529	202,920,740
Financial assets at fair value through profit or loss (FVPL; Note 6)	-	114,746,731
Inventories - at cost (Note 7)	1,000,645	-
Prepaid expenses and other current assets	6,108,937	1,169,531
	816,795,855	341,017,601
Assets held for sale (Note 10)	143,632,221	-
Total Current Assets	960,428,076	341,017,601
Noncurrent Assets		
Available-for-sale (AFS) financial assets (Note 8)	1,776,923,774	3,215,562,906
Investments in associates (Note 9)	3,009,669,345	851,145,870
Property and equipment (Note 11)	64,560,043	66,771,611
Deferred exploration costs (Note 12)	201,613,467	191,634,210
Retirement benefits plan asset (Note 24)	6,636,972	9,182,451
Deferred tax assets - net (Note 25)	3,153,446	-
Other noncurrent assets (Note 13)	5,473,952	4,820,325
Total Noncurrent Assets	5,068,030,999	4,339,117,373
TOTAL ASSETS	P6,028,459,075	P4,680,134,974
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 14)	P190,516,792	P217,200,310
Current portion of long-term debt (Note 15)	100,000,000	50,000,000
Income tax payable	630,993	5,708,746
Total Current Liabilities	291,147,785	272,909,056
Noncurrent Liabilities		
Accounts payable and accrued expenses (Note 14)	5,432,916	5,432,916
Long-term debt - net of current portion (Note 15)	-	1,525,117,133
Decommissioning liability (Note 16)	13,888,062	13,676,388
Deferred tax liabilities - net (Note 25)	-	41,981,129
Total Noncurrent Liabilities	19,320,978	1,586,207,566
Total Liabilities	310,468,763	1,859,116,622
Equity (Note 17)		
Capital stock - P1 par value		
Authorized - 4,000,000,000 shares in 2014 and 2,000,000,000 shares in 2013		
Issued - 1,898,957,547 shares in 2014 and 1,170,616,788 shares in 2013	1,898,957,547	1,170,616,788
Subscribed - 1,117,344,991 shares (net of subscriptions receivable of P295,259,490) in 2014 and 7,383,030 shares (net of subscriptions receivable of P1,367,688) in 2013	822,085,501	6,015,342
Additional paid-in capital	1,570,157,056	4,658,460
Net unrealized gain (loss) on AFS financial assets (Note 8)	(286,345,682)	359,561,288
Re-measurement gains on defined benefit obligation, net of deferred taxes	2,132,320	3,221,314
Share in other comprehensive loss of an associate (Note 9)	(38,704,038)	-
Retained earnings	1,777,273,683	1,304,511,235
Treasury stock - 13,000,000 shares at P2.12 cost per share	(27,566,075)	(27,566,075)
Total Equity	5,717,990,312	2,821,018,352
TOTAL LIABILITIES AND EQUITY	P6,028,459,075	P4,680,134,974

See accompanying Notes to Consolidated Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2014	2013	2012
REVENUES			
Sales	₱18,080,948	₱86,137,874	₱—
Gains on:			
Sale of investments (Notes 6 and 9)	553,617,677	66,682,700	—
Fair value changes of financial assets at FVPL (Note 6)	16,392,390	60,332,721	237,382,562
Discount on long-term debt (Note 15)	—	53,883,649	92,950,216
Management fees (Note 18)	88,750,000	103,077,000	100,950,000
Dividend income (Note 18)	37,124,814	68,744,848	20,790,279
Equity in net income (losses) of associates (Note 9)	18,379,055	—	—
Interest income (Note 20)	755,592	13,429,016	25,782,419
Foreign exchange gains - net	—	—	33,288,212
Other income - net	394,258	2,518	—
	733,494,734	452,290,326	511,143,688
COSTS AND EXPENSES			
Cost of sales (Note 19)	4,924,246	64,247,279	—
Interest and other finance charges (Note 20)	179,975,171	100,668,455	91,714,366
General and administrative expenses (Note 21)	120,815,514	75,834,336	26,159,187
Provision for impairment losses of investments (Note 8)	11,523,162	—	—
Foreign exchange losses - net	1,333,675	34,523,222	—
Equity in net losses of associates (Note 9)	—	17,957,381	20,385,436
Losses on:			
Realized fair value changes of AFS financial assets (Note 8)	1,209,000	—	—
Receivable restructuring (Note 23)	—	13,275,874	—
Sale of investment (Note 6)	—	—	4,881,770
	319,780,768	306,506,547	143,140,759
INCOME BEFORE INCOME TAX	413,713,966	145,783,779	368,002,929
PROVISION FOR (BENEFIT FROM)			
INCOME TAX (Note 25)			
Current	6,248,756	13,917,506	17,254,858
Deferred	(44,667,861)	(13,770,737)	23,194,949
	(38,419,105)	146,769	40,449,807
NET INCOME FROM CONTINUING OPERATIONS	452,133,071	145,637,010	327,553,122
NET INCOME FROM DISCONTINUED OPERATIONS (Note 10)	65,678,910	62,907,753	55,535,337
TOTAL NET INCOME	517,811,981	208,544,763	383,088,459
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Net unrealized gain (loss) on AFS financial assets (Note 8)	(645,906,970)	(812,442,280)	319,048,809
Share in other comprehensive loss of an associate (Note 9)	(38,704,038)	—	—
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on retirement benefit, net of deferred income tax	(1,088,994)	(2,086,175)	557,341
	(685,700,002)	(814,528,455)	319,606,150
TOTAL COMPREHENSIVE INCOME (LOSS)	(167,888,021)	(₱605,983,692)	₱702,694,609
Basic and Diluted Earnings Per Share (Note 26)	₱0.31	₱0.18	₱0.33
Basic and Diluted Earnings Per Share From Continuing Operations (Note 26)	₱0.27	₱0.13	₱0.28

See accompanying Notes to Consolidated Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 and 2012

	Capital Stock (Note 17)			Additional Paid-in Capital (Note 17)	Net Unrealized Mark-to-Market Gain (Loss) on AFS Financial Assets (Note 8)	Re-measurement Gains on Defined Benefit Obligation (Note 24)	Share in Other Comprehensive Loss of an Associate (Note 9)	Retained Earnings	Treasury Stock (Note 17)	Total
	Issued	Subscribed	Subscriptions Receivable							
Balances at January 1, 2012	₱1,170,616,970	₱7,383,030	(₱1,367,688)	₱4,658,460	₱852,954,759	₱4,750,148	₱—	₱852,677,991	(₱27,566,075)	₱2,864,107,595
Net income	—	—	—	—	—	—	—	383,088,459	—	383,088,459
Other comprehensive income	—	—	—	—	319,048,809	557,341	—	—	—	319,606,150
Total comprehensive income	—	—	—	—	319,048,809	557,341	—	383,088,459	—	702,694,609
Fractional shares	(182)	—	—	—	—	—	—	—	—	(182)
Cash dividends (Note 17)	—	—	—	—	—	—	—	(69,899,989)	—	(69,899,989)
Balances at December 31, 2012	1,170,616,788	7,383,030	(1,367,688)	4,658,460	1,172,003,568	5,307,489	—	1,165,866,461	(27,566,075)	3,496,902,033
Net income	—	—	—	—	—	—	—	208,544,763	—	208,544,763
Other comprehensive loss	—	—	—	—	(812,442,280)	(2,086,175)	—	—	—	(814,528,455)
Total comprehensive income	—	—	—	—	(812,442,280)	(2,086,175)	—	208,544,763	—	(605,983,692)
Cash dividends (Note 17)	—	—	—	—	—	—	—	(69,899,989)	—	(69,899,989)
Balances at December 31, 2013	1,170,616,788	7,383,030	(1,367,688)	4,658,460	359,561,288	3,221,314	—	1,304,511,235	(27,566,075)	2,821,018,352
Net income	—	—	—	—	—	—	—	517,811,981	—	517,811,981
Other comprehensive loss	—	—	—	—	(645,906,970)	(1,088,994)	(38,704,038)	—	—	(685,700,002)
Total comprehensive income	—	—	—	—	(645,906,970)	(1,088,994)	(38,704,038)	517,811,981	—	(167,888,021)
Issuance of capital stock	728,340,759	1,109,961,961	(293,891,802)	1,565,498,596	—	—	—	—	—	3,109,909,514
Cash dividends (Note 17)	—	—	—	—	—	—	—	(45,049,533)	—	(45,049,533)
Balances at December 31, 2014	₱1,898,957,547	₱1,117,344,991	(₱295,259,490)	₱1,570,157,056	(₱286,345,682)	₱2,132,320	(₱38,704,038)	₱1,777,273,683	(₱27,566,075)	₱5,717,990,312

See accompanying Notes to Consolidated Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	P413,713,966	P145,783,779	P368,002,929
Income before income tax from discontinued operations	65,678,910	62,907,753	55,535,337
Total income before income tax	479,392,876	208,691,532	423,538,266
Adjustments for:			
Interest and other finance charges (Note 20)	179,975,171	100,668,455	91,714,366
Dividend income (Note 18)	(37,124,814)	(68,744,848)	(20,790,279)
Equity in net earnings of associates (Note 9)	(84,057,965)	(44,950,372)	(35,149,901)
Provision for impairment losses (Note 8)	11,523,162	—	—
Depreciation, depletion and amortization (Note 11)	2,366,331	3,454,400	1,292,638
Unrealized foreign exchange losses (gains)	1,333,675	735,152	(36,437,412)
Current service cost (Notes 22 and 24)	1,037,271	1,039,508	961,768
Interest income (Note 20)	(755,592)	(13,429,016)	(25,782,419)
Losses (gains) on:			
Sale of investment (Notes 6 and 9)	(553,617,677)	(66,682,700)	4,881,770
Fair value changes of financial assets at FVPL (Note 6)	(16,392,390)	(60,332,721)	(237,382,562)
Realized fair value changes of AFS financial assets (Note 8)	1,209,000	—	—
Sale of equipment (Note 11)	(400,000)	(15,833)	—
Receivable restructuring (Note 23)	—	13,275,874	—
Discount on long-term debt (Note 15)	—	(53,883,649)	(92,950,216)
Write-off of receivables	—	593,339	—
Operating income (loss) before working capital changes	(15,510,952)	20,419,121	73,896,019
Decrease (increase) in:			
Receivables	68,604,890	31,715,142	23,127,961
Financial assets at FVPL	—	(1,956,845)	—
Inventories	(1,000,645)	3,852,317	—
Prepaid expenses and other current assets	(5,563,869)	144,522	(48,420)
Increase (decrease) in accounts payable and accrued expenses	(40,208,948)	(59,671,726)	53,116,489
Cash generated from (used in) operations	6,320,476	(5,497,469)	150,092,049
Dividends received	126,661,582	118,720,198	62,333,769
Interest received	244,416	208,191	636,357
Income taxes paid	(10,702,049)	(9,714,545)	(24,647,526)
Net cash flows from operating activities	122,524,425	103,716,375	188,414,649
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Investments in associates (Note 9)	738,264,941	—	—
Financial assets at FVPL	—	773,363,649	12,145,730
Sale of property and equipment	400,000	300,000	—
Additions to:			
Investments in associates (Note 9)	(1,651,426,680)	—	—
Property and equipment (Note 11)	(154,763)	(142,153)	(44,203)
Deferred exploration costs (Note 12)	(9,979,257)	(800,237)	(5,536,732)
AFS financial assets (Note 8)	—	(781,209,000)	(2,093,121)
Redemption of investments in associates (Note 9)	31,580,000	31,580,000	31,580,000
Increase in other noncurrent assets	(653,627)	(1,034,383)	(256,547)
Acquisition of subsidiary, net of cash acquired (Note 30)	—	—	(221,584)
Net cash flows from (used in) investing activities	(891,969,386)	22,057,876	35,573,543

(Forward)



	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	₱3,109,909,514	₱—	₱—
Payments of borrowings	(1,626,243,217)	(100,412,222)	(147,018,575)
Cash dividends paid (Note 17)	(35,612,992)	(68,206,942)	(69,422,252)
Interest paid	(24,548,524)	(18,380,844)	(69,676,139)
Proceeds from borrowings	—	50,000,000	50,000,000
Retirement benefits paid	—	(5,382,060)	—
Net cash flows from (used in) financing activities	1,423,504,781	(142,382,068)	(236,116,966)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	654,059,820	(16,607,817)	(12,128,774)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,333,675)	(66,152)	344,377
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22,180,599	38,854,568	50,638,965
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱674,906,744	₱22,180,599	₱38,854,568

See accompanying Notes to Consolidated Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General Information and Authorization for Issue of the Consolidated Financial Statements

Anglo Philippine Holdings Corporation

Anglo Philippine Holdings Corporation (the Parent Company, APHC) was registered with the Philippine Securities and Exchange Commission (SEC) on June 25, 1958 originally as an oil and mineral exploration company with the corporate name of “Anglo Philippine Oil Corp.” In 1996, the Parent Company changed its primary purpose to that of an investments holding firm focused on natural resources-based companies, infrastructure and property development. On September 14, 2006, the SEC approved the Company’s amended Articles of Incorporation extending the life of the Parent Company for another fifty (50) years from June 25, 2008. The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange (PSE).

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

Vulcan Materials Corporation

Vulcan Materials Corporation (VMC; the Subsidiary) was registered with the Philippine SEC on September 12, 1991. The Company is primarily engaged in mining exploration and sale of aggregates.

The registered office address of the Subsidiary is Sitio Tabak, San Rafael, Rodriguez, Rizal.

On December 18, 2012, the Parent Company acquired 100% interest in VMC. The Parent Company and its wholly owned subsidiary VMC, collectively referred to as “the Group”, were incorporated in the Philippines.

Authorization for Issue of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, were authorized for issue by the Board of Directors (BOD) on March 24, 2015.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at FVPL and AFS financial assets, which are carried at fair value. The consolidated financial statements are presented in Philippine peso, which is the Company’s functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in compliance with PFRS.



Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary after eliminating significant intercompany balances and transactions. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has all of the following:

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

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

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

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

Consolidation of the subsidiary begins when 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.

Subsidiary

A subsidiary is an entity over which the Parent Company has control.

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.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income or OCI to profit or loss or retained earnings, as appropriate.

The consolidated financial statements include the accounts of the parent company and VMC, its lone subsidiary.



A subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary is prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) interpretations and improvements to PFRS which were adopted as at January 1, 2014.

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
These amendments 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 FVPL. These amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group since the Parent Company does not qualify to be an investment entity under PFRS 10.
- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
The amendments 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. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting agreement.
- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Nonfinancial Assets* (Amendments)
These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, 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 with earlier application permitted, provided PFRS 13 is also applied. The application of the amendments affects disclosures only and has no impact on the Group’s consolidated financial position or performance.
- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has no derivatives during the current or prior periods which will be considered for future novations.



- **Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)**
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. Retrospective application is required for IFRIC 21. This interpretation has no significant impact on the Group's consolidated financial statements since the Group has no transaction that is subject to a levy.
- ***Annual Improvements to PFRSs (2010-2012 cycle)***
In the 2010-2012 Annual Improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group's consolidated financial statements since the Group already presented its short-term receivables and payables at invoice amounts.
- ***Annual Improvements to PFRSs (2011-2013 cycle)***
In the 2011-2013 Annual Improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards-First-time Adoption of PFRS. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

Standards and Interpretations Issued but not yet Effective

The following new and revised standards, amendments to PFRS and Philippine Interpretations will become effective subsequent to December 31, 2014:

Effective Date to be Determined

- **PFRS 9, *Financial Instruments - Classification and Measurement* (2010 version)**
PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. 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 FVO liabilities, 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 in respect of the liability's 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 into PFRS 9, including the embedded derivative separation 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.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- *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 SEC and the FRSC have deferred the effectivity of this interpretation until the final revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group since the Group is not engaged in construction of real estate.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval of the BOA.

Effective January 1, 2015:

- *PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group since the Group has no benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- *PFRS 2, Share-based Payment - Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
 - a) A performance condition must contain a service condition.
 - b) A performance target must be met while the counterparty is rendering service.
 - c) A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
 - d) A performance condition may be a market or non-market condition.
 - e) If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The amendment does not apply to the Group as it has no share-based payment.



- *PFRS 3, Business Combinations - Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39 (or PFRS 9, if early adopted). The Group shall consider this amendment for future business combinations.
- *PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments are applied retrospectively and clarify that:
 - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are “similar”.
 - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.
- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.
- *PAS 24, Related Party Disclosures - Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- *PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
 - a) Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
 - b) This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- *PFRS 13, Fair Value Measurement - Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable).



- *PAS 40, Investment Property*

The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective January 1, 2016:

- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*

The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- *PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments)*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- *PAS 27, Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements. The Parent Company will continue to account for its investment in associate at cost in its separate financial statements.



- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group shall consider this amendment for future sale or contribution of assets between the Parent Company and its associates.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)

The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group shall consider this amendment for future acquisitions of interests in joint operations.

- PFRS 14, *Regulatory Deferral Accounts*

PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.



- *PFRS 7, Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.
- *PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.
- *PAS 19, Employee Benefits - Regional Market Issue Regarding Discount Rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- *PAS 34, Interim Financial Reporting - Disclosure of Information "Elsewhere in the Interim Financial Report"*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). These amendments will not have any impact on the consolidated financial statements.

Effective January 1, 2018:

- *PFRS 9, Financial Instruments - Hedge Accounting* and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of 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 derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.



PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA. The Group shall consider the effects of this amendment in its future hedging transactions.

- PFRS 9, *Financial Instruments* (2014 or final version)
In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Group is currently assessing the impact of adopting the standard.

The following new standard issued by the IASB has not yet been adopted by the FRSC.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

The revised, amended and additional disclosures or accounting changes provided by the standards and interpretations will be included in the consolidated financial statements in the year of adoption, if applicable.

Summary of Significant Accounting Policies

Presentation of Financial Statements

The Group has elected to present all items of recognized income and expense in single consolidated statement of comprehensive income.

Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid deposits 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 consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date that the Group commits to purchase or sell the asset).

Initial Recognition and Measurement of Financial Instruments

The Group determines the classification of financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every end of the reporting period.

Financial instruments are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial instruments, except for financial instruments measured at FVPL.

Financial Assets

Financial assets are classified in the following categories: financial assets at FVPL, loans and receivables, AFS financial assets, held-to-maturity (HTM) investment, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the financial assets were acquired and whether they are quoted in an active market.

The Group's financial assets are in the nature of loans and receivables, financial assets at FVPL and AFS financial assets. As at December 31, 2014 and 2013, the Group has no financial assets classified as HTM investments or as derivatives designated as hedging instruments in an effective hedge.

Financial Liabilities

Financial liabilities are classified into financial liabilities at FVPL and other financial liabilities, as appropriate.

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.

The Group's financial liabilities are in the nature of other financial liabilities. As at December 31, 2014 and 2013, the Group has no financial liabilities at FVPL.

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the reporting period.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business on the end of the reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

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 as explained above.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 28.

"Day 1" Difference

Where the transaction price in a non-active market is different to 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 consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statement of comprehensive income only 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.

Subsequent Measurement

The subsequent measurement of financial instruments depends on their classification as follows:

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. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in the “Interest income” account in the parent company statement of comprehensive income. Any losses arising from impairment are recognized in “General and administrative expenses” in the parent company statement of comprehensive income.

Loans and receivables are classified as current assets when they are expected to be realized within twelve (12) months after the end of the reporting period or within the normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

As at December 31, 2014 and 2013, the Group’s loans and receivables include cash and cash equivalents, receivables and mine rehabilitation fund (MRF) under “Other noncurrent assets” (see Notes 4, 5 and 13).

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 consolidated statement of comprehensive income. Interest and dividend income or expense is recognized in the consolidated 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 is reported as interest income using the EIR. Dividends earned on holding financial assets at FVPL are recognized in the consolidated 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.

There were no financial assets at FVPL classified as at December 31, 2014. As at December 31, 2013, the Group's financial assets at FVPL consist of investments in quoted equity securities (see Note 6).

AFS Financial Assets

AFS financial assets are those non derivative financial assets designated as such or are not classified as at FVPL, HTM investments 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 measurement, AFS financial assets are subsequently measured at fair value, with unrealized gains or losses arising from the changes in fair values of AFS financial assets are reported as "Net unrealized valuation gain (loss) on AFS financial assets" in the OCI. When the investment is disposed of or determined to be impaired, the cumulative gains or losses previously recognized in OCI is recognized as income or loss in the consolidated statement of comprehensive income. Dividends earned on holding AFS financial assets are recognized when the right of payment has been established. The losses arising from impairment of such financial assets are recognized as provision for impairment losses in the consolidated statement of comprehensive income.

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

The Group's AFS financial assets are presented as noncurrent assets in the consolidated statement of financial position. As at December 31, 2014 and 2013, the Company's AFS financial assets include quoted and unquoted equity shares (see Note 8).

Other Financial Liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings. Issued financial instruments or their components, which are not classified as at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. The EIR amortization is included in the "Interest and other finance charges" in the consolidated 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 end of the reporting period or the Group does not have an unconditional right to defer settlement for at least twelve (12) months from the end of the reporting period. Otherwise, they are classified as noncurrent liabilities.

As at December 31, 2014 and 2013, the Group's other financial liabilities include accounts payable and accrued expenses (excluding statutory payables) and long-term debt (see Notes 14 and 15).

Impairment of Financial Assets

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

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

Loans and Receivables

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

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.

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 recognized in the consolidated statement of comprehensive income. 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 and all collateral has been realized or has been transferred to the Group.

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 consolidated statement of comprehensive income by adjusting the allowance account.

