COVER SHEET

A S 0 9 5 - 0 0 8 5 5 7
SEC Registration Number

MINERALES INDUSTRIAS CORPORATION

(Company's Full Name)

Room 322, 3rd Floor, LRI Design
Plaza, 210 Nicanor Garcia Street
Barangay Sta. Cruz, Makati City.

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

Atty. Ana Maria A. Katigbak
(Contact Person)

817-6791/897-5257
(Company Telephone Number)

1 2 | 3 1
Month *Day*
(Fiscal Year)

1 7 - A
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

SEC
Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the calendar year ended: **December 31, 2009**

2. SEC Identification Number: AS095-008557 3. BIR Tax Identification Number: 049-004-636-077

4. Exact name of issuer as specified in its charter: **MINERALES INDUSTRIAS CORPORATION**

5. Makati City, Philippines
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code

7. Room 322, 3rd Floor, LRI Design Plaza, 210 N. Garcia Street, Brgy. Sta. Cruz, Makati City 1200
Address of principal office Postal Code

8. (632) 817-6791/897-5257
Issuer's telephone number, including area code

9. NOT APPLICABLE
Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P 1.00 par value	**190,000,000**

9. Are any or all of these securities listed on a Stock Exchange?

Yes [x] No [ ]

Philippine Stock Exchange Common Stock

10. Check whether the issuer:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

11. Aggregate market value of the voting stock held by non-affiliates of the registrant as of December 31, 2009:

Assumptions:

(a) Total number of shares held by non-affiliates as of December 31, 2009	182,633,000
(b) Closing price of the Registrant's share on the exchange as of December 31, 2009	3.85
Aggregate market price of (a) as of December 31, 2009	703,137,050

APPLICABLE ONLY TO REGISTRANT'S INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

12. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] (Not Applicable)

DOCUMENTS INCORPORATED BY REFERENCE

- None -

The Philippines managed to ride out the global recession better than some of its East Asian neighbors, given its lower dependence on exports and higher levels of consumer spending due largely to the continued increase in remittances by overseas Filipino workers.

Despite the decelerated growth of the industrial sector and contraction of the agriculture, fisheries and forestry sectors resulting from typhoons Pepeng and Ondoy, GDP registered a growth of 1.8% in the fourth quarter of 2009, for a full year increase of 0.9% versus the 3.8% posted in 2008. Merchandise exports started to improve in August 2009, reaching US$3.3 billion in December or 23.6% higher than the US$2.67 billion posted in December 2008, cushioning overall export decline to just 21.9% for the year. Remittances coursed through banks hit US$17.35 billion in 2009, a 5.6% improvement over the US$16.43 billion recorded in the previous year. Even foreign direct investments posted a net inflow of US$1.95 billion or 26.2% higher than the 2008 figure of US$1.54 billion.

As the global economy exits recession and starts its gradual recovery in 2010, the World Bank has upgraded its GDP growth outlook for the Philippines to 3.5% in 2010, accelerating modestly to 3.8% in 2011. As with 2009, growth will be fueled by the continued rise in foreign remittances which are projected to increase by 6 to 8% due to higher than expected deployment of overseas Filipino workers in 2009. Export revenues are also expected to contribute to the GDP growth, having posted a 42.5% rise year-on-year to US$3.58 billion in January 2010, the highest since April 1995.

In view of the improved business and economic outlook for 2010, management will vigorously pursue possible alliances and partnerships with investors who can infuse financial resources and provide strategic business linkages on which to grow the Company.

GENER T. MENDOZA
President

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

OVERVIEW

Minerales Industrias Corporation ("MIC" or the "Company"), formerly Multitech Investments Corporation was originally organized as a diversified holding company. It was incorporated on August 31, 1995 under the name Armstrong Holdings Corporation as a company primarily engaged in the business of investment in real and personal property of every kind and description; and in the management of any business, joint venture firm, partnership, corporation, institution or entity.

The Company started commercial operations on September 4, 1995 with an initial capitalization of Php 60.0 million. On October 27, 1997, the Company's Board of Directors authorized the additional issuance of shares of stock amounting to Php 60.0 million from the unissued portion of the Company's authorized capital stock at a par value of Php 1.00 per share.