AFS Financial Assets Carried at Cost

If there is objective evidence that an impairment loss in unquoted equity instrument for AFS financial assets carried at cost, such as unquoted equity instruments that is not carried at fair value because its fair value cannot be reliably measured, 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 discounted at the current market rate of return for a similar financial asset.

Objective evidence of impairment includes, but is not limited to, significant financial difficulty of the issuer or obligor and it becoming probable that the borrower will enter bankruptcy or other financial reorganization.

AFS Financial Assets Carried at Fair Value

For AFS financial assets, the Group assesses at each end of reporting period whether there is objective evidence that an AFS financial asset is impaired.

In the case of equity investments classified as AFS financial assets, 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. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in OCI) is removed from OCI and recognized in the consolidated statement of comprehensive income. Impairment losses on equity investments are not reversed through the consolidated statement of comprehensive income. While increases in fair value after impairment are recognized directly in OCI under equity.

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. In such case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 Group's statement of comprehensive income.

Offsetting Financial Instruments

Financial instruments are only offset and the net amount reported in the Group's statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously.

Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). Cost is determined by the monthly moving average production cost during the year for finished goods and raw materials and supplies. The NRV of finished goods 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. For raw materials and supplies, the Company expects to realize or consume the assets within twelve (12) months after the end of the reporting period. NRV of raw materials and supplies is the current replacement cost.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets include prepaid insurance, deposit and tax credit from overpayment of income tax which can be utilized as payment for income taxes in the next taxable year. These are considered as current assets since the Group expects to realize or consume these assets within twelve (12) months after the end of the reporting period.

Assets Held for Sale

The Group classifies assets as held for sale (disposal group) when the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. Furthermore, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The related results of operations and cash flows of the disposal group that qualify as discontinued operations are separated from the results of those that would be recovered principally through continuing use, and the prior year's profit or loss in the consolidated statement of comprehensive income and statement of cash flows are re-presented. The results of operations and cash flows of



the disposal group that qualify as discontinued operations are presented in profit or loss in the consolidated statement of comprehensive income and consolidated statement of cash flows as items associated with discontinued operations.

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. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Under the equity method, the investments in associates are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

The consolidated 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 consolidated 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 consolidated 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 end of the reporting period 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 consolidated 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 depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable 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 the consolidated statement of comprehensive 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 units-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 consolidated statement of financial position

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

Category	Number of Years
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 UOP method based on the estimated recoverable mine reserves until the Group actually incurs these costs in the future.

When property and equipment 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 they are no longer in use and no further depreciation is charged to current operations.

Deferred Exploration Costs

Oil and gas exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under “Deferred exploration costs” account. The Group’s deferred exploration costs are specifically identified of each Service Contract (SC)/Geophysical Survey, Exploration Contract (GSEC) area and quarrying area. All oil exploration costs relating to each SC/GSEC are deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and



administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of comprehensive income when incurred.

If no potentially commercial hydrocarbons are discovered or mineral reserve, the deferred exploration costs are written off through the consolidated statement of comprehensive income. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried under deferred exploration costs account while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as deferred exploration costs.

At the completion of the exploration phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the deferred exploration costs relating to the SC/GSEC, where oil and gas in commercial quantities are discovered, is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to property and equipment in the consolidated statement of financial position.

Deferred exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

Other Noncurrent Assets

Input Value-Added Tax (VAT)

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.

Input VAT on capitalized assets subject to amortization and any excess which (1) may be utilized against output VAT, if any, beyond twelve (12) months from the end of the reporting period or (2) are being claimed for refund or as tax credits with the Court of Tax Appeals which are presented as noncurrent assets in the consolidated statement of financial position. Input VAT is stated at its estimated NRV.

The amount of VAT recoverable from the taxation authority is included as part of “Other noncurrent assets” in the consolidated statement of financial position.



Impairment of Nonfinancial Assets

Investments in Associates

The Group determines at each end of the reporting period whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment being the difference between the recoverable amount of the investment and the carrying value and recognizes the amount in the consolidated statement of comprehensive income.

An assessment is made at the end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognized impairment loss is reverse only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the investments is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Deferred Exploration Costs

An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the deferred exploration costs may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined. Deferred exploration costs are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Property and Equipment, Prepaid Expenses and Other Current and Noncurrent Assets

The Group assesses at each reporting period 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. As asset's recoverable amount is the higher of an asset's or CGU'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 parent company statements of comprehensive income in those expense categories consistent with the function of the impaired asset.



As assessment is made at each end of the reporting period 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 consolidated 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.

Provisions

General

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. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined 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 and other finance charges" in the consolidated statement of comprehensive income.

Decommissioning Liability

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 consolidated 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 consolidated statement of comprehensive income.

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

Other Comprehensive Income

OCI comprises items of income and expense (including items previously presented under the statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

Capital Stock and Additional Paid-in Capital

The Parent Company 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.

Treasury Stock

Treasury stock is recorded at cost and is presented as a deduction from equity. Any consideration paid or received in connection with treasury stock is recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given:

(1) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares are issued, and (2) retained earnings. When shares are sold, the treasury stock account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to the issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend declarations, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Dividend distribution to the Parent Company's stockholders is recognized as a liability and deducted from retained earnings when they are approved by the Parent Company's BOD.

Dividends for the year that are approved after the end of the reporting period are dealt with as an event after the end of the reporting period.

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.



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.

Interest Income

Income is recognized as the interest accrues (using the EIR that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Other Income

Income is recognized in the parent company statement of comprehensive income as they are earned.

Costs and Expenses Recognition

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. General and administrative expenses are generally recognized when the services are used or the expenses arise while interest and other finance charges are accrued in the appropriate period.

Earnings Per Share (EPS)

Basic EPS 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 EPS amounts are calculated by dividing the net income 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, excluding treasury shares.

Since the Group has no potential dilutive common shares, basic and diluted earnings per share are stated at the same amount.

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 Company's segments pertain to its investments in associates. This segment is carried by TPC, UPMC and NTDCC, the Group's associates. The summarized financial and other relevant information of the Group's associates are disclosed in Notes 9, 10 and 29 to the consolidated financial statements.



Retirement Benefits 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. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

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 "Personnel cost" under general and administrative expenses in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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 government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest expense or interest income classified under "Interest and other finance charges" or "Interest income" in the consolidated 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 OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods. These are retained in OCI until full settlement of the obligation. Re-measurements recognized in OCI after the initial adoption of Revised PAS 19 are closed to retained earnings.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

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 income tax rates and income tax laws used to compute the amount are those that have been enacted or substantively enacted as at the end of the reporting period.

Deferred Tax

Deferred tax is provided using the liability method on all temporary differences at the end of the reporting period 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, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in foreign subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in foreign subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred tax asset to be recovered.



Deferred tax assets and liabilities are measured at the income tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates (and income tax laws) that have been enacted or substantively enacted at each end of the reporting period.

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

Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the date of the initial transactions. All differences are taken to "Foreign exchange gains (losses) - net" in the consolidated statement of comprehensive income.

Contingencies

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

Events After the Reporting Period

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

3. Significant Accounting Judgments and Estimates

The Group's consolidated financial statements prepared in accordance with PFRS requires management to make judgments, estimates and assumptions that affect amounts reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.



Determining Functional Currency

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

Classifying Financial Instruments

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

The Group classified its equity instruments as AFS financial assets and classified under noncurrent assets since management does not intend to dispose the investments within twelve (12) months from the end of the reporting period.

Determining Control over the Subsidiary

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

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

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

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

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

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

In 2014, the Group classified its 34.32% investment in TPC as an investment in associate which was previously classified as financial assets at FVPL and AFS financial assets. The carrying value of this investment is ₱2,487.9 million as at December 31, 2014 (see Notes 6, 8 and 9).

Under the exercise of this judgment, the Group classified its 15.79% investment in NTDCC as an investment in associate prior to its partial disposal on December 10, 2014 of 9.24% ownership. As at December 31, 2013, the carrying value of this investment is ₱350.8 million. The remaining 6.55% ownership was classified as assets held for sale as at December 31, 2014 (see Notes 9 and 10).



Also, the Group has investment in UPMC where ownership is 22.96% and 21.81% in 2014 and 2013, respectively. This is classified as an investment in associate. The carrying value of this investment is ₱521.8 million and ₱500.3 million as at December 31, 2014 and 2013, respectively (see Note 9).

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

The Group exercises judgment in determining whether investments in associates qualify as operating segments as prescribed by PFRS 8 although the Group does not control the investees. Management considers the following factors in its assessment: review of operating results and performance of an equity method investee for purposes of making resource allocations, evaluating financial performance or evaluating whether to retain the investor-investee relationship. Based on management judgment, the Group considers its investments in TPC, NTDCC and UPMC as operating segments. The cost of the Group's investments in associates amounted to ₱3,138.0 million and ₱848.1 million as at December 31, 2014 and 2013, respectively (see Note 9).

Determining Whether Investment in Associate will be classified as Assets Held for Sale

The Group classifies an associate as a disposal group held for sale if it meets the following conditions as at the end of the reporting period:

- The entity is available for immediate sale and can be sold in its current condition;
- An active program to locate a buyer and complete the plan of sale has been initiated; and
- The entity is to be genuinely sold, not abandoned.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

Estimating Allowance for Impairment Losses on Receivables

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

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

Provision for impairment losses on receivables amounting to ₱17 million and ₱16.7 million was recognized in 2014 and 2013. The receivables are carried at ₱134.8 million and ₱202.9 million as at December 31, 2014 and 2013, respectively (see Note 5).



Estimating Allowance for Inventory Losses

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

No allowance for inventory losses was recognized in 2014 and 2013 (see Note 7).

Estimating Impairment Losses on AFS Financial Assets

The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost. This determination of what is significant or prolonged requires judgment. The Group treats “significant” generally as 20% or more of the original cost of the investment, and “prolonged” as greater than six (6) months. In making this judgment, the Group evaluates among other factors, the normal volatility of quoted prices, evidence of deterioration in the financial health of the investee, industry or sector performance, changes in technology and economic environment.

For AFS financial assets carried at cost, the Group estimates the expected future cash flows from the investment and calculates the amount of impairment as the difference between the present value of expected future cash flows from the investment and its acquisition cost and recognizes the amount in the consolidated statement of comprehensive income.

As at December 31, 2014 and 2013, fair value of the quoted AFS financial assets amounted to ₱1,750.0 million and ₱3,177.1 million, respectively, with no provision for impairment losses recognized in 2014 and 2013 (see Note 8).

As at December 31, 2014 and 2013, carrying amount of unquoted AFS financial assets carried at cost amounted to ₱26.9 million and ₱38.4 million, net of allowance for impairment losses amounting to ₱11.5 million and nil, respectively (see Note 8).

Estimating Impairment on Investments in Associates

PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the fair value of investment in an associate, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such asset, requires the Company to make estimates and assumptions that can materially affect its financial statements. Future events could cause the Company to conclude that the investment is impaired. Any resulting impairment loss could have a material adverse impact on the consolidated statement of financial position and consolidated statement of comprehensive income.

Investments in associates amounted to ₱3,009.7 million and ₱851.1 million as at December 31, 2014 and 2013, respectively (see Note 9).

Estimating Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and



experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the noncurrent assets. There is no change in the estimated useful lives of the property and equipment in 2014 and 2013.

The aggregate net book values of property and equipment amounted to ₱64.6 million and ₱66.8 million as at December 31, 2014 and 2013, respectively. The balance of the accumulated depreciation of property and equipment amounted to ₱110.2 million and ₱110.9 million as at December 31, 2014 and 2013, respectively (see Note 11).

Estimating Impairment of Property and Equipment

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

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

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs. For impairment loss on specific assets, the recoverable amount represents the net selling price.

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

No impairment losses were recognized for property and equipment in 2014 and 2013. As at December 31, 2014 and 2013, the aggregate net book values of property and equipment amounted to ₱64.6 million and ₱66.8 million, respectively (see Note 11).

Assessing Recoverability of Deferred Exploration Costs

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

- The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;



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

The carrying value of deferred exploration costs amounted to ₱201.6 million and ₱191.6 million as at December 31, 2014 and 2013, respectively. No allowance for impairment losses on deferred exploration costs was recognized by the Group in 2014 and 2013 (see Note 12).

Estimating Proved Oil Reserves

The Group estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

All proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available. As those fields are further developed, new information may lead to revisions.

For the period ended December 31, 2014 and 2013, there has been no significant change in estimated recoverable reserves for the exploration areas situated in Northwest Palawan, Sulu Sea and Mindoro to which the Company has participation.

Estimating Aggregate Reserves

The Group assesses its estimate of aggregate reserves on an annual basis. The Group's estimated reserves are based on the estimates of the Group's geologists. Annually, an inventory of the remaining reserves is derived by subtracting the annual production, which is reported to the Mines and Geosciences Bureau. The estimated mineral reserves were 7.33 million LCM as at December 31, 2014 and 2013, respectively.

Estimating Allowance for Impairment Losses on Nonfinancial Prepayments and Other Current and Noncurrent Assets

The Company provides allowance for impairment losses on nonfinancial prepayments and other current and noncurrent assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease prepayments and other current or noncurrent assets.



As at December 31, 2014 and 2013, the carrying values of nonfinancial prepayments and other current assets amounted to ₱6.1 million and ₱1.2 million, respectively.

As at December 31, 2014 and 2013, the carrying value of nonfinancial other noncurrent assets amounted to ₱5.5 million and ₱4.8 million, respectively (net of allowance for impairment losses of ₱14.4 million as at December 31, 2014 and December 31, 2013, respectively, see note 13).

Assessing Recoverability of Deferred Tax Assets

The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces the amounts to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The Group has recognized deferred tax assets amounting to ₱5.1 million and ₱7.7 million as at December 31, 2014 and 2013, respectively (see Note 25).

The Group did not recognize deferred tax assets on deductible temporary differences and carry-forward benefits of minimum corporate income tax (MCIT) and net operating loss carry-over (NOLCO) since management believes that it is not probable that sufficient future taxable profit will be available against which the benefits can be utilized (see Note 25).

Estimating Retirement Benefits Expense (Income)

The determination of the Parent Company's obligation and cost for retirement is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. These assumptions are described in Note 20 to the parent company financial statements. Actual results that differ from the Parent Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the Parent Company's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Company's retirement obligations.

As at December 31, 2014 and 2013, the net retirement benefit plan asset amounted to ₱6.6 million and ₱9.2 million, respectively. Net retirement benefit expense for the years ended December 31, 2014 and 2013, amounted to ₱1.0 million and ₱0.6 million, respectively (see Note 24).

Estimating the Decommissioning Liability

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

Cost estimates expressed at current price levels at the date of the estimate are discounted using a rate of interest of 1.55% per annum in 2014 and 2013 to take into account the timing of payments. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense.



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

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

Decommissioning liability amounted to ₱13.9 million and ₱13.7 million as at December 31, 2014 and 2013, respectively (see Note 16).

Determining Fair Value of Financial Instruments

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

Any change in the fair value of financial assets and financial liabilities would directly affect net income (see Note 27).

4. Cash and Cash Equivalents

	2014	2013
Cash on hand and with banks	₱36,586,744	₱22,180,599
Short-term deposits	638,320,000	–
	₱674,906,744	₱22,180,599

Cash with banks earn interest at their respective bank deposit rates. Short-term deposits are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

In 2014, 2013 and 2012, interest income from cash with banks and short-term deposits, net of final tax, amounted to ₱0.7 million, ₱0.2 million and ₱0.6 million, respectively (see Note 20).

The Group has United States dollar (US\$)-denominated cash with banks and short-term deposits amounting to US\$6.1 million and US\$7,430, as at December 31, 2014 and 2013, respectively (see Note 27).



5. Receivables

	2014	2013
Accrued management fees (see Note 18)	₱110,947,000	₱26,637,000
Trade	19,707,164	19,123,425
Advances to related parties (see Note 23)	15,832,918	164,345,092
Others	5,372,508	9,572,283
	151,859,590	219,677,800
Less allowance for impairment losses	17,080,061	16,757,060
	₱134,779,529	₱202,920,740

Trade receivables are noninterest-bearing and generally have a thirty (30) day term.

Others include interest receivable from the Group's short-term deposits and advances to officers and employees.

The receivables of the Group consist of individually significant accounts that were subjected to specific impairment approach. Others that were not individually significant for which no specific impairment were subjected to collective assessment. Based on the assessment done, the Group recognized additional provision for impairment losses in 2014 as follows:

	2014	2013
Trade		
Balances at beginning of year	₱15,175,653	₱15,175,653
Provision (see Note 21)	268,402	—
	15,444,055	15,175,653
Others		
Balances at beginning of year	1,581,407	1,704,841
Provision (see Note 21)	54,599	—
Write-off	—	(123,434)
	1,636,006	1,581,407
	₱17,080,061	₱16,757,060

The Group has US\$-denominated receivables amounting to US\$2.5 million and US\$0.6 million as at December 31, 2014 and 2013, respectively (see Note 27).

6. Financial Assets at FVPL

This account consists of investments in shares of stock of TPC amounting to nil and ₱114.7 million, consisting of nil shares and 3,278,478,022 shares as at December 31, 2014 and 2013, respectively.

On June 7, 2013, the Group acquired 50,000,000 shares of TPC at ₱0.039 per share for an aggregate price of ₱2.0 million, excluding incidental costs. As at December 31, 2013, the Group has 1.71% interest in TPC that was classified as financial assets at FVPL. On July 11, 2014, the Company increased its ownership interest in TPC, gaining significant influence over TPC. The shares previously classified as financial assets at FVPL and AFS financial assets were considered in accounting for the cost of its investment in associate (see Note 9).



In 2013, the Group sold its entire 214,145,742 shares of stock in Shang Properties, Inc. at ₱3.6352 per share or an aggregate price of ₱773.4 million, net of selling costs amounting to ₱5.1 million. The Group recognized gain on sale of investment amounting to ₱66.7 million.

In 2012, the Group sold to National Book Store, Inc. (NBS), an entity under common control of an individual stockholder, all its 12,250,000 shares of stock in Vulcan Industrial Materials Corporation (VIMC) at ₱1.00 per share or an aggregate price of ₱12.1 million, net of selling costs amounting to ₱0.1 million. The Group recognized loss on sale of investment amounting to ₱4.9 million.

Gains on fair value changes of financial assets at FVPL recognized in 2014, 2013 and 2012 amounted to ₱16.4 million, ₱60.3 million and ₱237.4 million, respectively.

7. Inventories

As at December 31, 2014, inventories consist of:

At cost:	
Finished goods	₱819,063
Raw materials and supplies	181,582
	₱1,000,645

Raw materials and supplies consist of blue rocks being processed to become aggregates.

Finished goods are aggregates produced upon processing the raw materials which is classified into S1, 3/4 and 3/8.

No allowance for inventory losses was provided as at December 31, 2014 and 2013.

8. AFS Financial Assets

	2014	2013
Equity securities:		
Quoted	₱1,750,019,100	₱3,177,135,070
Unquoted	38,427,836	38,427,836
	1,788,446,936	3,215,562,906
Less allowance for impairment losses on unquoted shares	11,523,162	–
	₱1,776,923,774	₱3,215,562,906

Movements in the AFS financial assets as at December 31, 2014 and 2013 are as follows:

	2014	2013
Balances at beginning of year	₱3,215,562,906	₱3,246,796,186
Reclassification to investment in associate (Note 9)	(780,000,000)	–
Additions	–	781,209,000
Allowance for impairment loss on unquoted shares	(11,523,162)	–
Movements recognized in equity:		
Changes in fair value of AFS financial assets	(645,906,970)	(812,442,280)
Transfer of unrealized valuation loss from OCI profit or loss	(1,209,000)	–
Balances at end of year	₱1,776,923,774	₱3,215,562,906



The net unrealized gain (loss) of these investments amounting to (₱286.3 million) and ₱359.6 million as at December 31, 2014 and 2013, respectively, are shown as separate component in the consolidated statements of changes in equity.

Quoted AFS financial assets pertain to investments in common shares of various local public companies namely TPC and Atlas Consolidated Mining and Development Corporation (ACMDC). The fair value of the quoted instruments is based on the exit market price as at December 31, 2014 and 2013.

Unquoted AFS financial assets pertain to investments in private local companies and have no fixed maturity date or coupon rate. Unquoted investments have been carried at cost less impairment since fair value of these AFS financial assets cannot be reliably determined as they have no available bid price.

On September 2, 2013, the Group acquired a total of 19,500,000,000 additional shares of TPC by way of a special block sale, at ₱0.04 per share or an aggregate price of ₱780.0 million, plus incidental costs of ₱1.2 million. As at December 31, 2013, the Group has 10.16% interest in TPC that was classified as AFS financial assets. On July 11, 2014, the Company increased its ownership interest in TPC, gaining significant influence over TPC. The shares previously classified as financial assets at FVPL and AFS financial assets were considered in accounting for the cost of its investment in associate (see Note 6).

In 2014, the Group provided an allowance for impairment losses on its unquoted equity shares amounting to ₱11.5 million. No impairment loss was recognized in 2013 and 2012 on the Group's quoted equity instruments.

The Company has no intention to dispose its unquoted equity shares.

9. Investments in Associates

	2014	2013
Acquisition cost:		
Balances at beginning of year	₱848,105,280	₱879,685,280
Additions during the year	2,562,565,802	—
Redemption*	(31,580,000)	(31,580,000)
Asset classified as held-for-sale	(100,036,990)	—
Disposal during the year	(141,020,366)	—
Balances at end of year	3,138,033,726	848,105,280
Accumulated equity in net earnings:		
Balances at beginning of year	3,040,590	8,065,568
Equity in net earnings during the year	84,057,965	44,950,372
Dividends received	(89,536,768)	(49,975,350)
Asset classified as held-for-sale	(43,595,231)	—
Disposal during the year	(43,626,899)	—
Balances at end of year	(89,660,343)	3,040,590
Equity share in other comprehensive loss during the year	(38,704,038)	—
	₱3,009,669,345	₱851,145,870

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



The carrying values of investments in associates are as follows:

	Percentage of Ownership		Amount	
	2014	2013	2014	2013
TPC	34.32%	–	₱2,487,870,217	₱–
UPMC	22.96%	21.81%	521,798,128	500,348,671
NTDCC (see Note 10)	–	15.79%	–	350,797,199
			₱3,009,668,345	₱851,145,870

The investment in NTDCC includes investment in voting and redeemable preferred shares amounting to ₱266.6 million as at December 31, 2013.

Investment in TPC

TPC is primarily engaged in petroleum and mineral exploration and development. TPC became an associate on July 11, 2014, with the additional purchase of 43,061,809,706 shares by way of a special block sale, at a price of ₱0.03738 per share, increasing the interest of the Company over TPC from 11.87% to 34.32% or a total of 65,840,287,728 shares gaining significant influence over TPC. The 22,778,478,022 shares previously owned were initially classified as follows:

Classification	Number of shares	Percentage
Financial assets at FVPL	3,278,478,022	1.71%
AFS financial assets	19,500,000,000	10.16%
Total	22,778,478,022	11.87%

The shares of TPC classified as financial assets at FVPL and AFS financial assets were considered in accounting for the cost of its investment in associate. Since financial assets at FVPL and AFS financial assets have been measured at fair value, there is no further change to its carrying value as at July 11, 2014 amounting to ₱131.1 million and ₱780.0 million, respectively, when reclassifying it to investment in associate at the time the Group gained significant influence over TPC. The amount of changes in fair value of TPC accumulated in equity is reclassified to profit or loss on July 11, 2014 amounting to ₱1.2 million (see Notes 6 and 8).

Investment in UPMC

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

On December 17, 2014, the Group bought a total of 3,000,000,000 shares of UPMC by way of regular cross transaction at a price equivalent to ₱0.012 per share, with related transaction cost amounting to ₱0.1 million. This increase the Group's interest in UPMC from 21.81% to 22.96%.

Investment in NTDCC

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

On December 10, 2014, the Group partially sold its 539,249 common shares and 2,265,507 redeemable preferred shares of NTDCC to Ayala Land, Inc. (ALI), representing 9.24% ownership for a consideration of ₱738.3 million, resulting to a gain of ₱553.6 million (see Note 10).



The summarized financial information of the associates as at and for the years ended December 31, 2014 and 2013 are as follows (in thousands):

	2014			2013		
	Total Assets	Total Liabilities	Net Income (Loss)	Total Assets	Total Liabilities	Net Income (Loss)
TPC	₱3,418,683	₱109,669	₱374,653	₱—	₱—	₱—
UPMC	1,129,141	905,286	(67,290)	1,127,380	836,418	(82,336)
NTDCC (see Note 10)	—	—	—	6,913,478	4,671,783	398,403

10. Assets Held for Sale

On December 2, 2014, the BOD authorized the sale of NTDCC shares. On December 10, 2014, the Company partially sold its 539,249 common shares and 2,265,507 redeemable preferred shares of NTDCC to ALI, representing 9.24% ownership. As at December 31, 2014, the remaining 382,072 common shares and 1,605,169 redeemable preferred shares of NTDCC representing 6.55% was classified as discontinued operations and asset held for sale. The NTDCC shares met the criteria of an asset to be classified as held for sale as at December 31, 2014 for the following reasons: (1) the NTDCC shares were available for immediate sale and can be sold to a potential buyer in its current condition; (2) the BOD has approved the plan to sell the NTDCC shares and (3) the NTDCC shares were subsequently sold to ALI on February 5, 2015. Thus, we adjusted the comparative consolidated statements of comprehensive income for the years ended December 31, 2014, 2013 and 2012 to present the equity in net income of NTDCC shares as discontinued operations amounting to ₱65.7 million, ₱62.9 million and ₱55.5 million, respectively.



11. Property and Equipment

	2014					Total
	Quarry Development Costs	Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	
Cost:						
Balances at beginning of year	₱94,665,468	₱22,222,178	₱55,103,561	₱1,517,312	₱4,158,601	₱177,667,120
Additions	—	—	—	—	154,763	154,763
Disposals	—	—	—	(916,071)	(2,144,229)	(3,060,300)
Balances at end of year	94,665,468	22,222,178	55,103,561	601,241	2,169,135	174,761,583
Accumulated depreciation, depletion and amortization:						
Balances at beginning of year	43,783,906	7,950,527	53,726,903	1,366,078	4,068,095	110,895,509
Depreciation, depletion and amortization (see Notes 19 and 21)	603,831	1,105,211	404,800	127,080	125,409	2,366,331
Disposals	—	—	—	(916,071)	(2,144,229)	(3,060,300)
Balances at end of year	44,387,737	9,055,738	54,131,703	577,087	2,049,275	110,201,540
Net book values	₱50,277,731	₱13,166,440	₱971,858	₱24,154	₱119,860	₱64,560,043

	2013					Total
	Quarry Development Costs	Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	
Cost:						
Balances at beginning of year	₱95,330,847	₱22,091,616	₱55,103,561	₱2,067,312	₱4,147,010	₱178,740,346
Additions	—	130,562	—	—	11,591	142,153
Disposals	—	—	—	(550,000)	—	(550,000)
Reassessment of decommissioning asset (see Note 16)	(665,379)	—	—	—	—	(665,379)
Balances at end of year	94,665,468	22,222,178	55,103,561	1,517,312	4,158,601	177,667,120
Accumulated depreciation, depletion and amortization:						
Balances at beginning of year	42,376,217	6,845,316	53,174,867	1,557,420	3,753,121	107,706,941
Depreciation, depletion and amortization (see Notes 19 and 21)	1,407,689	1,105,211	552,036	74,490	314,974	3,454,400
Disposals	—	—	—	(265,832)	—	(265,832)
Balances at end of year	43,783,906	7,950,527	53,726,903	1,366,078	4,068,095	110,895,509
Net book values	₱50,881,562	₱14,271,651	₱1,376,658	₱151,234	₱90,506	₱66,771,611



12. Deferred Exploration Costs

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

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

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

	Percentage of Participation	2014	2013
Parent Company			
SC 6 (Offshore Northwest Palawan)	3.33		
Block A (Octon)		₱55,683,065	₱55,683,065
Saddle Rock Prospect		7,325,361	7,325,361
Esperanza Prospect		823,118	823,118
SC 41 (Sulu Sea)	1.68	48,266,249	48,266,249
SC 53 (Onshore Mindoro)	5.00	30,232,833	20,253,576
SC 14 (Northwest Palawan, Tara Block)	2.50	4,194,784	4,194,784
SWAN Block (Northwest Palawan)	33.58		
SC 39 (Busuanga/Calauit)		15,891,445	15,891,445
GSEC 86 (Northwest Malampaya)		10,345,190	10,345,190
GSEC 83 (North Calamian Project)		533,923	533,923
VMC			
Comet Nickel-Chromite, Bataan and Batangas Aggregates Project		28,317,499	28,317,499
		₱201,613,467	₱191,634,210

Parent Company

SC No. 6A (Octon)

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



During a partners meeting in August 2014, Pitkin announced their decision to withdraw from their farming agreement and consequently from the SC 6A consortium and the Service Contract by the end of December 2014. Pitkin cited as reason their company strategy to focus resources on their other projects. With Pitkin's decision to withdraw, TPC regained majority ownership and the operatorship of the block by year-end.

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

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

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

SC No. 41 (Sulu Sea)

In early 2012, TPC executed a Joint Application and Participation Agreement with Philex Petroleum Corporation to jointly participate in the bidding for Area 15 under the PECR 4. Area 15 covers the old SC 41 block previously operated by Tap Oil Limited. TPC as the lead party prepared the bid application documents which it then submitted to the DOE on May 30, 2012. While results for some of the areas offered under the PECR4 were already announced, the DOE has yet to release the results for Area 15.

A new bidding round, the 5th PECR, was launched by DOE in May 2014. Nine new petroleum areas were offered for bidding which, unfortunately, did not include the Area 15 - Sulu Sea block offered under PECR4. TPC, Philex and the Parent Company, the latter having signed an earlier agreement with TPC for the transfer of a portion of its interest in the joint bid, would have likely participated in the PECR5 bidding if Area 15 was again offered.

The exclusion of the Sulu Sea block as one of the areas on offer under PECR5 was a decision of DOE as the area is within the contemplated regions proposed to be covered by the Bangsamoro Basic Law.

SC NO. 53 (Onshore Mindoro)

In May 2012, Block Operator Pitkin Petroleum completed the reprocessing of the 200 line-kilometers onshore seismic data acquired in 2010.

A gradiometry survey was also carried out in April and May 2012, with about 9,700 line-kilometers of data acquired by contractor Bell Geospace (UK). The same contractor acquired LIDAR (Light Detection and Ranging Survey) data which provided an accurate topographic imagery of the surface. Parallel to the geophysical activities, Pitkin started preparations for the drilling of the Progreso 2 well and sent out tenders for the various services and equipment required for the drilling campaign.

The operator has also initiated consultation with local services providers and did ocular inspection of ports of entry and access facilities for various equipment to be brought in. They have likewise initiated meetings with local and provincial government units to gain approval for the various planned geophysical and drilling activities.



The Onshore Mindoro Consortium, during a Technical Committee Meeting held in April 2014, agreed to drill another well, Progreso-3, back-to-back with Progreso-2 subject to agreement on the final well locations. Interpretation of the re-processed data later in the year provided support on new locations for the proposed wells, the drilling of which is now seen to materialize in the first half of 2015. By the end of 2014, the consortium was waiting for partner RMA Limited (RMA) to approve the new well locations and drilling budget requirement.

SWAN BLOCK (Deepwater Northwest Palawan)

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

PNOC-EC had agreed in principle to the proposal and asked and have been granted ample time to conduct due diligence to evaluate the merits of the proposed interest swap.

VMC

Comet Nickel-Chromite Project

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

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

As of December 31, 2014, management has an outstanding offer from a potential buyer for the operating right in the Dinagat Project.

Bataan Aggregates Project

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

Batangas Aggregates Project

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

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



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

13. Other Noncurrent Assets

	2014	2013
Advance royalties	₱15,121,885	₱15,121,885
Input VAT	2,563,724	1,903,549
MRF	1,232,315	1,238,864
Others	956,192	956,191
	19,874,116	19,220,489
Less allowance for impairment losses	14,400,164	14,400,164
	₱5,473,952	₱4,820,325

The allowance for impairment losses is composed of the following:

	2014	2013
Advance royalties		
Balances at beginning of year	₱14,336,742	₱2,850,000
Provisions	–	11,486,742
	14,336,742	14,336,742
Others	63,422	63,422
	₱14,400,164	₱14,400,164

Advance royalties pertains to advances made to Comet Mining Exploration Corporation and Asencio Pinzon Aggregates Corporation (APAC), owner of the mining rights on Loreto, Dinagat and Rodriguez, Rizal, respectively. The Group conducts exploration activities on those locations. It also includes advances made to Vinc Vita Mining Corporation (VVMC) pertaining to the acknowledgment of the Group to develop and exploit the area on Bolinao, Pangasinan upon securing the necessary application and exploration permit by VVMC.

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

Total provision for impairment losses in 2013 amounted to ₱11,494,027 which consist of ₱7,285 allowance for other current assets and ₱11,486,742 allowance for advances against royalties. In 2014, all of the other current assets were written off thus decreasing the allowance for impairment losses by ₱7,285.

In 2013, the Group recognized a provision on allowance for impairment on advances against royalties amounting to ₱11.5 million. Total allowance for impairment on other noncurrent assets amounted to ₱14.4 million as at December 31, 2014 and 2013.



14. Accounts Payable and Accrued Expenses

	2014	2013
Current:		
Trade	₱12,493,152	₱20,681,504
Deposit from MPIC	89,419,081	89,419,081
Due to a related party (see Note 23)	36,776,361	26,224,825
Deposits from customers	9,479,589	9,470,646
Dividends payable (see Note 17)	9,436,541	9,225,223
Payable to regulatory agencies	9,124,970	13,880,416
Accrued interest (see Note 15)	4,088,889	36,864,078
Others	19,698,209	11,434,537
	190,516,792	217,200,310
Noncurrent:		
Deposits from customers	5,432,916	5,432,916
	₱195,949,708	₱222,633,226

Trade payables are noninterest-bearing and generally settled within thirty (30) days. Trade payables relate to payables to suppliers and relate to transactions in the ordinary course of business.

Deposit pertains to advances received from Metro Pacific Investments Corporation (MPIC) in relation to the potential acquisition by MPIC of the shares owned by the Company in Metro Rail Transit Holdings, Inc. (MRTHI), subject to the completion of certain closing requirements. Deposits from customers classified as current pertains to a deposit made by Laura Trading (HK) Limited Group (LTLC) amounting to \$0.2 million as agreed in the exclusive marketing agreement entered by LTLC and the Group. Per marketing agreement, the former agreed to pay the latter \$200,000 for the future extracted mines related to the Group's Comet Project.

Deposit from customer classified as noncurrent pertains to a deposit received from Angat Rockbase Concrete Aggregates, Inc. (ARCAI). On August 8, 2008, the Subsidiary and ARCAI entered into a MOA wherein the Subsidiary warrants the delivery of approximately 2,000-2,200 LCM per day of blasted materials to ARCAI at the agreed price equivalent to the Subsidiary's prevailing material cost plus ₱20 per LCM. ARCAI also agreed to pay ₱20.0 million as contribution to the costs incurred by the Subsidiary and to develop the quarry and cost to prepare the area to be designated for use by ARCAI. The amount is payable as follows:

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

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

Dividends payable pertains to unpaid cash dividends declared by the Parent Company to its stockholders.



Payable to regulatory agencies include withholding taxes and other government contributions related to employees of the Group. These are normally remitted within ten (10) days from the close of each month.

Other payables include operating expenses that are payable as at end of reporting period.

15. Long-term Debt

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

	2014	2013
EPL loans, net of discount of ₱151.1 million in 2013	₱–	₱1,475,117,133
TPC	100,000,000	100,000,000
	100,000,000	1,575,117,133
Less current portion - TPC	100,000,000	50,000,000
Noncurrent portion	₱–	₱1,525,117,133

Related interest expense on EPL loan amounted to ₱20.6 million, ₱25.3 million and ₱27.5 million in 2014, 2013 and 2012, respectively (see Note 20).

- a. In 2007, EPL granted the Company a loan amounting to ₱846.1 million which bears interest of 1% payable quarterly and is scheduled to mature on October 23, 2012. Accretion of Day 1 difference for 2014 and 2013 amounted to nil (see f).
- b. In 2009, EPL extended loans to the Company with an aggregate amount of ₱900.9 million (\$19.5 million). The Company assigned its receivables from ETCI on December 16, 2009 amounting to ₱277.5 million to EPL, wherein ₱268.6 million was applied against the advances from EPL and the remaining ₱8.9 million represented interest and finance charges incurred by the Company. As a result of the assignment, PN 09-01 was issued by the Company to EPL on the same date for the remaining amount of ₱632.3 million (\$13.7 million), which is scheduled to mature on December 31, 2013 and is subject to interest of 1.5% per annum [see Note 15 (g)].
- c. In 2010, the original EPL loan amounting to ₱169.5 million matured. Upon maturity, the loan was extended for another 5 years. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).

The old loan was derecognized as it already matured, and a new loan was recognized at its present value having 10.23% as EIR. This resulted in a Day 1 difference of ₱28.0 million. Accretion of Day 1 difference amounted to ₱1.4 million and ₱4.6 million in 2014 and 2013, respectively. The EIR applied on the original loan was 7.70%. The unamortized discount on the said loan amounted to nil and ₱1.4 million as at December 31, 2014 and 2013, respectively.

- d. In 2011, the original EPL loan amounting to ₱488.8 million (including accumulated interest) matured. Upon maturity, the loan was extended for another 5 years. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).



The old loan was derecognized as it already matured, and a new loan was recognized at its present value using 10.58 % as EIR. This resulted in a Day 1 difference of ₱120.3 million. Accretion of Day 1 difference amounted to ₱34.6 million and ₱35.7 million in 2014 and 2013, respectively. The EIR applied on the original loan was 8.55%. The unamortized discount on the said loan amounted to nil and ₱34.6 million as at December 31, 2014 and 2013, respectively.

- e. On December 28, 2011, the Company made partial payment to EPL amounting to ₱238.9 million through disposal of UPMC shares (see Note 8).
- f. In 2012, the original EPL loan amounting to ₱599.7 million (including accumulated interest) matured. Upon maturity, the loan was extended for another 5 years. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).

The old loan was derecognized as it already matured, and a new loan was recognized at its present value using 6.85% as EIR. This resulted in a Day 1 difference of ₱93.0 million. Accretion of Day 1 difference for 2014 and 2013 amounted to ₱61.7 million and ₱26.4 million, respectively. The EIR applied on the original loan was 2.65%. The unamortized discount on the said loan amounted to nil and ₱61.7 million as at December 31, 2014 and 2013, respectively.

- g. In 2013, the original EPL loan amounting to \$9.9 million (including accumulated interest) matured. Upon maturity, the loan was extended for another 5 years, the new principal to be converted to its peso equivalent which amounted to ₱437.8 million. The new loan bears interest of 1.5% per annum, subject to adjustment upon mutual agreement of both parties (same as original loan).

The old loan was derecognized as it already matured, and a new loan was recognized at its present value using 4.74 % as EIR. This resulted in a Day 1 difference of ₱53.9 million. Accretion of Day 1 difference for 2014 and 2013 amounted to ₱53.4 million and ₱0.5 million, respectively. The unamortized discount on the said loan amounted to nil and ₱53.4 million as at December 31, 2014 and 2013, respectively.

- h. On October 27, 2014, the Company paid its outstanding balance of EPL loan amounting to ₱1,621.8 million and the related interest expense.
- i. On June 30, 2011, TPC granted the Company with a loan amounting to ₱50.0 million which bears interest of 8% per annum and is scheduled to mature on June 30, 2013. The loan was used to partially pay the LBP loan. On January 6, 2012, TPC granted the Company with additional loan amounting to ₱50.0 million to settle the remaining balance of loan payable to LBP. The loan bears an interest of 8% per annum and scheduled to mature on January 6, 2014. Upon maturity, the loan was renewed with the same interest rate of 8% and is scheduled to mature on January 6, 2016. On June 30, 2013, loan amounting to ₱50.0 million matured. Upon maturity, the loan was renewed with the same interest rate of 8% per annum and is scheduled to mature on June 30, 2015.

Related interest expense amounted to ₱8.1 million in 2014 and 2013, respectively (see Note 20). Unpaid interest related to this loan, which is presented under “Accounts payable and accrued expenses” account in the parent company statements of financial position amounted to ₱4.1 million and ₱36.9 million as at December 31, 2014 and 2013, respectively (see Note 14).



16. Decommissioning Liability

	2014	2013
Balances at beginning of year	₱13,676,388	₱13,926,467
Accretion of interest	211,674	415,300
Effect of change in estimate (see Note 11)	–	(665,379)
Balances at end of year	₱13,888,062	₱13,676,388

The Company makes provision for the future cost of rehabilitating the quarry site on a discounted basis. This was based on technical estimates of probable costs, which may be incurred by VMC in rehabilitating the quarry site in Montalban, Rizal relating to its Montalban Aggregates Project from 2012 up to 2023, discounted at the rate of 1.55% per annum in 2014 and 2013. These provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes, are reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the quarry cease to produce at economically viable rates. This, in turn, will depend upon future aggregates prices, which are inherently uncertain.

17. Equity

Capital Stock

The movements in capital stock of the Company are as follows:

	2014		2013	
	Shares	Par value	Shares	Par value
Issued and outstanding:				
At beginning of year	1,170,616,788	₱1,170,616,788	1,170,616,788	₱1,170,616,788
Issuance	728,340,759	728,340,759	–	–
At end of year	1,898,957,547	₱1,898,957,547	1,170,616,788	₱1,170,616,788
Subscribed:				
At beginning of year	7,383,030	₱7,383,030	7,383,030	₱7,383,030
Subscription during the year	1,109,961,961	1,109,961,961	–	–
At end of the year	1,117,344,991	₱1,117,344,991	7,383,030	₱7,383,030
Less subscriptions receivable:				
At beginning of year	(1,367,688)	(1,367,688)	(1,367,688)	(1,367,688)
Subscription during the year	(293,891,802)	(293,891,802)	–	–
At end of the year	(295,259,490)	(295,259,490)	(1,367,688)	(1,367,688)
	822,085,501	₱822,085,501	6,015,342	₱6,015,342

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



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

Date of Registration (SEC Approval)	Description	Number of shares registered	Par value per share	Total amount
June 25, 1958	Initial Capital	50,000,000	₱0.01	₱500,000
November 5, 1958	Increase in authorized capital stock	1,000,000,000	0.01	10,000,000
		1,050,000,000		10,500,000
February 26, 1970	Increase in authorized capital stock	1,000,000,000	0.01	10,000,000
		2,050,000,000		20,500,000
March 22, 1979	Increase in authorized capital stock	8,000,000,000	0.01	80,000,000
		10,050,000,000		100,500,000
September 14, 1990	Increase in authorized capital stock	19,950,000,000	0.01	199,500,000
		30,000,000,000		300,000,000
March 13, 1996	Change of par value from ₱0.01 to ₱1.00	300,000,000	1.00	300,000,000
March 13, 1996	Increase in authorized capital stock	1,700,000,000	1.00	1,700,000,000
		2,000,000,000		2,000,000,000
September 23, 2014	Increase in authorized capital stock	2,000,000,000	1.00	2,000,000,000
		4,000,000,000		4,000,000,000

On March 12, 2014, the Company's BOD resolved to increase the authorized capital stock from 2 billion to 4 billion common stock with par value of ₱1 per share. On September 23, 2014, the SEC approved the increase in authorized capital stock. The shares issued from the increase in authorized capital stock were still in the process of being listed in the PSE as at March 24, 2015.