On June 14, 1998, MIC listed its shares of stock in the Philippine Stock Exchange. The Company offered for subscription to the public, sixty million (60,000,000) unclassified common shares at an offer price equal to its par value of Php 1.00 per share, increasing the Company's capitalization to Php 180.0 million. The offer accounted for 33.3% outstanding capital stock of the Company. Proceeds from the offering amounting to Php 58.2 million were used to partly finance the additional equity investment in Orion Savings Bank Inc.

On December 10, 1999, the Company's stockholders and board of directors approved the increase in its authorized capital stock from 240.0 million shares to 740.0 million shares, all with par value of Php 1.00. On the same date, the Board of Directors resolved to amend the Articles of Incorporation and By-Laws of the Company, changing the name of the Company to Multitech Investments Corporation. The resolutions were ratified and approved by the stockholders during its annual meeting in June 2000.

On July 26, 2007 and August 31, 2007, the Board of Directors and stockholders, respectively approved the amendment of the Articles of Incorporation in order to (a) change the corporate name of the company from Multitech Investments Corporation to Minerales Industrias Corporation, (b) change its principal office from Pasig City to Makati City and (c) change the primary purpose clause of the Company to reflect the shift from being an investment company to a mining company.

On September 24, 2007, the Securities and Exchange Commission (SEC) approved the change in company name and primary purpose. The change in registered address was subsequently approved by the SEC on January 14, 2008.

On December 29, 2009, the Board of Directors approved the private placement of a total of 10,000,000 common shares out of the unissued authorized capital stock of the Company at a subscription price of ₱1.00 per share. Of the total issue price of ₱10.0 million, P5.045 million was paid to the Company on December 31, 2009 while the balance was settled in full on February 1, 2010.

BUSINESS DESCRIPTION

MIC embarked on its first strategic investment in August 1996, acquiring a 20% stake in Armstrong Securities, Inc. (ASI) in partnership with EBC Capital Corporation. Nine months later, the Company, together with Tong Yang Group of Korea, established a thrift bank, Orion Savings Bank Inc. (the "Bank"). In 1998, the proceeds from the offering of shares to the public were used for the additional investment of MIC in the Bank. The additional investment increased MIC's ownership stake in the Bank from twenty percent (20%) to forty percent (40%).

To provide diversity in the portfolio, the Company also invested in Altech Fabrication Industries, Inc., a manufacturer and contractor of aluminum building materials. The foregoing investment was subsequently sold in 1997.

In September 1999, Mr. Dante T. Tan acquired for Php 294.25 million, a 59% equity stake in the Company, equivalent to 107.0 million shares. Capitalizing on the strong showing of its investee companies, the Company sold Armstrong Securities Inc. and Orion Savings Bank to Golden Maple Holdings, Inc. and Harrigold Assets, Inc., respectively, for a total consideration of Php 152.3 million in September 1999. The Company then purchased Php 191.0 million worth of shares of BW Resources Corporation (now known as "Fairmont Holdings Inc.").

In November 1999, a Subscription Agreement was executed by and between the Company and Mr. Dante T. Tan, for the latter to subscribe to sixty million (60,000,000) new common shares from the unissued authorized capital stock of the Company, for a total subscription price of Php 60.0 million.

In May 2000, Mr. Dante T. Tan had asked for the rescission of the subscription agreement. Likewise, Mr. Tan also has written the Company expressing his withdrawal of interest in further subscribing to the 500 million common shares of the Company which shall come from the Company's intended increase in authorized capital stock. The Board of Directors has since resolved to rescind the subscription contract on the 60.0 million common shares and to accept the withdrawal of interest in the subscription of the 500.0 million common shares of Mr. Tan.