Treasury Stock

In 2007, the BOD approved to reacquire shares totalling 13 million common shares, which were reacquired in 2008 and were stated at acquisition cost amounting to ₱27.6 million.

Dividends

- On October 29, 2014, the Company's BOD approved declaration of cash dividends amounting to ₱45.0 million at ₱0.015 per share to stockholders of record as at November 12, 2014. The cash dividends were paid on December 8, 2014.
- On October 22, 2013, the Company's BOD approved the declaration of cash dividends amounting to ₱34.9 million at ₱0.03 per share to stockholders of record as at November 8, 2013. The cash dividends were paid on December 4, 2013.
- On March 19, 2013, the Company's BOD approved the declaration of cash dividends amounting to ₱34.9 million at ₱0.03 per share to stockholders of record as of April 5, 2013. The cash dividends were paid on May 3, 2013.

As at December 31, 2014 and 2013, unpaid dividends amounted to ₱9.4 million and ₱9.2 million, respectively (see Note 14).



- d. On October 19, 2012, the Group's BOD approved the declaration of cash dividends amounting to ₱23,299,996 at ₱0.02 per share to stockholders of record as of November 7, 2012. The cash dividends were paid on November 23, 2012.
- e. On March 28, 2012, the Group's BOD approved the declaration of cash dividends amounting to ₱46,599,993 at ₱0.04 per share to stockholders of record as of April 16, 2012. The cash dividends were paid on May 4, 2012.

18. Management Fees and Dividend Income

Management Fees

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

In 2011, the Group renewed its contract with EPL for another 5 years from January 1, 2011 to December 31, 2015. The service fee increased from \$150,000 per month to \$200,000 per month effective July 1, 2011. On October 31, 2014, the service agreement was terminated by the Group and EPL.

In 2014, 2013 and 2012, management fees amounted to ₱88.8 million, ₱103.1 million and ₱101.0 million, respectively. Accrued management fees amounted to ₱110.9 million and ₱26.6 million as at December 31, 2014 and 2013, respectively, which is classified under the "Receivables" account (see Note 5).

Dividend Income

Dividend income amounting to ₱37.1 million, ₱68.7 million and ₱20.8 million in 2014, 2013 and 2012, respectively, pertains to dividends received from TPC, ACMDC and SPI.

19. Cost of Sales

Breakdown of cost of sales for 2014 and 2013 is as follows:

	2014	2013
Hauling and crushing consumables	₱2,004,210	₱—
Depletion, depreciation and amortization (see Note 11)	1,008,630	1,959,725
Fuel and oil	970,883	—
Communication, light and water	696,734	—
Personnel costs	487,419	—
Plant dues	469,677	—
Others	287,338	—
Contractor's fee	—	58,435,237
Net change in inventory account	(1,000,645)	3,852,317
	₱4,924,246	₱64,247,279



In 2013, VMC entered into a MOA with Global Project, Inc. (GPI) for a term of one (1) year to undertake quarry operations specifically on Montalban Aggregates Project and buy from VMC all the quarry materials from the project. GPI received payments from VMC (recorded as contractor's fees in the cost of sales) for the production operations conducted by the former.

In 2014, both parties terminated the MOA due to GPI's difficulty in meeting its obligation as set forth in the MOA.

20. Interest Income, Expense and Other Finance Charges

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

	2014	2013	2012
Cash in banks	₱708,095	₱208,191	₱620,613
Due from related parties	—	12,749,858	24,346,317
Retirement benefits plan asset	47,497	470,967	815,489
	₱755,592	₱13,429,016	₱25,782,419

Interest and other finance charges consist of:

	2014	2013	2012
Amortization of discount on long-term debt (see Note 15)	₱151,126,084	₱67,204,513	₱56,039,221
Interest expense (see Note 15)	28,841,054	33,463,942	35,667,784
Bank charges and others	8,033	—	7,361
	₱179,975,171	₱100,668,455	₱91,714,366

Interest expense consists mainly of interest on long-term debt.

21. General and Administrative Expenses

	2014	2013	2012
Taxes and licenses	₱84,964,126	₱26,896,223	₱4,156,201
Personnel costs (see Note 22)	17,953,594	19,345,423	11,745,573
Government fees	4,040,510	—	—
Communication, light and water	2,932,875	1,397,026	1,190,154
Outside services	2,475,668	7,476,548	2,744,869
Repairs and maintenance	1,400,836	1,193,013	190,724
Depreciation (see Note 11)	1,357,701	1,494,675	1,292,638
Insurance	872,895	745,157	685,019
Representation and entertainment	607,402	598,976	501,407
Provision for impairment losses (see Notes 5 and 13)	323,001	11,494,027	—
Transportation and travel	310,883	2,041,799	1,846,596
Membership fees	285,550	254,448	304,500
Office supplies	204,596	399,279	314,637
Others	3,085,877	2,497,742	1,186,869
	₱120,815,514	₱75,834,336	₱26,159,187



Taxes and licenses comprise of documentary stamps, capital gains tax, other taxes, license and fees and deficiency tax payments to Bureau of Internal Revenue (BIR).

Government fees pertain to the payment made by the Parent Company to SEC in relation to its application for the increase in authorized capital stock.

22. Personnel Costs

	2014	2013	2012
Salaries and wages	₱14,334,252	₱14,343,378	₱9,281,582
Current service cost (see Note 24)	1,037,271	1,039,508	961,768
Other employee benefits	2,582,071	3,962,537	1,502,223
	₱17,953,594	₱19,345,423	₱11,745,573

Other employee benefits are composed of various benefits given to employees that are individually immaterial.

23. Related Party Transactions

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

Category	Year	Receipts (Payments)	Outstanding balances		Terms	Conditions
			Due from related parties (see Note 5)	Due to a related party (see Note 14)		
Entities under common control:						
Alakor Corporation (Alakor)	2014	(₱107,665,113)	₱–	₱–	8% interest	Unsecured
	2013	(19,348,871)	107,665,113	–		
NBS	2014	(53,332,235)	–	–	8% interest	Unsecured
	2013	(34,163,535)	53,332,235	–		
Tipo Valley Realty, Inc. (TVRI)	2014	12,485,174	12,485,174	–	Noninterest-bearing	Unsecured
	2013	–	–	–		
VIMC	2014	10,551,536	–	36,776,361	Noninterest-bearing	Unsecured
	2013	4,265,001	–	26,224,825		
Associate:						
UPMC	2014	–	3,347,744	–	Noninterest-bearing	Unsecured
	2013	–	3,347,744	–		
	2014		₱15,832,918	₱36,776,361		
	2013		₱164,345,092	₱26,224,825		

- Alakor, NBS, TVRI and VIMC are entities under common control of an individual stockholder.
- The outstanding balances of due from related parties are not impaired as at December 31, 2014 and 2013.



- c. As at December 31, 2013, interest-bearing advances to Alakor and NBS were restructured, starting January 1, 2013 and onwards, interest is computed at 8% per annum as simple interest.

Prior to restructuring, the advances to Alakor and NBS have interest rates of 12% per annum. The Group recognized loss on receivable restructuring amounting to ₱13.3 million in 2013.

- d. In 2014, the Company made advances to TVRI for its development plans and feasibility studies and working capital purposes.
- e. The Parent Company's retirement fund is managed by Sun Life Financial Plans, Inc. The fair value of the retirement fund amounted to ₱20.8 million and ₱36.3 million as at December 31, 2014 and 2013, respectively. The retirement fund consists of 100% insurance in 2014 and 2013 (see Note 24).
- f. Compensation of key management personnel is as follows:

	2014	2013	2012
Short-term employee benefits	₱8,913,587	₱10,406,244	₱7,495,473
Post-employment benefits	—	483,260	305,029
	₱8,913,587	₱10,889,504	₱7,800,502

24. Pension Benefits Costs

APHC has a funded, non-contributory defined pension plan covering all its regular employees. The retirement benefit plan obligation is determined using the projected unit credit method. There was no plan of termination or curtailment for the years ended December 31, 2014 and 2013.

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

Changes in defined benefit liability and fair value of plan assets in 2014 are as follows:

	Defined Benefit Liability	Fair Value of Plan Asset	Effect of the Asset Ceiling	Net Defined Benefit Liability (Asset)
At January 1	₱24,541,995	(₱36,316,385)	₱2,591,939	(₱9,182,451)
Current service cost	1,037,271	—	—	1,037,271
Net interest (see Note 20)	1,180,470	(1,352,639)	124,672	(47,497)
Pension cost (benefit) charged to profit or loss	2,217,741	(1,352,639)	124,672	989,774
Benefits paid	(16,390,000)	16,390,000	—	—
Remeasurement loss on plan assets (excluding amount included in net interest)	—	480,405	—	480,405
Remeasurement loss - change in the effect of the asset ceiling	—	—	3,684,503	3,684,503
Actuarial changes arising from changes in financial assumptions	(1,079,188)	—	—	(1,079,188)
Actuarial changes arising from experience adjustments	(1,530,015)	—	—	(1,530,015)
Pension cost (benefit) charged to other comprehensive income	(2,609,203)	480,405	3,684,503	1,555,705
At December 31	₱7,760,533	(₱20,798,619)	₱6,401,114	(₱6,636,972)



Changes in defined benefit liability and fair value of plan assets in 2013 are as follows:

	Defined Benefit Liability	Fair Value of Plan Asset	Effect of the Asset Ceiling	Net Defined Benefit Liability (Asset)
At January 1	₱24,933,000	(₱45,282,977)	₱7,618,735	(₱12,731,242)
Current service cost	1,039,508	—	—	1,039,508
Net interest (see Note 20)	1,545,846	(2,489,175)	472,362	(470,967)
Pension cost (benefit) charged to profit or loss	2,585,354	(2,489,175)	472,362	568,541
Benefits paid	(10,270,000)	10,270,000	—	—
Remeasurement loss on plan assets (excluding amount included in net interest)	—	1,185,767	—	1,185,767
Remeasurement gain - change in the effect of the asset ceiling	—	—	(5,499,158)	(5,499,158)
Actuarial changes arising from changes in financial assumptions	1,730,753	—	—	1,730,753
Actuarial changes arising from experience adjustments	5,562,888	—	—	5,562,888
Pension cost (benefit) charged to other comprehensive income	7,293,641	1,185,767	(5,499,158)	2,980,250
At December 31	₱24,541,995	(₱36,316,385)	₱2,591,939	(₱9,182,451)

The assets of the Plan are being held by Sun Life Financial Plans, Inc. The investing decisions of the Plan are made by certain officers of the Parent Company duly authorized by the BOD.

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

	2014	2013
Insurance	100.0%	100.0%

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

	2014	2013
Discount rates	5.75%	4.81%
Wage and salary increases	5.00%	5.00%
Average expected future service years of active plan members	19.8	18.8

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

	Increase (decrease)	2014	2013
Discount rates	+100 basis points	(₱975,413)	(₱1,282,566)
	-100 basis points	1,154,140	1,508,158
Salary increase rate	+100 basis points	1,076,757	1,257,303
	-100 basis points	(933,494)	(1,079,562)

The Parent Company does not expect to contribute to the defined benefit pension plan in 2015.



Shown below is the maturity analysis of the undiscounted benefit payments:

	2014	2013
Within the next twelve (12) months	₱—	₱17,248,000
Between two (2) and five (5) years	—	—
Between five (5) and ten (10) years	998,103	945,571
Total expected payments	₱998,103	₱18,193,571

The average duration of the defined retirement benefits liability as at December 31, 2014 and 2013 is 16.1 years and 5.6 years, respectively

25. Income Taxes

The provision for current income tax in 2014, 2013 and 2012 represents the regular corporate income tax for APHC while provision for VMC in 2013 represents MCIT.

The reconciliation of income tax computed at statutory tax rate to provision for (benefit from) income tax follows:

	2014	2013	2012
Income tax at statutory rate	₱ 143,817,863	₱62,607,460	₱127,061,480
Additions to (reductions in)			
income tax resulting from:			
Income subjected to capital			
gains tax and transfer tax	(166,085,303)	(20,004,810)	—
Equity in net earnings			
of associates	(25,217,390)	(13,485,112)	(10,544,970)
Nondeductible expenses	21,085,345	7,140,317	1,571,334
Dividend income subject to			
zero-rated income tax	(11,137,444)	(20,415,554)	(6,237,084)
Fair value changes of financial			
assets at FVPL	(4,917,717)	(18,099,816)	(71,214,769)
Change in unrecognized			
deferred tax assets	4,257,832	(3,826,195)	—
Interest income subjected to			
final tax and others	(222,291)	(109,832)	(186,184)
Loss on receivable			
restructuring	—	3,982,762	—
Others	—	2,357,549	—
	(₱38,419,105)	₱146,769	₱40,449,807



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

	2014	2013
Deferred tax assets:		
Unamortized past service cost	₱4,744,433	₱6,091,585
Unrealized foreign exchange losses	400,103	19,846
Allowance for impairment losses on receivables	–	1,629,875
	5,144,536	7,741,306
Deferred tax liabilities:		
Retirement benefit plan asset	(1,077,240)	(1,374,172)
Re-measurement gains on defined benefit obligation recognized as other comprehensive income	(913,850)	(1,380,563)
Unamortized discount of long-term debt	–	(45,337,825)
Deferred revenue	–	(1,629,875)
	(1,991,090)	(49,722,435)
	₱3,153,446	(₱41,981,129)

As at December 31, 2014, the Group did not recognize deferred tax assets on the following deductible temporary differences and carryforward benefits of MCIT and NOLCO since management believes that it is not probable that sufficient taxable profit will be available against which the benefits can be utilized:

	2014	2013
Deductible temporary differences on:		
Allowance for impairment losses on:		
Receivables	₱323,001	₱11,324,143
Advances against royalties	–	14,336,742
Investment	11,523,162	36,137
Other current assets	–	27,284
Decommissioning liability, net of the corresponding asset	2,006,476	1,652,106
Unrealized foreign exchange loss	–	669,000
	₱13,852,639	₱28,045,412

Movements in NOLCO are as follows:

	2014	2013
Balances at beginning of year	₱–	₱11,981,976
Applied against taxable income	–	(11,981,976)
Additions	–	–
Balances at end of year	₱–	₱–



As at December 31, 2014, excess MCIT that can be claimed as deduction from future taxable income and income tax liabilities is as follows:

	2014	2013
Balances at beginning of year	₱—	₱1,413,514
Applied against taxable income	—	(1,413,514)
Additions	—	—
Balances at end of year	₱—	₱—

26. Basic and Diluted EPS

Pasic earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company divided by the weighted average number of common shares outstanding during the year (adjusted for any stock dividends).

Basic and diluted earnings per share are computed as follows:

	2014	2013	2012
Net income from continuing operations	₱452,133,071	₱145,637,010	₱327,553,122
Net income from discontinued operations	65,678,910	62,907,753	55,535,337
Total net income	517,811,981	208,544,763	383,088,459
Weighted average number of common shares	1,697,327,875	1,164,999,818	1,164,999,818
Basic and diluted earnings per share	₱0.31	₱0.18	₱0.33

Basic and diluted earnings per share from continuing operations:

	2014	2013	2012
Net income from continuing operations	₱452,133,071	₱145,637,010	₱327,553,122
Weighted average number of common shares	1,697,327,875	1,164,999,818	1,164,999,818
Basic and diluted earnings per share	₱0.27	₱0.13	₱0.28

The resulting per share amounts are the same for both basic and diluted earnings per share in 2014, 2013 and 2012 since the Company does not have any debt or equity securities that will potentially cause an earnings per share dilution.

27. Financial Risk Management and Capital Management

The Group's main financial instruments are cash and cash equivalents, AFS financial assets and long-term debt. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Group. The Group has various other financial assets and liabilities such as receivables, financial assets at FVPL, accounts payable and accrued expenses which arise directly from its operations and investing activities.



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

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

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's cash and cash equivalents, receivables and AFS financial assets.

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

With respect to credit risk arising from cash and cash equivalents, trade and other receivables and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Since the Group trades only with recognized third parties, there is no requirement for collateral.

The tables below summarize the aging analyses of the Group's financial assets as at December 31, 2014 and 2013.

2014	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Less than 30 days	30 to 180 days	More than 180 days		
Cash and cash equivalents						
Cash with banks	₱36,526,744	₱—	₱—	₱—	₱—	₱36,526,744
Short-term cash deposits	638,320,000	—	—	—	—	638,320,000
Receivables						
Accrued management fee	—	—	35,380,000	75,567,000	—	110,947,000
Trade	—	—	—	4,263,109	15,444,055	19,707,164
Due from related parties	15,832,918	—	—	—	—	15,832,918
Others	—	—	—	3,736,502	1,636,006	5,372,508
AFS financial assets						
Quoted equity securities	1,750,019,100	—	—	—	—	1,750,019,100
Unquoted equity instruments	26,904,674	—	—	—	11,523,162	38,427,836
	₱2,467,603,436	₱—	₱35,380,000	₱83,566,611	₱28,603,223	₱2,615,153,272

2013	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Less than 30 days	30 to 180 days	More than 180 days		
Cash and cash equivalents						
Cash with banks	₱22,096,000	₱—	₱—	₱—	₱—	₱22,096,000
Receivables						
Accrued management fee	—	—	26,637,000	—	—	26,637,000
Trade	—	—	—	3,947,772	15,175,653	19,123,425
Due from related parties	164,345,092	—	—	—	—	164,345,092
Others	—	—	—	7,936,277	1,636,006	9,572,283
Financial assets at FVPL	114,746,731	—	—	—	—	114,746,731
AFS financial assets						
Quoted equity securities	3,177,135,070	—	—	—	—	3,177,135,070
Unquoted equity instruments	38,427,836	—	—	—	—	38,427,836
	₱3,516,750,729	₱—	₱26,637,000	₱11,884,049	₱16,811,659	₱3,572,083,437



The credit quality of financial assets is managed by the Group using credit ratings and is classified into three (3): High grade, which has no history of default; Standard grade, which pertains to accounts with history of one (1) or two (2) defaults; and Substandard grade, which pertains to accounts with history of at least three (3) payment defaults or no repayment dates.

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

- Cash and cash equivalents are classified as high grade since these are deposited with reputable banks.
- Receivables are classified standard grade since these are receivables from related parties which were transacted on an arm's length basis taking into account the related parties' financial standing and ability to pay. Other than the receivable which was written off in 2011, there was no history of default on the outstanding receivables as at December 31, 2014 and 2013.
- Financial assets at FVPL and quoted AFS financial assets in equity instrument are investments that can be traded and from companies with good financial capacity, making the investment secured and realizable. Management assesses the quality of these assets as high grade.
- Unquoted AFS financial assets are assessed as standard grade since these belongs to companies which have good financial conditions and operate in an industry which has potential growth. The unquoted AFS financial asset with allowance for impairment pertains to the investment of the Group to a project that did not materialize.

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

Liquidity Risk

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

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

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

As at December 31, 2014 and 2013, the Group's cash and cash equivalents may be withdrawn anytime, while its financial assets at FVPL and AFS financial assets 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 following tables show the maturity profiles of the Group's financial liabilities as well as undiscounted cash flows from financial assets used for liquidity management:

	2014					
	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired	Total
Financial assets						
Cash and cash equivalents	₱674,906,744	₱—	₱—	₱—	₱—	₱674,906,744
Receivables	3,534,470	81,893,026	22,845,482	26,506,551	17,080,061	151,859,590
AFS financial assets*	—	—	—	1,776,923,774	11,523,162	1,788,446,936
	678,441,214	81,893,026	22,845,482	1,803,430,325	28,603,223	2,615,213,272
Financial liabilities						
Accounts payable and accrued expenses**	26,018,582	19,698,209	36,776,361	104,331,586	—	186,824,738
Long-term debt:						
Principal	100,000,000	—	—	—	—	100,000,000
Future interest	8,000,000	—	—	—	—	8,000,000
	134,018,582	19,698,209	36,776,361	104,331,586	—	294,824,738
	₱544,422,632	₱62,194,817	(₱13,930,879)	₱1,699,098,741	₱28,603,223	₱2,320,388,534

*Based on expected date of disposal.

**Excluding payable to regulatory agencies

	2013					
	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired	Total
Financial assets						
Cash and cash equivalents	₱22,180,599	₱—	₱—	₱—	₱—	₱22,180,599
Receivables	31,597,454	3,347,744	160,997,349	6,978,193	16,757,060	219,677,800
Financial assets at FVPL	114,746,731	—	—	—	—	114,746,731
AFS financial assets*	—	—	—	3,215,562,906	—	3,215,562,906
	168,524,784	3,347,744	160,997,349	3,222,541,099	16,757,060	3,572,168,036
Financial liabilities						
Accounts payable and accrued expenses**	66,770,805	11,434,537	26,224,825	104,322,643	—	208,752,810
Long-term debt:						
Principal	—	50,000,000	688,792,567	1,037,453,750	—	1,776,246,317
Future interest	14,196,847	18,196,847	40,855,596	20,466,946	—	93,716,236
	80,967,652	79,631,384	755,872,988	1,162,243,339	—	₱2,078,715,363
	₱87,557,132	(₱76,283,640)	(₱594,875,639)	₱2,060,297,760	₱16,757,060	₱1,493,452,673

*Based on expected date of disposal.

**Excluding payable to regulatory agencies

Market Risk

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

Foreign Exchange Risk

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



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

	2014		2013	
	US\$	₱	US\$	₱
Financial assets:				
Cash and cash equivalents	US\$6,144,685	₱274,790,330	US\$7,430	₱329,857
Receivables	2,500,000	110,947,000	600,000	26,637,000
	8,644,685	385,737,330	607,430	26,966,857
Financial liability:				
Accounts payable and accrued expenses	—	—	(200,000)	(8,879,000)
Net foreign currency-denominated assets	US\$8,644,685	₱385,737,330	US\$407,430	₱18,087,857

As at December 31, 2014 and 2013, the exchange rate of the Philippine peso to the US\$ is ₱44.72 and ₱44.40, respectively.

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

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

	Change in ₱/US\$ exchange rate	
	US\$ strengthens by 5%	US\$ weakens by 5%
Increase (decrease) in income before income tax and in equity		
2014	₱19,286,867	(₱19,286,867)
2013	904,393	(904,393)
2012	(24,161,448)	24,161,448

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 financial assets.

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

Financial Assets at FVPL

	Change in fair market value	
	Increase in market indices by 5%	Decrease in market indices by 5%
Increase (decrease) in income before income tax and in equity		
2013	₱7,286,417	(₱7,286,417)
2012	26,926,198	(26,926,198)



AFS Financial Assets

	Change in fair market value	
	Increase in market indices by 5%	Decrease in market indices by 5%
Increase (decrease) in other comprehensive income and in equity		
2014	₱4,915,031	(₱4,915,031)
2013	42,560,837	(42,560,837)
2012	151,418,418	(151,418,418)

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

28. Fair Value Measurement

The following table shows the carrying values and fair values of the Group's financial instruments, whose carrying value does not approximate its fair values as at December 31 of each year:

	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Other financial liabilities:				
Long-term debt	₱—	₱—	₱1,575,117,133	₱1,325,317,791

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

Cash and Cash Equivalents, Receivables and Accounts Payable and Accrued Expenses

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

Financial Assets at FVPL and AFS Financial Assets

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

Long-term Debt

The fair value of the EPL long-term debt is based on the discounted value of future cash flows using the applicable rates for similar types of loans ranging from 5.13% to 6.44% in 2013. As at December 31, 2014, the EPL long-term debt is fully paid. The fair value disclosed above is determined under Level 2 hierarchy.



Fair Value Hierarchy

	2014		
	Level 1	Level 2	Level 3
Financial assets measured at fair value			
AFS financial assets - quoted equity securities	₱1,750,019,100	₱—	₱—
	2013		
	Level 1	Level 2	Level 3
Financial assets measured at fair value:			
Financial assets at FVPL	₱114,746,731	₱—	₱—
AFS financial assets - quoted equity securities	3,177,135,070	—	—
	₱3,291,881,801	₱—	₱—
Financial liability disclosed at fair value:			
Long-term debt	₱—	₱—	₱1,325,317,791

For the years ended December 31, 2014 and 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.

29. Segment Reporting

PFRS 8 requires operating segments to be identified on the basis of internal reports, which is similar to management basis, about components of the Group that are regularly reviewed by the chief operating decision maker.

For management purposes, the Group's operating segments pertain to its and investments in TPC, UPMC and NTDCC, associates. The cost of investments in associates amounted to ₱3,138.0 million and ₱848.1 million as at December 31, 2014 and 2013, respectively. TPC is primarily engaged in petroleum and mineral exploration and development, UPMC's main business is the exploration, development, exploitation, recovery and sales of gold, while NTDCC owns and operates the Trinoma Commercial Center.



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

(in thousands)

	VMC		NTDCC*		UPMC		
	2014	2013	2013	2012	2014	2013	2012
Revenue							
External customers	₱ 4,959	₱86,138	₱1,829,029	₱1,764,180	₱—	₱—	₱—
Foreign exchange gain	—	—	—	—	—	—	5,963
Interest income	—	47	93,091	89,161	5	114	1,769
Other income	13,516	—	7,218	22,328	362	2,015	20,214
Total revenue	18,475	86,185	1,929,338	1,875,669	367	2,129	27,946
Costs and Expenses							
Direct operating	4,924	64,247	1,186,134	824,848	—	—	—
Depreciation	—	2,269	—	352,686	—	—	—
Interest expense	212	85	118,586	152,539	52,115	50,758	44,995
General and administrative	17,280	16,745	45,019	43,170	15,140	27,126	61,513
Foreign exchange	—	—	—	—	397	6,516	—
Total costs and expenses	22,416	83,346	1,349,739	1,373,243	67,652	84,400	106,508
Income (loss) before income tax	(3,941)	2,839	579,599	502,426	(67,285)	(82,271)	(78,562)
Provision for income tax	(633)	(495)	(181,196)	(150,714)	(8)	(65)	(405)
Net income (loss)	(4,574)	₱2,344	₱398,403	₱351,712	(₱67,277)	(₱82,336)	(₱78,967)
Operating assets	₱90,916	₱99,155	₱6,913,478	₱7,044,761	₱1,129,140	₱1,127,380	₱1,155,152
Operating liabilities	₱91,526	₱95,626	₱4,671,783	₱4,684,725	₱905,286	₱836,418	₱781,853
Other disclosure:							
Capital expenditures	₱55	₱12	₱—	₱9,094	₱37	₱2,574	₱9,564

Capital expenditures consist of additions to property and equipment.

Investment in NTDCC is considered as a discontinued operation as at December 31, 2014.

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



30. Note to Consolidated Statements of Cash Flows

Noncash Operating and Investing Activities:

2013

Offsetting of accrued guarantee fees against advances to Alakor amounting to ₱19.3 million.

2012

Acquisition on account of 100% interest in VMC amounting to ₱697,670.

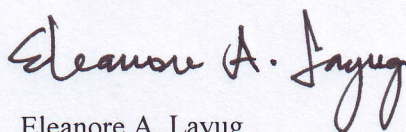


INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Anglo Philippine Holdings Corporation and Subsidiary as at December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014, included in this Form 17-A, and have issued our report thereon dated March 24, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Parent Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Eleanore A. Layug
Partner

CPA Certificate No. 0100794

SEC Accreditation No. 1250-A (Group A),

August 9, 2012, valid until August 8, 2015

Tax Identification No. 163-069-453

BIR Accreditation No. 08-001998-97-2015,

January 5, 2015, valid until January 4, 2018

PTR No. 4751289, January 5, 2015, Makati City

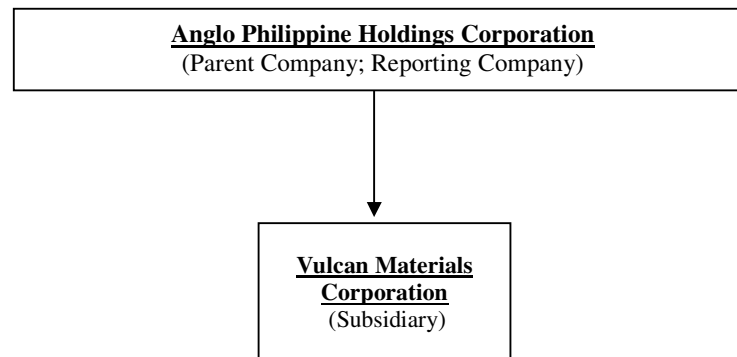
March 24, 2015



SCHEDULE I
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
FINANCIAL RATIOS PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2014

	2014	2013
<u>Profitability Ratios:</u>		
Return on assets	8.59%	4.46%
Return on equity	9.06%	7.39%
Gross profit margin	–%	–%
Net profit margin	64.79%	41.94%
<u>Liquidity and Solvency Ratios:</u>		
Current ratio	3.30:1	1.25:1
Quick ratio	3.27:1	1.24:1
Solvency ratio	1.68:1	0.12:1
<u>Financial Leverage Ratios:</u>		
Asset to equity ratio	1.05:1	1.66:1
Debt ratio	0.05:1	0.40:1
Debt to equity ratio	0.05:1	0.66:1
Interest coverage ratio	19.95:1	5.65:1

SCHEDULE II
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2014



SCHEDULE III
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
SCHEDULE OF EFFECTIVE STANDARDS AND
INTERPRETATIONS UNDER THE PFRS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2014

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&As effective as at December 31, 2014:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation			✓
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Assets and Financial Liabilities			
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

SCHEDULE IV
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
PURSUANT TO SEC RULE 68, AS AMENDED AND
SEC MEMORANDUM CIRCULAR NO. 11
December 31, 2014

Unappropriated Retained earnings as of December 31, 2013, as reflected in audited financial statements	₱1,299,126,960
Amount of recognized deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized	<u>(4,744,433)</u>
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱1,294,382,527
Add: Net income actually earned/realized during the period	₱571,061,804
Net income during the period closed to Retained Earnings	
Less: Non-actual/unrealized income net of tax	—
Equity in net income of associate/joint venture	—
Unrealized foreign exchange gain - net (except those attributable to Cash)	—
Unrealized actuarial gain	—
Fair value adjustment (mark-to-market gains)	16,392,390
Fair value adjustment of investment property resulting to gain	—
Adjustment due to deviation from PFRS/GAAP - gain	—
Amount of recognized deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized	400,103
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	—
Subtotal	<u>16,792,493</u>
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	—
Adjustment due to deviation from PFRS/GAAP - loss	—
Loss on fair value adjustment of investment property (after tax)	—
Subtotal	<u>—</u>
Net income actually earned during the period	554,269,311
Add (Less):	
Dividend declarations during the period	(45,049,533)
Appropriations of retained earnings	—
Reversals of appropriations	—
Effects of prior period adjustments	—
Treasury shares	<u>(27,566,075)</u>
Subtotal	<u>(72,615,608)</u>
Unappropriated Retained Earnings, as adjusted, ending	<u>₱1,776,036,230</u>

SCHEDULE A

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
FINANCIAL ASSETS IN EQUITY SECURITIES
DECEMBER 31, 2014**

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet	Income received and accrued
Atlas Consolidated Mining and Development Corp.	171,570,500.00	₱ 1,750,019,100	₱ 25,735,575

SCHEDULE B

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2014

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written-off	Current	Not Current	Balance at end period
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NOT APPLICABLE

SCHEDULE C

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2014**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected/Settlements	Amounts Written-off	Current	Not Current	Balance at end period
Vulcan Materials Corp.	₱ 4,495,441	₱ 29,065,440	₱ 32,016,140		₱1,544,742		₱1,544,742

SCHEDULE D

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2014

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

SCHEDULE E

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
LONG-TERM DEBT
DECEMBER 31, 2014**

Title of Issue and type of obligation	Amount authorized by: Indenture	Amount shown under the caption “Current Portion of long-term borrowings” in related balance sheet	Amount shown under the caption “Long-term borrowings- net of current portion” in related balance sheet
The Philodrill Corporation	–	₱100,000,000	-

SCHEDULE F

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2014**

Name of Related Party	Balance at beginning of period	Balance at end of period
The Philodrill Corporation	₱100,000,000	₱100,000,000

SCHEDULE G

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2014**

Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
NOT APPLICABLE				

SCHEDULE H**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
CAPITAL STOCK
DECEMBER 31, 2014**

The Company's authorized share capital is ~~₱4~~ billion divided into 4 billion shares at ₱1.00 par value. As at December 31, 2014, total shares issued and outstanding is 3,003,302,538 held by 3,108 shareholders, and treasury shares is 13,000,000 shares.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	Directors and Officers	Principal/ Substantial Stockholders	No of shares held by Government	Banks	Others
Common Stock	4,000,000,000	3,016,302,538*	—	70,948,163	2,481,276,651	-	1,320	451,076,404

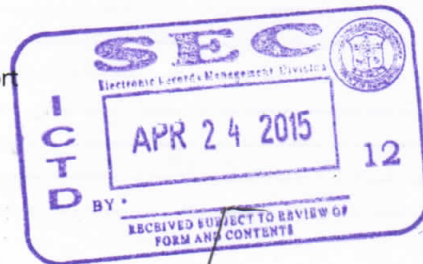
*Including 13,000,000 shares in Treasury Stock

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2014
2. Exact Name of Registrant as Specified in its Charter Anglo Philippine Holdings Corporation
3. 6th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City 1550
Address of Principal Office Postal Code
4. SEC Identification Number 14102
5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 000-175-630
7. (632) 631-5139; (632) 635-6130
Issuer's Telephone number, including area code
8. N/A
Former name or former address, if changed from the last report



SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Eleven (11)
---	-------------

Actual number of Directors for the year	Eleven (11)
---	-------------

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non- Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Alfredo C. Ramos	ED	National Book Store	Christopher M. Gotanco	April 11, 1979	May 20, 2014	Annual	35 years
Christopher M. Gotanco	ED	Alakor Corporation	Alfredo C. Ramos	July 22, 1987	May 20, 2014	Annual	27 years
Francisco A. Navarro	NED	Alakor Corporation	Alfredo C. Ramos	March 22, 1984	May 20, 2014	Annual	30 years
Augusto B. Sunico	NED	Alakor Corporation	Alfredo C. Ramos	March 22, 1984	May 20, 2014	Annual	30 years
Roberto V. San Jose	ED	N.A.	Alfredo C. Ramos	May 28, 1985	May 20, 2014	Annual	29 years
Presentacion S. Ramos	NED	National Book Store	Alfredo C. Ramos	March 22, 1984	May 20, 2014	Annual	30 years
Maureen Alexandra S. Ramos-Padilla	NED	National Book Store	Alfredo C. Ramos	October 22, 2013	May 20, 2014	Annual	1 year and 5 months
Gerard Anton S. Ramos	ED	Alakor Corporation	Alfredo C. Ramos	July 29, 2011	May 20, 2014	Annual	3 years
Adrian Paulino S. Ramos	ED	Alakor Corporation	Alfredo C. Ramos	March 26, 2006	May 20, 2014	Annual	8 years
Renato C. Valencia	ID	N.A.	Mr. Noel T. Del Castillo (no relationship with ID)	Dec 15, 2006	May 20, 2014 (7 years)	Annual	7 years
Ramoncito Z. Abad	ID	N.A.	Mr. Victor V. Benavidez (no relationship with ID)	March 19, 2007	May 20, 2014 (7 years)	Annual	7 years

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Company has only one class of shares entitled to one vote each and each shareholder is treated equally with respect to the exercise of his rights in relation to other shareholders.

The rights of minority stockholders and stakeholders are accorded respect through their: (i) right to vote on all matters that require their consent or approval; (ii) right to inspect corporate books and records; (iii) right to information; (iv) right to dividends; and (v) appraisal right.

The Company's stockholders are also furnished with periodic reports, as well as access to all information, relating to Company operations for which management is accountable for.

It is the duty of the Board to promote shareholders' rights, remove impediments to the exercise of stockholders' rights, and provide an adequate avenue for them to seek timely redress for breach of their rights. The Board encourages the exercise of stockholders' voting rights and the solution of collective action problems through appropriate mechanisms.

The Board takes the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. The Board also gives minority

stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.

(c) How often does the Board review and approve the vision and mission?

During each December Board meeting, the Board reviews the corporate vision and mission as it also conducts its evaluation of past year's performance and discusses / formulates business strategies for the succeeding years.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Alfredo C. Ramos	Vulcan Materials Corporation United Paragon Mining Corp The Philodrill Corporation	ED (Chairman and President) ED (Chairman and President) NED (Chairman)
Christopher M. Gotanco	Vulcan Materials Corporation United Paragon Mining Corporation The Philodrill Corporation	ED (Vice Chairman) NED NED
Francisco A. Navarro	The Philodrill Corporation Vulcan Materials Corporation	ED (President) NED
Presentacion S. Ramos	The Philodrill Corporation	NED
Maureen Alexandra S. Ramos-Padilla	The Philodrill Corporation	NED
Anton S. Ramos	Vulcan Materials Corporation United Paragon Mining Corp	ED (Executive Vice President) ED (Vice President)
Adrian S. Ramos	Vulcan Materials Corporation. United Paragon Mining Corp The Philodrill Corporation	ED (Treasurer) ED (Treasurer) NED
Augusto B. Sunico	The Philodrill Corporation	NED

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Alfredo C. Ramos	Atlas Consolidated Mining & Dev't. Corp. Shang Properties Inc. Vulcan Industrial & Mining Corporation	ED (Chairman) ED (Vice Chairman) ED (Chairman)
Christopher M. Gotanco	Boulevard Holdings Inc. Vulcan Industrial & Mining Corporation	NED ED (Vice Chairman)
Roberto V. San Jose	Mabuhay Holdings Corp.	ED (Chairman)
Francisco A. Navarro	Vulcan Industrial & Mining Corporation	NED
Presentacion S. Ramos	Vulcan Industrial & Mining Corporation	NED
Anton S. Ramos	Atlas Consolidated Mining & Dev't. Corp.	NED
Adrian S. Ramos	Atlas Consolidated Mining & Dev't Corp Vulcan Industrial & Mining Corporation	ED (President) ED (Treasurer)
Renato C. Valencia	GT Capital Holdings, Inc. House of Investments Inc. Metropolitan Bank & Trust Co. Roxas Holdings, Inc. Roxas & Company Inc. Vulcan Industrial & Mining Corporation	ID ID ID ED (President & CEO) NED ID

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Alfredo C. Ramos	National Book Store Inc. Alakor Corporation	ED (Chairman and President) ED (Chairman and President)
Presentacion S. Ramos	Alakor Securities Corp. Alakor Corporation National Book Store Inc.	ED (Chairman and President) ED (Vice President/Treasurer) ED (Vice President)
Maureen Alexandra S. Ramos-Padilla	Alakor Securities Corp. Alakor Corporation National Book Store Inc.	NED (Director) ED (Corp. Secretary) ED (Managing Director)
Anton S. Ramos	Alakor Securities Corp. Alakor Corporation National Book Store Inc.	ED (Vice President) ED (Vice President) ED (Asst. to Vice President)
Adrian S. Ramos	Alakor Securities Corp. Alakor Corporation National Book Store Inc.	ED (Corporate Secretary) ED (Vice President) Business Dev't Manager

- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

No limit has been formally set by the Board although, as a matter of practice, directors do observe the limit of five board seats in other publicly listed companies, except for Mr. Renato C. Valencia who holds four (4) independent directorships and two (2) regular directorships in other publicly listed companies.

The Board may consider the adoption of guidelines on the number of board seats that its directors can hold in other companies (publicly listed, ordinary and companies with secondary license). The CEO and other executive directors may be covered by a lower indicative limit for membership in other boards. In all cases, the optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	Please refer to discussions above	None
Non-Executive Director	Please refer to discussions above	None
CEO	Please refer to discussions above	None

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Alfredo C. Ramos	11,000	24,692,638 (PCD FAO: Alakor Sec. Corp.)	0.82%
Christopher M. Gotanco	110	17,055,540 (PCD FAO: Alakor Sec. Corp.)	0.56%
Francisco A. Navarro	400,000	582 (PCD FAO: Alakor Sec. Corp.)	0.01%
Augusto B. Sunico	22,110	110,000 (PCD FAO: Alakor Sec. Corp.)	<0.01%
Roberto V. San Jose	373,866	59,386 (PCD FAO: Papa Securities)	0.01%

Presentacion S. Ramos	55,000	28,636,665 (PCD FAO: Alakor Sec. Corp.)	<0.96%
Maureen Alexandra S. Ramos-Padilla	22,000	873,066 (PCD FAO: Alakor Sec. Corp)	0.03%
Gerard Anton S. Ramos	1,000	0	<0.01%
Adrian Paulino S. Ramos	1,000	33,000 (PCD FAO: Alakor Sec. Corp)	<0.01%
Renato C. Valencia	1,100	0	<0.01%
Ramoncito Z. Abad	1,100	0	<0.01%

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐ No ☒

Determinations/resolutions of the Board are made by a collegial body wherein the Chairman/CEO has only one vote. In addition, the Board has constituted a Nomination, Audit and Compensation Committees headed by independent directors, which help identify and suggest strategic plans and proposals to the Board of Directors.

Identify the Chair and CEO:

Chairman of the Board/CEO	Alfredo C. Ramos

- (b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	- Ensure that the meetings of the Board are held in accordance with the By-Laws, or as the Chairman may deem necessary; - Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the Directors; and - Maintain qualitative and timely lines of communication and information between the Board and Management.	- Shall have general supervision and control of the business management and administrative affairs of the Company. - To sign or countersign all certificate of stocks of the Company. - Direct the implementation of the policies established by the Board, accordingly. - Direct and supervise the management of all the operations of the Company, and from time to time give such orders, directives and instructions to all personnel and employees. - Carry out all lawful orders and directions of the Board of Directors. - Execute and sign contracts entered into on behalf of the Company - Appoint, suspend and/or discharge, subject to confirmation of the Board of Directors, subordinate

		officers, employees and personnel of the Company. Generally to exercise such authority and powers as may develop upon, or are naturally and customarily inherent to the management of the business and affairs of the company or are incident to his office.
Accountabilities	As head of the Board, the Chairman is accountable to the same by ensuring that all Board meetings are properly held and all relevant information are timely distributed to its members to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.	The CEO shall be accountable to the stockholders and to the Board inasmuch as he is given general supervision and control over corporate operations. As such, he shall oversee and implement the administrative and operational policies of the Company and make reports to the Board and the stockholders.
Deliverables	The Chairman shall submit a complete report of the operations of the Company for the preceding year in the Annual Report to the Stockholders.	The CEO shall prepare and submit a Management Report in the Company's financial statements, presenting the status and update on the Company's operations.