In April 2002, a Subscription Agreement was signed between the Company and the shareholders of Intercontinental Paper Industries, Inc. (IPII) where the latter will subscribe to the intended increase of authorized capital stock of 500,000,000 common shares and to the 60,000,000 million common shares from the unissued authorized capital stock of the Company at Php1.00 par value. The new Subscribers will pay for the additional shares with 560,000.000 common shares ("IPII Shares") with par value of Php1.00 per share. The IPII Shares represent 100% of the outstanding capital common stock of IPII. After the issuance by the Company of the additional shares to the New Subscribers and the transfer of the New Subscribers' IPII shares to the Company, the paper manufacturing company shall be owned 100% by the Company. In April 2007, the Subscription Agreement with Shareholders of Intercontinental Paper Industries Inc. (IPII) was formally rescinded.

INDUSTRY TRENDS/COMPETITION

The Philippine economy fared much better than expected in 2009 despite the persistent effects of the 2008 financial meltdown on the global economy.

GDP posted a modest growth of 0.9% in 2009 while remittances from overseas Filipinos increased by a healthy 5.6% to reach US$17.35 billion for the year. Foreign direct investments even posted an impressive growth of 26.2% to hit US$1.95 billion in 2009, in view of the country's established position as a strategic back up to India for the global BPO sector.

Meanwhile, the PSE index ended the year at 3,052.68 for a 63% increase over its closing level in 2008, the highest recorded since 1994. The Philippine peso was up 2.5% in 2009 while inflation averaged 3.2% for the year.

The growth momentum is expected to continue in 2010 and beyond, as the global economy exits recession and begins its slow recovery, underpinned by the sustained monetary and fiscal policy actions taken by major economic powers in response to the crisis. GDP is projected to grow 3.5% in 2010, supported by the 6 to 8% increase in remittances for the year and continuing rise in export revenues. For January 2010, remittances posted an 8.5% growth to US$1.37 billion over the $1.27 billion recorded in the same month last year, while exports jumped 42.5% year-on-year to US$3.58 billion. Foreign direct investment is seen to reach US$2.0 billion while inflation is expected to climb to 4.8%.

Although metal prices have recovered from the 2008 lows and longer term outlook is seen as favorable, volatility is expected in the near term given the continuing uncertainty in the global economy.

SOURCES OF RAW MATERIALS AND NAMES OF PRINCIPAL SUPPLIERS

Not Applicable.

DEPENDENCE ON SINGLE CUSTOMER

Not Applicable.

TRANSACTION WITH AND/OR DEPENDENCE ON RELATED PARTIES

The Company did not engage in any transaction with related parties for the last five (5) years of operation.

PATENTS, TRADEMARKS, ETC.

No product patents, trademarks, licenses were executed for the Company.

GOVERNMENT APPROVALS AND REGULATION

The Company has secured all necessary business permits and licenses granted by the government and its appropriate agencies, which include Certificate of Registration from the BIR, registration and licenses from SEC, Social Security System, etc. At present, the Company does not know any specific government regulation imposed on its business that may have material effect on the Company which they have not complied to.

RESEARCH AND DEVELOPMENT

Not Applicable.

ENVIRONMENTAL LAWS

Not Applicable.

HUMAN RESOURCES

The Company had no employee in 2006, 2005, 2004, 2003 and an average of two (2) employees in 2002, both of whom are regular and categorized as rank and file (operations) employees. The employees were not subject to any collective bargaining agreements.

Starting in September 2007, the Company hired a full time accountant and liaison staff to handle its accounting and administrative functions.

Item 2. Properties

In 2009, the Company had no capital expenditures and there is no scheduled property acquisition for the next twelve (12) months.

In 2002, the Company sold all its office equipment and furniture and fixtures with a book value of Php 34,385.00.

Item 3. Legal Proceedings

The Company has no subsidiary or affiliates, and is not a party to and none of its property is the subject of any pending litigation or legal proceeding.