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

Officers and employees undergo professional development programs. Succession plan for Senior Management is determined by the Board as the need arises.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. The membership of the Board is a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process and, at the same time, ensure that they have a broad spectrum of business experiences and background for an efficient performance of their duties.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. All members of the Board are required to have at least a practical understanding of the business of the Company, in addition to the other qualifications for membership in the Board provided for in the Corporation Code, the Securities Regulation Code and other relevant laws.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	- Manage and supervise the day-to-day operations of the Company. - Formulate strategic business plans in collaboration with the Board.	Assist the executive directors in directing the business affairs of the Company and in controlling its property by rendering reasonable judgment and creative criticism that would enable the Board to formulate sound	Coordinate and assist with the executive and non-executive directors of the Company in implementing strategic policies and supervision of the business operations of the Company by maintaining objectivity and

	Implement the business plans and directions offered, suggested and approved by the Board on how to improve the Company.	corporate plans geared towards the Company's overall performance. Assist in ensuring that the Board works towards the best interests of the Company.	impartiality in addressing corporate issues and concerns. - Allow for the possibility of introducing new and innovative ideas for the Company. - Assist the Board in achieving a consensus on important issues.
Accountabilities	Executive directors are accountable to the stockholders of the Company as they are tasked to implement corporate business plans, decisions and policies, and are involved in the day-to-day activities of the Company.	Non-executive directors are accountable to the stockholders by overseeing the Board's activities and ensuring that sound business decisions are made and that the Board is performing its role in accordance with the Company's business plans and strategies.	Independent directors are accountable to the stockholders by making sure that the formulation of effective business plans involves independent judgment and diversity of views and perspectives.
Deliverables	In the performance of their primary functions, executive directors submit reports to the Board on a regular basis - quarterly, semiannually, or annually, including sound proposals and recommendations for consideration of the Board.	Non-executive directors are expected to render an effective scrutiny of the performance of Management and the Board in meeting the agreed goals and objectives.	Independent directors are expected to render a thorough consideration of the issues, an informed debate and deliberation of ideas during the Board meetings.

Provide the company's definition of "independence" and describe the company's compliance with the definition.

"Independence" vis-à-vis Independent Directors is defined by the Company as one who:

- is not a director or officer of the Company or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
- does not own more than two percent (2%) of the shares of the Company or of its related companies or any of its substantial shareholders;
- is not related to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- is not acting as a nominee or representative of a director or substantial shareholder of the Company, and/or any of its related companies, and / or any of its substantial shareholders, pursuant to a Deed of Trust or any contract or arrangement;
- has not been employed in any executive capacity by the Company, any of its related companies, and / or by any of its substantial shareholders within the last two (2) years;
- is not retained, either personally or through his firm or any similar entity, as professional adviser by the Company, any of its related companies, and / or any of its substantial shareholders within the last two (2) years;
- has not engaged and does not engage in any transaction with the Company and / or with any of its related companies and / or with other persons and / or through a firm of which he is a partner and / or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.

The Company strictly adheres to the above definition of “independence” for the selection, nomination, and appointment of its Independent Directors.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

Yes. In accordance with SEC Memorandum Circular No. 09-2011, which took effect on 02 January 2012, Independent Directors can serve for a period of five (5) consecutive years, and thereafter must undergo a cooling off period of two (2) years before he may be eligible for re-election as an Independent Director. An Independent Director who has been re-elected after the cooling-off period can serve for another four (4) additional years (maximum of nine (9) years as Independent Director).

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
N/A	N/A	N/A	N/A

There were no changes in the composition of the Board of Directors during the period.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	A. Regular process: - All nominees to the Board are submitted by the stockholders to the Nomination Committee for validation. - The Nomination Committee submits a list of nominees to the incumbent board for notation. - The Board then submits to the stockholders a final list of nominees at the Annual Stockholders' Meeting during which all the directors are elected by the stockholders. B. In case of vacancy, where the remaining members of the Board still constitute a quorum, the Board elects a replacement director to serve the unexpired portion of the term of the predecessor only.	The following constitute additional qualifications for membership in the Board in addition to those provided in the Corporation Code, Securities Regulation Code and other relevant laws: - Holder of at least one (1) share of stock of the Company; - College education or equivalent academic degree; - He shall be at least twenty one (21) years old; - Practical understanding of the business of the Company; - Membership in good standing in relevant industry, business or professional organizations; - Previous business experience; - He shall have proven to possess integrity and probity; and, - He shall be assiduous.
(ii) Non-Executive Directors	Same as above	Same as above

(iii) Independent Directors	Same as above	The Company shall have two (2) independent directors or at least 20% of its board size, at any time, whichever is lesser with the following qualifications and disqualifications: (i) Apart from his fees and shareholdings, he is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company; (ii) He shall own in his name at least one (1) share of stock of the Company; (iii) He shall be at least twenty one (21) years old; (iv) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Company for at least five (5) years; (v) He shall possess integrity and probity; (vi) He shall be assiduous; (vii) He is not a director or officer of the Company or of its related companies or any of its substantial shareholders (other than as an independent director of any foregoing); (viii) He does not own more than two percent (2%) of the shares of the Company / its related companies / its substantial shareholders; (ix) He is not related to any director, officer or substantial shareholder of the Company, any of its substantial shareholders; (x) He is not related to any director, officer or substantial shareholder of the Company or any of its related companies or its substantial shareholders; (xi) He is not acting as a nominee or representative of a director or substantial shareholder of the Company / its related companies/ its substantial shareholders; (xii) He is not employed in any executive capacity by the Company/its related companies/its substantial shareholders within the last two (2) years; (xiii) He is not retained as professional adviser by the Company/its related companies/its substantial shareholders within the last two (2) years; (xiv) He has not engaged and does not engage in
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		any transaction with the Company/its related companies/its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial; (xv) He has not been convicted by final judgment by a competent judicial or administrative body of (a) a crime involving the purchase or sale of securities, (b) crime arising out of the person's conduct as an underwriter, broker, dealer, investment company, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (c) crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; (xvi) He has not been enjoined by the SEC or any court or other administrative body of competent jurisdiction from (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities and banking activities; (xvii) He has not been finally convicted judicially or administratively of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent acts or transgressions; (xviii) He has not been found by the SEC or a court or other administrative body to have willfully violated, aided, abetted, counseled, induced or procured the violation of any provision of the SRC, Corporation code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP, or who has filed a materially false or misleading application, report or registration statement required by the SEC, or any rule, regulation or order of the SEC; (xix) He has not been judicially declared to be insolvent; (xx) He has not been finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct; (xxi) He is not an affiliated person who is ineligible to serve or act in the capacities listed in paragraphs xv to xix to serve or act in the capacities listed in those paragraphs; (xxii) He has not been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the SRC, committed within five (5) years prior to the date of his election or appointment.
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b. Re-appointment		
(i) Executive Directors	Same as A(5)(b)(a)(i) above	Same as A(5)(b)(a)(i) above
(ii) Non-Executive Directors	Same as A(5)(b)(a)(ii) above	Same as A(5)(b)(a)(ii) above
(iii) Independent Directors	Same as A(5)(b)(a)(iii) above	Same as A(5)(b)(a)(iii) above
c. Permanent Disqualification		
(i) Executive Directors	Upon confirmation of a ground for permanent disqualification, the Board convenes and, if still constituting a quorum, elects a replacement director to serve the unexpired portion of the term of the disqualified director. In the event that the remaining members of the Board no longer constitute a quorum, the permanent disqualification of directors shall follow the Corporation Code such that any director may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock either at a regular Stockholders' Meeting or at a special meeting called for the purpose.	Grounds for permanent disqualification of a director: (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or, (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above; or, (d) willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if such person: (a) is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code, or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP; (b) has otherwise been restrained to engage in any activity involving securities and banking; or, (c) is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization. (iii) Any person convicted by final judgment or order by a court or competent

		administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; (iv) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code, or any other law administered by the SEC or BSP, or any of their rules, regulations or orders; (v) Any person judicially declared as insolvent; (vi) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violation or misconduct enumerated in sub-paragraphs (i) to (iv) above; and, (vii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment as director.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	In addition to the criteria for Permanent Disqualifications for Executive and Non-Executive Directors: Any person earlier elected as independent director who becomes an officer, employee or consultant of the Company.
d. Temporary Disqualification		
(i) Executive Directors	Upon confirmation of a ground for temporary disqualification, the Board shall, if still constituting a quorum, declare vacant the seat of the director concerned for a period not exceeding sixty (60) days, during which time the director concerned shall take appropriate actions to remedy, correct or resolve the disqualification. Upon confirmation that the ground for temporary disqualification has been removed, the Board shall reinstate the director concerned to his former seat upon a majority vote. Upon the lapse of sixty (60) days and confirmation that the ground for temporary disqualification remains, the Board shall declare the disqualification permanent and the	Grounds for Temporary Disqualification of a Director: (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing rules and regulations. The disqualification shall be in effect as long as the refusal persists. (ii) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. The disqualification shall apply for purposes of the succeeding election. (iii) Dismissal or termination for cause as director of any corporation covered by the Code. The disqualification shall be in effect until he has cleared himself of any involvement in the

	procedure for permanent disqualification of directors shall follow. In the event that the remaining members of the Board no longer constitute a quorum, the temporary disqualification of directors shall follow the same procedures for permanent disqualification of directors where the remaining members of the Board no longer constitute a quorum.	cause that gave rise to his dismissal or terminations. (iv) Being under preventive suspension by the Company. (v) If any of the judgment or orders cited in the grounds for permanent disqualification has not yet become final.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	In addition to the Temporary Disqualifications for Executive and Non-Executive Directors: If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
e. Removal		
(i) Executive Directors	If still constituting a quorum, the Board follows the procedures for permanent or temporary disqualification depending on the ground for disqualification. In the event that the remaining members of the Board no longer constitute a quorum, the removal of directors shall follow the Corporation Code such that any director may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock either at a regular Stockholders' Meeting or at a special meeting called for the purpose.	Same as the grounds for temporary and permanent disqualification
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
f. Re-instatement		
(i) Executive Directors	If the director is able to remedy the ground for temporary disqualification, he will be reinstated upon majority vote of the Board, if still constituting a quorum; otherwise, the procedures for re-appointment of directors shall be followed.	If the director is able to remedy the ground for temporary disqualification, he will be reinstated, subject to approval by the Board, if still constituting a quorum; otherwise, the procedures for re-appointment of directors shall be followed.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
g. Suspension		
(i) Executive Directors	Same as A(5)(b)(d)(i) above	Same as A(5)(b)(d)(i) above
(ii) Non-Executive Directors	Same as A(5)(b)(d)(ii) above	Same as A(5)(b)(d)(ii) above
(iii) Independent Directors	Same as A(5)(b)(d)(iii) above	Same as A(5)(b)(d)(iii) above

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Alfredo C. Ramos	882,513,941

Christopher M. Gotanco	882,513,941
Francisco A. Navarro	882,513,941
Augusto B. Sunico	882,513,941
Roberto V. San Jose	882,513,941
Presentacion S. Ramos	882,513,941
Maureen Alexandra S. Ramos-Padilla	882,513,941
Anton S. Ramos	882,513,941
Adrian S. Ramos	882,513,941
Renato C. Valencia	882,513,941
Ramoncito Z. Abad	882,513,941

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

Depending on qualifications and experience, a director, before assuming his position as such, is required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

(b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

Name of Director and Senior Management	In-house Training and External Courses Attended
Alfredo C. Ramos	Corporate Governance Risk Opportunities, Assessment and Management (ROAM), Inc. February 18, 2014
Christopher M. Gotanco	Corporate Governance Risk Opportunities, Assessment and Management (ROAM), Inc. February 18, 2014
Roberto V. San Jose	Corporate Governance Risk Opportunities, Assessment and Management (ROAM), Inc. February 18, 2014
Augusto B. Sunico	Corporate Governance Philippine Securities Consultancy Corp. August 26, 2014
Francisco A. Navarro	Corporate Governance Risk Opportunities, Assessment and Management (ROAM), Inc. February 18, 2014 Offshore Technology Conference (OTC) – March 25-28, 2014 Kuala Lumpur Malaysia 2014 Palawan Oil and Gas Conference –October 1-2, 2014 Association of Filipinos for the Advancement of Geoscience, Inc. AFAG, Inc) Southeast Asia Petroleum Exploration Society (SEAPEX) Annual Meeting – October 9-11, 2014, Singapore OSEA 2014, International Oil and Gas Industry Exhibitors & Conference, December 2-4, 2014 AAPG International Conference and Exhibit (09/15/12 to 09/20/2012)
Presentacion S. Ramos	Corporate Governance Risk Opportunities, Assessment and Management (ROAM), Inc. February 18, 2014
Anton S. Ramos	Corporate Governance Risk Opportunities, Assessment and Management (ROAM), Inc. February 18, 2014

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Adrian S. Ramos	Corporate Governance Risk Opportunities, Assessment and Management (ROAM), Inc. February 18, 2014
Maureen Alexandra S. Ramos-Padilla	Corporate Governance Risk Opportunities, Assessment and Management (ROAM), Inc. February 18, 2014
Renato C. Valencia	Management Association of the Philippines - Why Asia? Asia's Prospects & How Emerging Markets Shall Shape the Region's Future, (May 2, 2012) MBTC-Real Estate Industry Talk - Philippine Property Outlook: Is There a Bubble? (July 2, 2012) Finex - Economic Prospects Growth Through Innovation (October 4-5, 2012) Management Association of the Philippines (Makati Business Club) -The Link Between Private Sector-Led Growth & Poverty Reduction (October 19, 2012) Institute of Corporate Directors - Value Based Governance of Financial System (October 24, 2012) First Metro Investment Corp – 2013 Risk Mgmt Brief Seminar Cybercrime Prevention & Data Privacy Act: Impact to Corporations, (March 15, 2013) Finex – Managing Risks in Changing Times (April 23, 2013) MBTC – Anti Money Laundering Seminar (May 23, 2013) First Metro Investment Corp. “Risk Management Brief” (Jan. 29, 2014) ICD “Corporate Governance”, Mandarin Oriental Hotel, Makati City, sponsored by Metrobank (Feb. 05, 2014) U.S. Eco Engagement – MAP (June 04, 2014) Financial Security Effect on National Security by Gov. Nesting Espenilla (Oct. 28, 2014, Barossa & Tuscany Rm, Tower Club Posner Leadership Challenge – AIM/MAP (Nov. 20, 2014)
Ramoncito Z. Abad	None
Adrian S. Arias	Corporate Governance Risk Opportunities, Assessment and Management (ROAM), Inc. February 18, 2014 International Arbitration Workshop (02/12 to 02/17/2012) Industrial Estate and Business Parks – February 26-27, 2014, Kuala Lumpur Malaysia

The directors have attended seminars on Corporate Governance and risk management. A director may also undertake additional development program upon submission of written request with the Company.

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Alfredo C. Ramos	February 18, 2014-	Corporate Governance	Risk Opportunitites Assessment and Management (ROAM), Inc.
Christopher M. Gotanco	February 18, 2014-	Corporate Governance	Risk Opportunitites Assessment and Management (ROAM), Inc.
Roberto V. San Jose	February 18, 2014-	Corporate Governance	Risk Opportunitites Assessment and Management (ROAM), Inc.
Augusto B. Sunico	August 26, 2014	Corporate Governance	Philippine Securities Consultancy Corp.
Francisco A. Navarro	February 18, 2014-	Corporate Governance	Risk Opportunitites Assessment and Management (ROAM),

	March 25-28, 2014 October 1-2, 2014 October 9-11, 2014 December 2-4, 2014	Offshore Technology Conference (OTC) – 2014 Palawan Oil and Gas Conference – Southeast Asia Petroleum Exploration Society (SEAPEX) Annual Meeting OSEA 2014, International Oil and Gas Industry Exhibitors & Conference,	Inc. Kuala Lumpur Malaysia Association of Filipinos for the Advancement of Geoscience, Inc. AFAG, Inc) (SEAPEX) Singapore
Presentacion S. Ramos	February 18, 2014-	Corporate Governance	Risk Opportunities Assessment and Management (ROAM), Inc.
Anton S. Ramos	February 18, 2014-	Corporate Governance	Risk Opportunities Assessment and Management (ROAM), Inc.
Adrian S. Ramos	February 18, 2014-	Corporate Governance	Risk Opportunities Assessment and Management (ROAM), Inc.
Maureen Alexandra S. Ramos-Padilla	February 18, 2014-	Corporate Governance	Risk Opportunities Assessment and Management (ROAM), Inc.
Renato C. Valencia	January 29, 2014 February 5, 2014 June 4, 2014 October 28, 2014 November 20, 2014	Risk Management Brief Corporate Governance US Eco. Engagement Financial Security Effect on National Security – Posner Leadership Challenge	First Metro Investment Corp. ICD MAP By: Gov. Nesting Espenilla AIM/MAP
Ramoncito Z. Abad	-	-	-
Adrian S. Arias	February 18, 2014 February 26-27, 2014	Corporate Governance Industrial Estate and Business Parks (Kuala Lumpur Malaysia	Risk Opportunities Assessment and Management (ROAM), Inc Truventus

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	A director should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should	The Company must avoid conflicts between the interests of the organization and personal financial interest. Any potential conflict of interest should be disclosed, considered and handled appropriately. 1. Employees should refrain or withdraw from participation in any transaction or relationship which is determined to constitute a material	Same as Senior Management

	seriously consider resigning from his position.	conflict of interest. 2. Employees should put the interest of the Company ahead of his own direct or indirect financial interest.	
(b) Conduct of Business and Fair Dealings	A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests.	All Company employees must follow a written set of guidelines embodied in the Company's Procedures Manual regarding the procedures for procurement of supplies and Company equipments.	Same as Senior Management
(c) Receipt of gifts from third parties	The Company requires that all its directors, officers and employees shall not make, offer, or authorize any payment, gift, promise or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any public official or any political party or political party official or candidate for office, where such payment, gift, promise or advantage would violate applicable laws of the Philippines.	Same as Directors	Same as Senior Management
(d) Compliance with Laws & Regulations	Directors, officers and employees are expected to behave according to proper and accepted norms in our society while in Company premises. Directors, officers and employees shall also follow the established rules and regulations of the Company that are meant to ensure good interpersonal relationships among other directors, officers and employees.	Same as Directors	Same as Senior Management
(e) Respect for Trade Secrets/Use of Non-public Information	All information/data, technical or otherwise, proprietary to the Company, obtained by the director, senior management, or employee while under its employ, are proprietary and confidential in nature and shall not be used, divulged, printed or reproduced without the Company's prior written consent. During the regular course of	Same as Directors	Same as Senior Management

	employment, such information/data and/or such material containing the same may be used only in relation to official company business and operations.		
(f) Use of Company Funds, Assets and Information	The Company considers the following (among others) as offenses which shall subject the personnel concerned to the appropriate penalties and sanctions: • Unauthorized use of Company time, equipment and materials for personal business or works; • Unauthorized disclosure, release, sale, etc. of Company documents, information, or trade secrets or similar acts of espionage or sabotage of the Company's business activities, including violation of the confidentiality of salaries, wages and similar information; • Malversation of Company's funds, defalcation or misappropriation or delayed remittance of collections, unusual delay in the liquidation of advances, padding or misrepresentation of expenses.	Same as Directors	Same as Senior Management
(g) Employment & Labor Laws & Policies	The Company shall strictly observe and comply with established rules, laws and policies regarding employment and labor and shall ensure that its internal policies and procedures remain consistent with these.	Same as Directors	Same as Senior Management
(h) Disciplinary action	Any behavior or conduct of any Company personnel which is inimical to the interest of the Company shall be considered an offense	Same as Directors	Same as Senior Management

	against the Company and shall subject the personnel concerned to certain penalties and sanctions.		
(i) Whistle Blower	This is intended to encourage directors, officers employees and outsiders to report suspected or actual occurrence(s) of illegal unethical or inappropriate events (behaviors or practices). A Whistleblower director, officer or employee who makes a report in bad faith may be subject to discipline, including termination from employment, removal from the Board, or other legal means to protect the reputation of the Company, its directors, officers and employees. Supervisors, officers or Board members who receive the reports must promptly act to investigate and resolve the issue. The identity of the Whistleblower, if known, shall remain confidential to those persons directly involved in applying this Policy, unless the issue requires investigation by law enforcement, in which case directors, officers and/or employees of the Company may be subject to subpoena.	Same as Directors	Same as Senior Management
(j) Conflict Resolution	All Company employees must strictly adhere with the written set of guidelines embodied in the Company's Procedures Manual regarding conflict resolution.	Same as Directors	Same as Senior Management

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

The Company has prepared a draft Code of Conduct for the Board, CEO and staff, which is still undergoing changes and discussions among the parties concerned. In the meantime, however, the Company has existing policies and procedures that

can identify and resolve potential conflicts of interest.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Company undertakes a self-evaluation process every year to implement and monitor compliance with the code of ethics and conduct.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	All related party transactions are based on prevailing market/commercial rates at the time of the transaction. Where it is required under the Corporation Code to submit corporate matters to stockholders for approval and such matters are Related Party Transactions, the related parties involved inhibit themselves from voting on the matter. All related party transactions are fully disclosed and subjected to regular audit by the external and internal auditors.
(2) Joint Ventures	N.A. (The Company has no joint ventures)
(3) Subsidiaries	Same as No. 1 above
(4) Entities Under Common Control	Same as No. 1 above
(5) Substantial Stockholders	Same as No. 1 above
(6) Officers including spouse/children/siblings/parents	Same as No. 1 above
(7) Directors including spouse/children/siblings/parents	Same as No. 1 above
(8) Interlocking director relationship of Board of Directors	Same as No. 1 above

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Directors and officers are required to fully disclose their interests and that of the other corporations they serve on prior to their election/appointment and before determination of any matter under consideration.
Group	Same as above

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
National Book Store Inc. Corporation	Related Party	National Book Store Inc. is a related party by significant ownership.
Alakor Corporation	Related Party	Alakor Corporation is a parent company.