Item 4. Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of the security holders in 2009.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

(1) MARKET INFORMATION

The shares of the Company are listed and traded in the Philippine Stock Exchange. The high and low closing prices of the Company's shares for each quarter within the last two (2) years are as follows:

Year	Quarter	High (in Php)	Low (in Php)
2008	First	6.40	3.70
	Second	4.05	1.70
	Third	3.45	1.68
	Fourth	3.10	1.68
2009	First	2.20	1.60
	Second	3.50	1.82
	Third	5.50	2.60
	Fourth	4.80	3.55

The closing prices of the Company's share as of the latest practicable trading dates are as follows:

Year	Month/Date	Closing Price (in Php)
2010	April 08	2.85
	March 31	2.90
	February 26	3.00
	January 29	2.95

(2) HOLDERS

The Company has only common stock, with P1.00 par value. The number of common shares issued and outstanding as of December 31, 2009 was 190.0 million shares, inclusive of the 10,000,000 shares subject of the private placement. The top twenty (20) stockholders of the Company as of December 31, 2009 were as follows:

Name	No. of Shares	Percentage to Total
1. Angping & Associates Securities, Inc.*	21,210,400	11.16%
2. Abacus Securities Corporation*	11,882,793	6.25%
3. Meridian Securities, Inc.*	10,704,400	5.63%
4. Jewelle Y. Lao	7,168,997	3.77%
5. Goldstar Securities, Inc.*	6,912,000	3.64%
6. Jocelyn Y. Kho	6,800,000	3.58%
7. SB Equities, Inc.*	5,432,000	2.86%

8.	Quality Investments & Securities Corp.*	4,760,900	2.51%
9.	Wealth Securities, Inc.*	4,534,300	2.39%
10.	Accord Capital Equities Corporation*	4,518,400	2.38%
11.	Eastern Securities Development Corp.*	4,488,200	2.36%
12.	Citiseconline.Com.Inc.*	4,091,400	2.15%
13.	H.E. Bennett Securities, Inc.*	3,760,000	1.98%
14.	E. Chua Chiaco Securities, Inc.*	3,754,500	1.98%
15.	Tower Securities, Inc.*	3,517,600	1.85%
16.	HDI Securities, Inc.*	3,260,000	1.72%
17.	Papa Securities Corporation*	3,124,800	1.64%
18.	ATR-Kim Eng Securities, Inc.*	2,977,500	1.57%
19.	BPI Securities Corporation*	2,946,500	1.55%
20.	Triton Securities, Inc.*	2,928,300	1.54%
	TOTAL	**118,772,990**	**62.51%**

**Shares of stock held under the name of PCD Nominee Corp.*

(3) DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last four (4) years, i.e., 2009, 2008, 2007 and 2006. There are no restrictions that limit the ability to pay dividends on common equity but the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors so long as such declaration will not impair the capital of the Company.

(4) RECENT SALES OF UNREGISTERED SECURITIES

No sales of unregistered securities or shares of the Company were made during the past five (5) years.

Item 6. Management's Discussion and Analysis or Plan of Operation

PLAN OF OPERATIONS

With the improved economic climate here and abroad, management will renew discussions with owners of mining claims and/or mining operations for possible acquisition, and identify and assess investment opportunities outside this sector. In this regard, opportunities for strategic linkages will be pursued with investors who can provide the requisite financial resources and business platform on which to grow the Company.

USE OF PROCEEDS

The proceeds of the private placement in the gross amount of Php10.0 million will be used to settle shareholder advances amounting to Php 3,685,000.00 as of December 21, 2009. The balance will be used to fund minimum operating expenses estimated at Php1.2 million per annum pending acquisition of suitable mining assets or other investment opportunities outside the mining industry.

MANAGEMENT'S DISCUSSION AND ANALYSIS

2009

Income

Income for the year amounted to Php0.28 million, derived mainly from gain on sale of marketable securities. This is Php0.11 million higher than the Php0.19 million income posted in 2008.

Expense

Operating expenses for the year amounted to Php1.11 million, 3% lower than the Php1.15 million in 2008. This is basically due to decreases in: (a) professional fees by 8% from Php.36 million to Php0.33 million; and (b) office supplies by 56% from Php0.036 million to Php0.014 million. The following key expenses increased: (a) salaries and wages by 7% from Php0.27 million to Php0.29 million; and (b) representation by 27% from Php.037 million to Php.049 million.

Net Income/(Loss)

The twelve-month operation of the Company resulted into a net loss of Php0.83 million, compared to a net loss Php0.98 million in 2008.

Financial Condition

The Company's total assets went up by 132% from Php1.88 million in 2008 to Php4.36 million in 2009 basically due to the partial payment for subscriptions to the 10 million additional shares comprising the private placement authorized by the Board of Directors in December 2009.

Cash and cash equivalents increased by 4578% from Php0.045 million in 2008 to Php2.10 million in 2009.

Current ratio increased from 1.06x in 2008 to 4.04x in 2009. Net working capital totaled Php3.29 million in 2009 as compared to Php0.10 million in 2008.

The Company posted a debt-to-equity ratio of .33x in 2009 as compared to 17.80x in 2008.

Total stockholders' equity went up by 3190% or Php3.19 million from Php.10 million in 2008 to Php3.29 million in 2009 because of the partial subscription payments to the private placement shares.

Liquidity and Capital Resource

For the year ended December 31, 2009, net cash used in operations amounted to Php.90 million as compared to Php1.16 million in 2008. The 2009 figure includes the net loss of Php0.83 million and gain from sale of marketable securities of Php0.28 million. Prepaid and other current assets went up by Php0.07 million due to increase in input taxes while accrued expenses and other payables went up by Php.29 million.

Advances from shareholders were partially paid thereby decreasing the accounts payable for the year by Php0.99 million.

2008

Income

Income for the year amounted to Php0.17 million, derived mainly from gain on sale of marketable securities. In contrast, no significant income was recognized in 2007.

Expense

Operating expenses for the year decreased by 3% from Php1.18 million in 2007 to Php1.15 million in 2008. This is basically due to decreases in: (a) professional fees by 45% from Php.65 million to Php0.36 million (b) rent and utilities by 14% from Php.14 million to Php0.12 million and (c) office supplies by 10% from Php0.04 million to Php0.036 million. The following key expenses increased: (a) salaries and wages by 205% from Php0.087 million to Php0.265 million due to hiring of an employee in late 2007; and (b) listing maintenance fee by 25%.

Net Income/(Loss)

The twelve-month operation of the Company resulted into a net loss of Php0.98 million, compared to a net loss Php1.11 million in 2007.

Financial Condition

The Company's total assets went down by 7% from Php2.03 million in 2007 to Php1.88 million in 2008 basically due to the decline in the value of its investments in marketable securities.

Cash and cash equivalents declined by 26% from Php0.061 million in 2007 to Php0.045 million in 2008.

Current ratio slightly decreased from 1.07x in 2007 to 1.06x in 2008. Net working capital totaled Php0.1million in 2008 as compared to Php0.12 million in 2007.

The Company posted a debt-to-equity ratio of 17.80x in 2008 as compared to 15.83x in 2007.

Total stockholders' equity went down by 20% or Php0.024 million from Php.122 million in 2007 to Php0.098 million because of the unrealized losses due to change in market prices of the AFS equity securities.

Liquidity and Capital Resource

For the year ended December 31, 2008, net cash used in operations amounted to Php1.16 million as compared to Php1.3 million in 2007. The 2008 figure includes the net loss of Php0.98 million and decline in value of marketable securities of Php0.17 million. The accounts receivable of Php0.05 million in 2007 was fully collected in 2008; prepaid and other current assets went up by Php0.06 million due to increase in input taxes.

Additional advances of Php0.97 million were obtained from shareholders to finance operating expenses.

2007

Income

In the absence of any operating activity, no significant income was recognized for the year under review.

Expense

Operating expenses for the year increased by 91% from Php0.62 million in 2006 to Php1.182 million in 2007. The following expenses increased (a) professional fees by 206% from Php.212 million in 2006 to Php.649 million in 2007 in connection with the holding of the Annual Stockholders Meeting in August, (b) office supplies and printing costs by 70% from Php0.023 million in 2006 to Php0.039 million in 2007, (c) salaries and wages by Php0.09 million due to the hiring of a new employee starting September (d) utilities by Php0.04 million, (e) representation by Php0.04 million, (f) telephone and postages by Php.008 million. Increases in other expense items also related to the preparation and holding of the aforesaid meeting.