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
National Book Store Inc.	1. Corporate: National Book Store Inc. owns 5% or more of the Company's stock.	In the ordinary course of business, the Company had transactions with related party/ies consisting principally of advances to related party/ies in order to address immediate working capital requirements. The identities of these parties, including the amounts and details of the transactions are disclosed in Note 17 to the Company's Audited Consolidated Financial Statements.
Alakor Corporation	2. Contractual: Advances to related party	
	1. Corporate: Alakor Corporation owns 5% or more of the Company's stock.	
	2. Contractual: Advances to related party	

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N.A.	N.A.	N.A.

So far as is known to the Company, there are no shareholder agreements that may impact on the control, ownership and strategic direction of the Company.

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	1. A stockholder has the right to present any grievances/inquiries regarding (i) ownership and (ii) rights of stockholders to the Company's Corporate Secretary and stocks department. 2. The Stocks Department, in coordination, with the Company's transfer agent, investigates and recommends relevant measures. 3. Depending on the issue involved, the Corporate Secretary may (i) approve, (ii) submit to Management Committee for resolution, or (iii) submit to the Board for resolution.
Corporation & Third Parties	The Company endeavors to act in good faith to settle amicably any dispute arising out of or in connection with conflicts or differences with third parties. Disputes that are not amicably settled are first referred to arbitration proceedings.
Corporation & Regulatory Authorities	Disputes, if any, arising between the regulatory authorities (such as the SEC, Department of Energy) and the Company which cannot be settled amicably may be referred to arbitration with the consent of the agency involved; otherwise, the same shall be referred to quasi-judicial or judicial litigation, as may be appropriate.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

The Corporate Secretary sets a tentative schedule of the Board of Directors' meetings for the current year and puts the Board on notice thereof. At least two (2) weeks prior to a scheduled meeting, the Corporate Secretary re-confirms the schedule with the directors. Changes, if any, for any reason, are agreed by consensus among directors and the new schedule is circulated to the Board for notation.

2) Attendance of Directors

Board	Name	Date of Election*	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Alfredo C. Ramos	05/20/2014	10	10	100%
Member	Christopher M. Gotanco	05/20/2014	10	10	100%
Member	Francisco A. Navarro	05/20/2014	10	10	100%
Member	Augusto B. Sunico	05/20/2014	10	7	70%
Member	Roberto V. San Jose	05/20/2014	10	9	90%
Member	Presentacion S. Ramos	05/20/2014	10	10	100%
Member	Maureen Alexandra S. Ramos-	05/20/2014	10	10	100%

	Padilla				
Member	Anton S. Ramos	05/20/2014	10	10	100%
Member	Adrian S. Ramos	05/20/2014	10	10	100%
Independent	Renato C. Valencia	05/20/2014	10	9	90%
Independent	Ramoncito Z. Abad	05/20/2014	10	10	100%

**During the 2014 Annual Stockholders Meeting*

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

So far as is known to the Company, non-executive directors do not hold meetings amongst themselves exclusively.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

No. A majority of the directors of the Company, at a meeting duly assembled, shall be necessary to constitute a quorum for the transaction of business, and the act of a majority of a quorum so present shall be valid as a corporate act, except as otherwise provided by law.

- 5) Access to Information

- (a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

Board papers for board of directors' meetings are provided at least one (1) day before the date of the meeting.

- (b) Do board members have independent access to Management and the Corporate Secretary?

Yes. Members of the Board have independent access to Management and the Corporate Secretary.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Company secretary's duties and responsibilities are as follows:

- (i) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;
- (ii) Informs the members of the Board, in accordance with the By-Laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (iii) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents prevent him from doing so;
- (iv) Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- (v) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in the Code.
- (vi) Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Company;
- (vii) As to meetings, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting;
- (viii) Assist the Board in making business judgment in good faith and in the performance of their

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

responsibilities and obligations; and,

- (ix) Submit to the SEC, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative. Yes

Yes. The Corporate Secretary is trained in legal, accountancy and company secretarial practices.

- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☒ No ☐

Committee	Details of the procedures
Executive	N.A. (The Company has no Executive Committee)
Audit	All directors may request for any Company information at any time from the relevant officers concerned.
Nomination	Same as above
Remuneration	Same as above
Others (Management Committee)	Same as above

- 6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Company and its directors may seek external advisory services as the need for it arises. The engagement of any such external advisory services is based on submission of quotation, evaluation, recommendation, and approval by the Board.	The Company did not engage any advisory services during the period.

- 7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
The Company generates revenues and income, principally: (a) from its investments by way of dividends received from, and/or equitizable share in the earnings of, investee companies; and, (b) sale of investments or of the securities to which the investment may have been converted, including interest income earned by such securities. The Company's internal source of liquidity comes, primarily, from revenues generated from operations and dividends received from investee companies. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the	None	N.A.

collection of its accounts receivables and issuance of additional capital stock.		
The Company has no material commitments for capital expenditures, but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing	None	N.A.
Corporate Governance (CG) Policies	The company adopted CG Policies in compliance with SEC Memo Circular No.11 Series of 2014.	To update existing CG policies

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the **process** used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers*
(1) Fixed remuneration	General compensation brackets are set by the Board.	Same as CEO
(2) Variable remuneration	None	None
(3) Per diem allowance	A fixed per diem rate is granted to all traveling directors, officers and employees to take care of their hotel accommodations (hotel room, laundry service charges, taxes), meals and taxes therein, transportation cost within the area of local business. The per diem entitlement shall commence on the date the officer/employee departs from Head Office and ends on the date the officer/employee returns to Head Office using the fastest and most direct route available.	Same as CEO
(4) Bonus	The Company provides its employees all the financial benefits provided by law, such as the 13th month pay. The Company also provides bonuses to its CEO as determined and approved by the Board.	The Company provides its employees all the financial benefits provided by law, such as the 13th month pay. The Company also provides bonuses to its four (4) highest paid management officers upon resolution by the CEO and with approval by the Board.
(5) Stock Options and other financial instruments	None	None
(6) Others (specify)	None	None

The Company has CEO and 4 highest paid salaried executive.

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.	None	The directors are entitled to receive compensation as may be authorized by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders meeting.
Non-Executive Directors	The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers.	None	Same as above

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
None	N.A.

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	5,023,489	n/a	n/a
(b) Variable Remuneration	n/a	n/a	n/a
(c) Per diem Allowance	60,000	57,000	24,000
(d) Bonuses	1,155,392	284,579.35	113,831.74
(e) Stock Options and/or other financial instruments	n/a	n/a	n/a
(f) Others (Specify) Transportation allowance	260,000	325,000	130,000
Total	6,498,881	1,071,531	306,152

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	0	0	0
2) Credit granted	n/a	n/a	n/a
3) Pension Plan/s Contributions	0	0	0
(d) Pension Plans, Obligations incurred	0	0	0
(e) Life Insurance Premium	0	0	0
(f) Hospitalization Plan	147,702		
(g) Car Plan	0	0	0
(h) Others (Specify)	0	0	0
Total	147,702	-	-

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

There are no stock rights, options or warrants over the Company's shares granted to the Board of Directors.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
N.A.	N.A.	N.A.	N.A.	N.A.

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None	N.A.	N.A.

The Company has no incentive programs.

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Adrian S. Arias – EVP – Legal and Administration	P2,734,706
Illuminada P. Rodriguez* – VP – Finance and Administration	
Iris Marie U. Carpio-Duque** – Assistant Corporate Secretary	
Deborah S. Acosta-Cajustin** -Assistant Corporate Secretary	
Gilbert V. Rabago** – Manager, Finance and Accounting	

*Retired as of December 31, 2014

**Starting July 1, 2014

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive (The Company has NO Executive Committee)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Audit	1	1	2	Yes	(i) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; (ii) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities. (iii) Perform oversight functions over the Company's internal and external auditors to ensure that they act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;	The Audit Committee shall carry out responsibilities for the following: 1. Financial statements 2. Internal control/risk management 3. Internal audit 4. External audit 5. Compliance with laws and regulations 6. Reporting responsibilities to the Board of Directors, shareholders, SEC and PSE, internal and external auditors	• Recommend to the Board the appointment and compensation of any registered public accounting firm employed by the Company (i.e., external auditors), and to oversee its work; • Resolve any disagreements between management and the auditor regarding financial reporting; • Pre-approve all audit and non-audit

					(iv) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it. (v) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts; (vi) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (vii) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security; (viii) Perform direct interface functions with the internal and external auditor; (ix) Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform: (a) a definitive timetable within which the accounting system of the Company will be 100% International Accounting Standard (IAS) compliant; and, (b) an accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task. (x) Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Company through a step-by-step procedures and policies handbook that will be used by the entire organization. (xi) Review the reports submitted by the internal and		services; • Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation; • Seek any information it requires from employees (all of whom are directed to cooperate with the committee's requests) or external parties. • Meet with the Company's officers, external auditors, or outside counsel as necessary.
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					external auditors; (xii) Review the quarterly, half year and annual financial statements before their submission to the Board, with particular focus on the following matters; - Any change/s in accounting policies and practices - Major judgmental areas - Significant adjustments resulting from the audit - Going concern assumptions - Compliance with accounting standards - Compliance with tax, legal and regulatory requirements. (xiii) Coordinate, monitor and facilitate compliance with laws, rules and regulations; (xiv) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. (xv) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.		
Nomination	2	0	2	None	• Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval; • Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.	• Accepts nominations for membership in the Board; • Screens the nominees submitted to it; • Submits the list of nominees to the Board.	• Accepts or rejects nominations based on qualifications set in the Company's Corporate Governance Manual.
Remuneration	2	0	2	None	• Establish a formal and transparent procedure for	• Review the salary brackets	• Submit the salary brackets

					developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel; • Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully; • Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers; • Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers; • Disallow and director to decide his/her own remuneration; • Provide in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of executive officers for the previous fiscal year and the ensuing year; • Develop/review the existing Company's Human Resources Development or Personnel Handbook.	and packages for the Company's directors, officers and employees.	and packages to the Board for resolution.
Others (specify)	None	None	None	None	N.A.	N.A.	N.A.

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Member (ED)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Member (NED)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Member (ID)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Member	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

The Company has no Executive Committee.

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Renato C. Valencia	May 20, 2014	2	2	100	2006-present
Member (ED)	Adrian S. Ramos	May 20, 2014	2	2	100	2006-present
Member (NED)	Francisco A. Navarro	May 20, 2014	2	2	100	2011-present
Member (ID)	Ramoncito Z. Abad	May 20, 2014	2	2	100	2007-present

Disclose the profile or qualifications of the Audit Committee members.

The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chairman of the Audit Committee should be an independent director. Each member shall have adequate understanding and knowledge of the Company's financial management systems and environment.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee is tasked with the duty to:

- Review and confirm the independence of the external auditor by obtaining statements from the auditor on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditor;
- Review and consider rotation of partners of the external auditor;
- Review the external auditor's proposed audit scope, related audit fees and approach, including coordination of auditor efforts with internal audit;
- Review the external auditor's observations on internal controls, audit adjustments and compliance with auditing standards;
- On an annual basis, review the report from the external auditor describing any material issues raised by the most recent quality control of the audit firm and any steps taken to deal with any such issues;
- Review the performance of external auditor and recommend to the Board the appointment, re-appointment or removal of the auditors.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Renato C. Valencia	May 20, 2014	1	1	100	2006-present
Member (ED)	Christopher M. Gotanco – President	May 20, 2014	1	1	100	2004-present
	Gerard Anton s. Ramos - EVP Investments	May 20, 2014	1	1		2004-present
Member (ID)	Ramoncito Z. Abad	May 20, 2014	1	1	100	2007-present

Member (Non Voting)	Adrian S. Arias - EVP Legal and Administration	May 20, 2014	1	1	100	2004-present
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(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Ramoncito Z. Abad	May 20, 2014	1	1	100	2006-present
Member (ED)	Christopher M. Gotanco	May 20, 2014	1	1	100	2004-present
Member (NED)	Adrian S. Ramos	May 20, 2014	1	1	100	2004-present
Member (ID)	Renato C. Valencia	May 20, 2014	1	1	100	2006-present

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

The Company has no other committees.

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	None	N.A.
Audit	None	N.A.
Nomination	None	N.A.
Remuneration	None	N.A.
Others	-	-

There were no changes in committee membership that occurred during the year.

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	N.A. (The Company has no Executive Committee)	N.A.
Audit	The Audit Committee assisted the Board of Directors in overseeing: (i) The integrity of the Company's financial statements and its systems of internal accounting and financial controls; (ii) The independence, qualifications and performance of the Company's independent auditor; (iii) The performance of the Company's internal auditors; and	The Audit Committee determined ways to timely complete the audited financial statements by requesting the Company's associates to submit their audited financial report on schedule.

	(iv) The Company's compliance with legal and regulatory requirements.	
Nomination	The Nomination Committee received the nominations and reviewed the qualifications of each nominee for the eleven (11) available seats in the Board of Directors for years 2013-2014, including the candidates for election as Independent Directors.	None
Remuneration	None	None
Others	-	-

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N.A. (The Company has no Executive Committee)	N.A.
Audit	To continue the performance of the Committee functions as stipulated in the Corporate Governance Manual.	No issue has arisen yet since the end of the reporting period (2014)
Nomination	To continue the performance of the Committee functions as stipulated in the Corporate Governance Manual.	No issue has arisen yet since the end of the reporting period (2014)
Remuneration	To continue the performance of the Committee functions as stipulated in the Corporate Governance Manual.	No issue has arisen yet since the end of the reporting period (2014)
Others	-	-

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company shall fund its operational and capital-intensive projects from internally generated funds.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Board regularly meets to discuss and update themselves regarding the ongoing plans and programs of the Company and how these may affect the Company's liquidity and other relevant risks.

Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

(c) Period covered by the review;

The review conducted by the Board regarding the effectiveness of the Company's risk management system covers projects and activities during the month prior to the current Board meeting. The Board also conducts annual reviews during its December Board meetings.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

The risk management system is reviewed annually by the Board of Directors during the December board meeting. The only criterion used by the Board of Directors in assessing the effectiveness of the risk management system is if the same had been able to prevent, mitigate or avoid the risks contemplated under the program.

(e) Where no review was conducted during the year, an explanation why not.

N.A. (see above)

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit Risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's cash with banks, short term deposits and receivables. The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees and debtors who are highly reputable and with good credit standing.	The Company maintains a capital base to cover risks inherent in the business, with the primary objective of optimizing the use and earnings potential of its resources to ensure that it is able to comply with externally imposed (legal or contractual) capital requirements, if any, and considering changes in economic conditions and the risk characteristics of its activities.
Liquidity Risk	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies. The Group's financial assets used	Same as above

	for liquidity management are its cash and cash equivalents, financial assets at FVPL, receivables and AFS investments.	
Market Risk	Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and other market variables which will adversely affect the Group's total comprehensive income or value of its financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters.	Same as above
a. Foreign currency risk	<i>Foreign Exchange Risk</i> 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.	Same as above
b. Equity price risk	Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of the listed shares. The equity price risk exposure arises from the Group's investment in financial assets at FVPL and quoted AFS investments. The effects on equity and income before income tax, (as a result of a change in the fair value of AFS equity investments and financial assets at FVPL, respectively, at December 31, 2014, 2013 and 2012 due to a reasonably possible change in bid market prices, with all other variables held constant).	Same as above

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit Risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's cash with banks, short term deposits and receivables. The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good	The Company maintains a capital base to cover risks inherent in the business, with the primary objective of optimizing the use and earnings potential of its resources to ensure that it is able to comply with externally imposed (legal or contractual) capital requirements, if any, and considering changes in economic conditions and the risk characteristics of its activities.

	relationships with related parties, key employees and debtors who are highly reputable and with good credit standing.	
Liquidity Risk	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies. The Group's financial assets used for liquidity management are its cash and cash equivalents, financial assets at FVPL, receivables and AFS investments.	Same as above
Market Risk	Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and other market variables which will adversely affect the Group's total comprehensive income or value of its financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters.	Same as above
a. Foreign currency risk	<i>Foreign Exchange Risk</i> 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.	Same as above
b. 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	Same as above

	listed shares. The equity price risk exposure arises from the Group's investment in financial assets at FVPL and quoted AFS investments. The effects on equity and income before income tax, (as a result of a change in the fair value of AFS equity investments and financial assets at FVPL, respectively, at December 31, 2014, 2013 and 2012 due to a reasonably possible change in bid market prices, with all other variables held constant).	
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(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Exercising control over the stockholders' voting power bears the risk of creating an imbalance between the controlling and the minority shareholders, for which reason, the holders of the Company's shares are all equally entitled to one vote per share with the objective of protecting minority interests. At the same time, the identity of the controlling shareholders and the degree of ownership concentration are also fully disclosed in the Company's annual report.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	The Company, through its external and internal auditors, regularly monitors and measures the risk exposure of the Company.	The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees and debtors who are highly reputable and with good credit standing.
Liquidity Risk	Same as above	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. Should the Company's cash position be insufficient to meet current requirements, the Company may consider: 1. Collecting a portion of Accounts

		Receivables as of December 31, 2014; 2. Selling a portion of its existing investments and/or assets; and/ or 3. Generating cash from loans and advances.
Market Risk	Same as above	The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters.
a. Foreign currency risk	Same as above	The Company regularly restates its U.S. denominated loans and cash equivalents.
b. Equity price risk	Same as above	The Company regularly monitors price fluctuations to determine the appropriate time to dispose or acquire equity securities.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Please refer to discussions on the Company's risk management policy as they similarly apply for the Group.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	Same as the process for monitoring and measuring risk for the Company as described above.	Same as risk management and control measures for the Company as described above.
Liquidity Risk		
Market Risk		
a. Foreign currency risk		
b. Equity price risk		

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	The Company may establish an internal audit system that can reasonably assure the Board, Management and stockholders that the key organizational and operational controls are faithfully complied with. The Board may appoint an internal auditor to perform the audit function (guided by the International Standards on Professional Practice of Internal Auditing) and require him to report to the level in the organization that allows the internal audit activity to fulfill its mandate.	The Audit Committee is tasked with the duty: (i) To consider the effectiveness of the organization's internal control system, including fraud prevention and detection, information technology, security and control; (ii) To understand the scope of internal and external auditors' assessment of internal control and review the status of all internal and external audit recommendations and their implementation; (iii) To organize an internal audit

		department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (iv) To review the annual internal audit plan to ensure conformity with the objectives of the Company.
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G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal control system is the Company's set of procedures and mechanisms for monitoring and evaluating the Company's ability to effectively prevent and detect fraud, including the establishment of sufficient levels of information technology security and financial reporting control.

The control environment of the Company consists of: (a) the Board, which ensures that the Company is properly and effectively managed and supervised; (b) a Management, that actively manages and operates the Company in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations, and information's systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Board, with the assistance of the Audit Committee, regularly meets to discuss and oversee whether the Company is able to comply with the required financial reporting and audit processes, including compliance with applicable laws, rules and regulations.

(c) Period covered by the review;

The review conducted by the Board regarding the effectiveness of the Company's internal control system covers projects and activities during the month prior to the current Board meeting. The Board also Conducts annual reviews during its December Board Meeting.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Board utilizes its regular Board meetings to review and assess the effectiveness of the Company's internal control system. The Board also conducts annual reviews during its December Board meetings.

(e) Where no review was conducted during the year, an explanation why not.

N.A. Regular reviews, coinciding with Board meetings, were held during the year.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
The independent Internal Auditor functions to provide the Board, senior Management and stockholders with reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.	The scope and particulars of a the organizational and procedural controls which the Internal Auditor oversees shall be based on the following factors: • The nature and complexity of business and the business culture • The volume, size and complexity of transactions • The degree of risk • The degree of centralization and delegation of authority • The extent and effectiveness of information technology • The extent of regulatory compliance.	In-house	Isabelita L. Matela	The Internal Auditor reports directly to the Audit Committee.

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. The Audit Committee performs oversight functions over the Company's Internal and External Auditors, which includes approval of the appointment and/or removal of the Internal and External Auditors.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Auditor reports directly to the Audit Committee and provides the Board, senior management, and stockholders with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with. In doing so, the Internal Auditor is given all the necessary access to management and the right to seek information and explanations.

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
N.A.	N.A.

There were no resignations or re-assignments of internal audit staff during the year.

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	The Company comprehensively reviews and implements the established audit plan based on a scheduled timeline.
Issues⁶	No significant issues have arisen involving different interpretations because the Company implements and adheres to a fixed set of accounting policies and internal control mechanisms.
Findings⁷	There are no significant findings.
Examination Trends	The Company continues to conduct examination of possible issues on a regular basis but no pervasive issues and findings have been determined.

The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
A written set of accounting policies and procedures are included in the Company's Procedures Manual which took effect on January 1, 2008.	The Company fully adheres to the accounting policies and procedures embodied in its Procedures Manual and consistently ensures that the system quickly identifies errors and fraud, if and when they occur.

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Audit Committee has an existing policy prohibiting the Company from engaging the independent accountant to provide services that may adversely impact their independence, including those expressly	The Company merely furnishes the financial analysts with the actual financial data on hand including updates on its production operations.	Same as with the Financial Analysts	The Company fully and timely discloses to the relevant rating agencies all the required reports (i.e., to the SEC, PSE, and DOE).

⁶ "Issues" are compliance matters that arise from adopting different interpretations.

⁷ "Findings" are those with concrete basis under the company's policies and rules.

prohibited by SEC regulations. The stockholders, during the Annual Stockholders' Meetings, approve the appointment of the Company's external auditors for the ensuing year.			
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(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Company's Compliance Officer and Chairman of the Board annually issue a Certification regarding the Company's compliance with SEC Memorandum Circular No. 2 of 2002 on the Code of Corporate Governance and the Company's Compliance Officer and the President annually issue a Certification regarding the Company's compliance with the Manual on Corporate Governance, which includes a statement that all the members of the Board of Directors, officers and employees have complied with all the leading practices and principles on good corporate governance.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	N.A. (Owing to the nature of the Company's business as a holding firm, the Company has no customers)	N.A.
Supplier/contractor selection practice	N.A. (Owing to the nature of the Company's business as a holding firm, the Company has no supplier/contractor selection practice)	N.A.
Environmentally friendly value-chain	Compliance with environmental laws have not, and are not anticipated to, adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project investment by the Company and its subsidiary.	
Community interaction	The Company is fully cognizant of its socio-civic responsibility of contributing towards the improvement of other peoples' lives.	The Company continues to allocate a portion of its resources to support the various projects of local communities where its operations are located. Donations are also made to educational and civic organizations, as well as health, relief and rescue undertakings.
Anti-corruption programmes and procedures?	The Company requires that all its directors, officers, and employees will not make, offer, or authorize any payment, gift, promise, or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any public official or any political party or political party official or candidate for office, where	The Company's Vice-President for Administration, with the assistance of its Personnel Supervisor constantly seeks ways to ensure that all of its employees do not seek nor accept solicitations from public offices and their officers in exchange for favors and undue advantages from the Company.

	such payment, gift, promise or advantage would violate applicable laws of the Philippines.	
Safeguarding creditors' rights	All dealings with creditors are presented to and approved by the Board of Directors.	Loan agreements are signed and promissory notes are issued to creditors in compliance with bank requirements.

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
None.

- 3) Performance-enhancing mechanisms for employee participation.

- (a) What are the company's policy for its employees' safety, health, and welfare?

The Company shall provide and maintain a safe and healthful work environment that complies with the generally accepted business practices and regulatory requirements. Towards this end, management shall strive to eliminate any foreseeable hazards that may result to personal injuries / illnesses, damage to property and security losses by making loss prevention a direct responsibility of all employees. At the same time, all of the employees are mandated to perform their jobs in accordance with the established procedures of the Company.

The Company shall likewise ensure that the health of its employees is adequately protected and that they are provided with financial assistance when they get sick or injured.

- (b) Show data relating to health, safety and welfare of its employees.

The Company maintains a Group Hospitalization Program wherein all regular employees are insured with a credible insurance company. All of its regular employees are also entitled to Medical / Dental / Optical care allowance per year.

- (c) State the company's training and development programmes for its employees. Show the data.

The Company undertakes to finance the attendance of its officers and regular employees to in-house or public seminars / trainings. Employees are encouraged to undergo further training and development and they may either avail of training programs initiated by the Company (for programs related to the Company's core business) or by the employees themselves (for all other programs).

For the period covered (2014), no employee attended any training and development program.

- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company's directors and regular employees shall be entitled to a profit-share based on the Company's profits. Directors and employees who have not completed one year of service shall also receive profit-share computed on a pro-rata basis.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

Complainant accomplishes a complaint form detailing therein a narration of the circumstances upon which the complaint is based and submits it to his immediate supervisor who shall then issue to the respondent a notice to explain. If the Committee determines that respondent's written explanation is sufficient justification, it shall issue the appropriate notice to all parties concerned. Otherwise, the committee shall set the date, time and place for hearing the parties and their witnesses. After the conference, the committee shall convene to assess whether or not the respondent's explanations are justified and shall then issue a written notice to respondent regarding the decision made based on the degree of infraction committed and always in accordance with company rules and regulations promulgated pursuant to existing labor laws of the Philippines.

The identity of the complainant shall be kept by the Company and its management in confidence and there will be no disclosure without the complainant's consent. The Company shall write down all the information given by the complainant so that he can agree that the Company understood his concerns correctly. All legitimate concerns will be respected and investigated. Complainant will receive feedback on the progress of investigations."

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Alakor Corporation	1,524,661,961	50.77%	Alakor Corporation
PCD Nominee Corporation	477,319,326	15.89%	Various clients
BDO Securities Corporation	464,143,757	15.45%	National Book Store, Inc.
National Book Store Inc.	313,640,759	10.44%	National Book Store Inc.
Alakor Securities Corporation	105,375,425	3.51%	Alakor Corporation
Alakor Securities Corporation	73,454,649	2.45%	National Book store Inc.

**Of the total 1,123,540,148 shares under the name of PCD Nominee Corp., 464,143,757 shares (15.45%) are under the name of BDO Securities Corp. (BDOSC), and 260,397,032 shares (22.370%) are under the name of Alakor Securities Corporation (ASC).*

**Of the 464,143,757 shares under the name of BDOSC, National Book Store Inc.(NBSI) owns 464,143,757 shares (15.45%) and of the 260,397,032 shares under the name of ASC, Alakor Corporation (AC) owns 105,375,425 shares (3.51%), while NBSI owns 73,454,649 shares (2.45%).*

Name of Senior Management	Number of Direct shares (as of December 31, 2014)	Number of Indirect shares / Through (name of record owner) (as of December 31, 2014)	% of Capital Stock
Adrian S. Arias	1,000	19,000	0.00
Illuminada P. Rodriguez*	22,000	0	0.00
Iris Marie U. Carpio-Duque	0	0	0.00
Deborah S. Acosta-Cajustin	0	0	0.00
Gilbert V. Rabago	0	0	0.00

**Retired as of December 31, 2014*

2) Does the Annual Report disclose the following:

Key risks	√
Corporate objectives	√
Financial performance indicators	√
Non-financial performance indicators	√
Dividend policy	√
Details of whistle-blowing policy	√
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	√
Training and/or continuing education programme attended by each director/commissioner	√
Number of board of directors/commissioners meetings held during the year	√
Attendance details of each director/commissioner in respect of meetings held	√
Details of remuneration of the CEO and each member of the board of directors/commissioners	√

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip Gorres Velayo & Company (SGV)	P539,280	-0-

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

- Corporate website
- PSE/SEC disclosures
- Notices to stockholders
- Newspaper publications

5) Date of release of audited financial report:

15 April 2014.

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	√
Financial statements/reports (current and prior years)	√
Materials provided in briefings to analysts and media	√
Shareholding structure	√
Group corporate structure	√
Downloadable annual report	√
Notice of AGM and/or EGM	√
Company's constitution (company's by-laws, memorandum and articles of association)	√

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
The Company, in its normal course of business, has transactions with related parties which principally consist of cash advances. The information is contained on Note 23 to the Company's 2014 Audited Consolidated Financial Statements.	The information is contained on Note 23 to the Company's 2014 Audited Consolidated Financial Statements.	Due from related Party Due to a related Party	

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All transactions with related parties are based on prevailing market/commercial rates at the time of the transaction.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Holders of the majority of the issued and outstanding shares as of Record Date, represented in person or by proxy, shall constitute a quorum for the Annual / Special Stockholders' Meeting of the Company.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Cumulative Voting
Description	For election of directors: Stockholders entitled to vote at the Annual / Special Stockholders' meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock transfer book of the Company for as many persons as there are directors to be elected. Each stockholder shall have the right to cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; provided, that the number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected. All other matters: Voting during the Annual / Special Stockholders' Meetings is usually done viva voce or by the raising of hands, unless voting by ballot is specifically requested. The Company has ballots and ballot boxes ready for use every Annual / Special Stockholders' Meeting. 1. A majority vote is necessary to approve regular matters. 2. The vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company is needed for approval of special matters required by law.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
Right to vote on all matters that require the consent or approval of stockholders	The stockholders entitled to vote may appoint two (2) persons to act as inspectors of election at all meetings of the stockholders.

Right to dissent or right of appraisal and to demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code.	-
Right to receive notice of the time and place of holding of any annual or special meeting of stockholders	-

Dividend

Declaration Date	Record Date	Payment Date
October 29, 2014	12 November 2014	08 December 2014

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
An open forum is part of the Annual / Special Stockholders' Meeting's agenda and is conducted during the Meeting to allow stockholders to ask questions and raise issues and for the Company or its resource persons to answer them.	Ample time is provided during every stockholders' meeting, allowing them to directly address their questions and comments to the Board.
Stockholders may also submit any proposal for consideration at any stockholders' meeting.	Same as above

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The Company complies with all the requirements of the Corporation Code entitling stockholders of the Company to vote and participate on extraordinary matters requiring corporate decisions such as (i) amendments of the Company's Articles of Incorporation and By-Laws, (ii) increase or decrease of capital stock, (iii) and sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the Company. Such extraordinary matters are included in the Agenda for the Annual / Special Stockholders' Meetings and first discussed by the Chairman of the Board or his resource person before asking if any of the stockholders have further questions or objections thereto. The vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company is needed for approval of extraordinary matters required by law.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

Yes. The Company consistently observes the 30-day prior notice rule as provided in its By-Laws. The Notice includes the date, time, place and agenda for the meeting together with all the necessary materials on corporate matters that will be discussed during the AGM.

- a. Date of sending out notices:

Notices were sent by mail on 30 April 2014 and by personal delivery on 20 April 2014.

- b. Date of the Annual/Special Stockholders' Meeting:

20 May 2014

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

Several stockholders presented inquiries regarding the Company's involvement in various ongoing development projects and future prospects.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Appointment of External Auditor	884,451,941(75.92%)	-0-	-0-
Election of Directors	884,451,941(75.92%)	-0-	-0-

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

Results of the votes taken during the Company's AGM are immediately disclosed to the stockholders on the day of the meeting itself as the stockholders are asked whether they have objections to the proposed resolutions.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	N.A.

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	ALFREDO C. RAMOS CHRISTOPHER M. GOTANCO PRESENTACION S. RAMOS FRANCISCO A. NAVARRO ROBERTO V. SAN JOSE AUGUSTO B. SUNICO ADRIAN S. RAMOS ANTON S. RAMOS CECILIA R. LICAUCO RENATO C. VALENCIA RAMONCITO Z. ABAD ADRIAN S. ARIAS ILUMINADA P. RODRIGUEZ	05/20/2014	Viva Voce	70,981,163 (6.09%)	813,532,778 (69.83%)	884,513,941 (75.92%)
Special	(none)					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Pursuant to the corporate By-Laws, the stockholders entitled to vote may appoint two (2) persons (who need not be stockholders) to act as inspectors of election at all meetings of the stockholders until the close of the next Annual Stockholders' Meeting.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

The Company has only one class of shares – common shares – with each share entitled to one vote, and are treated equally with respect to voting rights.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Stockholders who cannot attend the Annual Meeting but would like to be represented thereat may submit the Proxy form (duly signed and accomplished) enclosed with the Notice of the Meeting sent out by the Company.
Notary	Corporate stockholders should provide a notarized Secretary's Certificate attesting to the appointment of its proxy for the Meeting and the authority of the person signing the proxy.
Submission of Proxy	The Proxy form must be properly, signed, dated and returned by the stockholder on or before the business day preceding the scheduled validation of the proxies (20 July 2012 for the 2012 Annual Stockholders' Meeting).
Several Proxies	Stockholders of record who hold shares of the Company for a Beneficial Owner may (i) submit several Proxy Forms separately signed and accomplished by the Beneficial Owners of the shares, or (ii) submit a single duly signed and accomplished Proxy Form, indicating therein the total number of shares of the Beneficial Owners who have executed their individual Proxies in favor of the Stockholder of record.
Validity of Proxy	Proxies shall be valid only for use in voting at the Annual Stockholders' Meeting to be held on the date, time, and place stated in the Notice of the Meeting and at any postponements or adjournments thereof.
Proxies executed abroad	Proxies executed abroad shall be subject to the same requirements and rights as properly validated proxies executed locally.
Invalidated Proxy	Proxies which are not properly signed and dated, or which are received late, or which do not have an accompanying Secretary's Certificate (for corporate shareholders) shall not be voted at the Meeting.
Validation of Proxy	Validation of proxies is scheduled at least forty-eight (48) hours on a business day prior to the scheduled Annual Stockholders' Meeting (20 May 2014 for the 2014 Annual Stockholders' Meeting) at the Company's principal office. Validated proxies will be voted at the Meeting in accordance with the authority and / or instructions of the stockholder expressed therein.
Violation of Proxy	A stockholder giving a proxy has the power to revoke it at any time before the right granted under and by virtue of such proxy is exercised, either: (a) by submitting a sworn statement revoking such proxy on or before the deadline for submission of the Proxy form; or (b) by appearing at the Meeting in person and expressing his intention to vote in person.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
In accordance with the Company's By-Laws, Notices containing the date, time, place and agenda of the Meeting are sent at least one (1) month prior to the date of the Meeting.	Notices of Meeting are given either by mail or by personal delivery to each stockholder as of Record Date at the address of such stockholder appearing in the corporate registry. Although the By-Laws does not require publication of Notices of Meetings, they are, by practice, published twice in a newspaper of general circulation at least one (1) week before the scheduled Meeting.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	Information Statement were sent to more or less 1,400 stockholders composed of brokers, corporations, banks, with active addresses regardless of number of shares held.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	20 May 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	20 April 2014
State whether CD format or hard copies were distributed	CD Format was distributed.
If yes, indicate whether requesting stockholders were provided hard copies	Yes. The Company undertakes to provide, without charge, upon the written request of a stockholder, a hard copy of the Company's Information Statement.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes, the profiles are discussed in details in the Definitive Information Statement which are distributed to stockholders together with the Notice of the Annual Stockholders' Meeting.
The auditors to be appointed or re-appointed.	No, but the auditors to be appointed or re-appointed are presented to the stockholders during the Annual Stockholders' Meeting.
An explanation of the dividend policy, if any dividend is to be declared.	No, but the dividend policy that the amount of cash dividends the Company will declare would be determined by its profitability and the amount

	of retained earnings, while giving due consideration to the funding requirements of the various projects in which the Company is involved is explained to the stockholders during the Annual Stockholders' Meeting as well as in the Company's Annual Report.
The amount payable for final dividends.	No, but the amount and rate of cash dividends are discussed to the stockholders during the Annual Stockholders' Meeting.
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Board shall respect the rights of the stockholders, namely: 1. Right to vote on all matters that require their consent or approval	• Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. • Cumulative voting shall be used in the election of directors. • A director shall not be removed without cause if it will deny minority stockholders representation in the Board.
2. Pre-emptive right to all stock issuances of the Company, unless otherwise denied in the Company's Articles of Incorporation	• The stockholders have previously voted for the denial of pre-emptive subscription rights in the Company's Articles of Incorporation. • Notwithstanding the denial of pre-emptive rights embodied in the Company's Articles of Incorporation, all stockholders were given the right to subscribe in the last stock rights offering of the Company in 2008. • The Articles of Incorporation shall lay down the specific rights and powers of stockholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.
3. Right to inspect corporate books and records	• All stockholders shall be allowed, upon prior written notice and during regular business hours, to inspect corporate books and records including the minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

4. Right to information	• The stockholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers. • The minority stockholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes. • The minority stockholders shall have access to any and all information relating to matters for which the Management is accountable for, and to those relating to matters for which the Management shall include such information and, if not included, then the minority stockholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".
5. Right to dividends	• Stockholders shall have the right to receive dividends subject to the discretion of the Board. • The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, subject to some lawful exceptions.
6. Appraisal right	• The stockholders shall have appraisal right or the right to dissend and demand payment of the fair value of their shares in the manner provided for under the Corporation Code.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. The Company has a director nomination and election process that is implemented every Annual Stockholders' Meeting which ensures that all stockholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Board shall commit at all times to fully disclose material information dealings and shall cause the filing of all required information for the interest of the stakeholders. All regular reports and notices of the Company are immediately disclosed with the PSE/SEC and posted in the Company's website and Annual Report. Stakeholders can raise valid issues during Annual Meetings.

The Company also conducts regular staff meetings to enable employees to voice their issues and concerns to Management. The Company's CEO/ Executive Vice President/ chief financial officer/ and/or Compliance Officer reviews and approves major Company announcements.

The Company undertakes regular maintenance of its corporate website and sees to it that all regular disclosures of matters of material importance are immediately uploaded.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	The Company shall establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Company.
(2) Principles	The Company shall continue to create wealth for its stockholders by having its management take an active role in its operations.
(3) Modes of Communications	The Company regularly updates its stockholders of operational developments through its corporate website and disclosures with the PSE and SEC, including the Annual Report.
(4) Investors Relations Officer	The Company's COO and President (Mr. Christopher M. Gotanco) and its Executive Vice President – Legal and Administration (Atty Adrian S. Arias) exercise oversight responsibility over the Company's investor relations program. Tel. No. (632) 631.5139 (632) 635.6120 Fax No. (632) 631.3113

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The Company complies with all the requirements of the Corporation Code requiring the approval by a majority vote of the Board of Directors and the ratification at a meeting by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock relative to the acquisition of corporate control in the capital markets and extraordinary transactions such as mergers, sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the Company.

Name of the independent party / the board of directors of the company appointed to evaluate the fairness of the transaction price.

As the Audit Committee is responsible for internal control/risk management of the Company, it is tasked with the evaluation of the fairness of the transaction prices. Note, however, that the bases of all transaction prices are the prevailing market/commercial rates at the time of the transaction.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Corporate donations were made to institutions and/or organizations through their various programs that seek to promote awareness in the field of education and geoscience and in natural disaster response.	- Philippine Red Cross - Geological Society of the Philippines

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	The Company uses the evaluation system established by the SEC in its	The Company uses the criteria set out in the SEC's Corporate

	Memorandum Circular No. 5 series of 2003 (Self-Rating System on Corporate Governance). The Company undertakes a self-evaluation process every semester and any deviation from the Company's corporate Governance Manual is reported to the Management and the Board together with the proposed measures to achieve compliance.	Governance Self-Rating Form (CG-SRF) to measure or determine the level of compliance of the Board of Directors and top-level management with the Company's Corporate Governance Manual.
Board Committees	Same as above	Same as above
Individual Directors	Same as above	Same as above
CEO/President	Same as above	Same as above

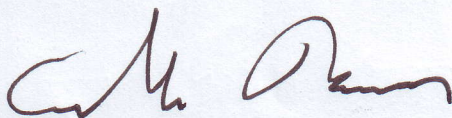
N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
The Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff shall be meted out with the appropriate penalties in case of violation of ANY of the provisions of the Company's corporate governance manual.	In case of first violation, the subject person shall be reprimanded.
	Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
	For third violation, the maximum penalty of removal from office shall be imposed.
	The commission of a third violation of the corporate governance manual by any member of the Board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.
	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Mandaluyong on APR 15 2015, 2015.

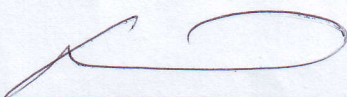
SIGNATURES



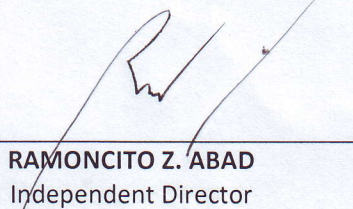
ALFREDO C. RAMOS
Chairman of the Board and Chief Executive Officer



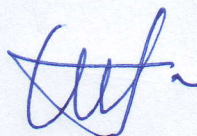
CHRISTOPHER M. GOTANCO
President and Chief Operating Officer



RENATO C. VALENCIA
Independent Director



RAMONCITO Z. ABAD
Independent Director

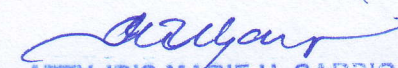


ADRIAN S. ARIAS
EVP-Legal and Admin./Compliance Officer

SUBSCRIBED AND SWORN to before me this APR 15 2015 day of APR 15 2015, 2015, affiant(s) exhibiting to me their _____, as follows:

Name	Community Tax Certificate No./Passport No.	Date and Place of Issue
Alfredo C. Ramos	Passport No. EB4871488	Issued on: 03/05/2012, Expiry Date: 03/04/2017 DFA Manila
Christopher M. Gotanco	Passport No. EC0206506	Issued on: 02/04/2014, Expiry Date: 02/03/2019 DFA Manila
Renato C. Valencia	Passport No. EB9878248	Issued on: 12/26/2013, Expiry Date: 12/25/2018 DFA NCR South
Ramoncito Z. Abad	Passport No. EB 9878878	Issued on: 12/26/13 Expiry Date: 12/25/18 POG San Francisco
Adrian S. Arias	Passport No. EC0251131	Issued on: 02/08/2014, Expiry Date: 02/07/2015 DFA NCR East

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Series of 2015.


ATTY. IRIS MARIE U. CARPIO
Notary Public - City of Mandaluyong
Appt. No. 0374-14 / Until December 31, 2015
Quad Alpha Centrum, 125 Pioneer Street
Mandaluyong City 1550
PTR No. 2336114/ Mandaluyong City / 01-09-15
IBP No. 0988200 / 01-09-15 / QC Chapter
MCLE Compliance No. IV-0018799 / 04-25-2013
Roll No. 51028 (2005)