Net Income/(Loss)

The twelve-month operation of the Company ended with a net loss of Php1.113 million compared to a net loss of Php0.62 million in 2006.

Financial Condition

Total assets declined by 5% from Php2.14 million in 2006 to Php2.03 million in 2007 due to decrease in cash and cash equivalents.

Cash and cash equivalents decreased by 84% from Php0.37 million in 2006 to Php0.06 million in 2007.

Current ratio declined from 2.4x in 2006 to 1.06x in 2007 due to the increase in advances from shareholders to finance the minimal overhead expenses of the Company. Net working capital amounted to Php0.12 million in 2007 down by 90% as compared to Php1.24 million in 2006.

The Company posted a debt-to-equity ratio of 15.83x in 2007 as compared to 0.72x in 2006.

Stockholders' equity for the year stood at Php0.12 million, down by 90% as compared to Php1.24 million in 2006 due to net loss posted for the year under review.

Liquidity and Capital Resource

For the year ended December 31, 2007, net cash used in operations amounted to Php1.3 million. Items included are: net loss of Php1.11 million; increase in accounts receivable of Php0.05 million; increase in prepaid and other current assets by Php0.09 million; and increase in accounts payable and accrued expenses of Php0.02 million.

No disclosures nor discussions were made for the following since these did not affect the past and present operations nor the foreseeable future operations of the Company: (a) default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; (b) any significant amount of the Company's trade payables which has not been paid within the stated terms; (c) any significant purchase commitment for capital expenditures; (d) any seasonal aspects that have material effect on the financial condition or results of operations; (e) any known trends, events or uncertainties that have had or will have an impact on net sales or revenues.

Item 7. Financial Statements

The financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and disagreements with accountants on accounting and financial disclosure.

Audit and Audit-Related Fees

MIC paid its auditors the following fees for the last two years for professional services rendered:

Year	Audit Fees	Tax Fees	All Other Fees
2009	Php 100,000.00	-	-
2008	100,000.00	-	-

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

(1) DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

a. The incumbent directors, including independent directors and executive officers of the Company as of December 31, 2009 are as follows:

Position	Name	Age	Year of Assumption Of Office	Duration of Stay
Chairman	Michael T. Defensor	40	2008	22 months
President	Gener T. Mendoza	52	2007	29 months
Director	Victor Y. Eleazar	52	2007	29 months
Director/Treasurer	Isabelita P. Mercado	60	2007	29 months
Independent Director	Victoria M. Vazquez	54	2007	29 months
Independent Director	William D. Ty	65	2007	29 months
Corporate Secretary	Ana Maria A. Katigbak	41	2007	29 months
Director	Rodolfo P. de Guzman, Jr.	49	2009	1.5 months

b. The term of office of all directors, including independent directors and officers shall be one (1) year and until their successors are duly elected and qualified.

c. Description of the directors (including independent directors) and officers' scholastics/academic records, business experiences during the last five (5) years and other directorship held in reporting companies:

MICHAEL T. DEFENSOR, 40, holds a Masters Degree in Public Administration from the University of the Philippines and a Bachelor of Arts in History degree from the same university. He holds the distinction of being the youngest Cabinet Member at age 31 under President Gloria Macapagal Arroyo and the youngest elected Congressman of the Tenth Congress at the age of 25. He represented the Third District of Quezon City for the Tenth and Eleventh Congress, serving from June 1995 to February 2001. He was the Assistant Minority Floor Leader (1998-2000), and Assistant Majority Floor Leader (2000-2001). He was also the Vice Chairman on Subcommittee on Youth and Sports. In February 2001, he was appointed as the Presidential Adviser on Housing and Chairman, Urban Development Coordinating Council. He moved on to become the Secretary of Department of Environment and Natural Resources (DENR) in September 2004 to February 2006 until his appointment as the Presidential Chief of Staff in February 2006, where he served for one year, until February 2007.

He is currently a Director of Petron Corporation, Nihao Mineral Resources International, Inc., and serves as Consultant to the Board of First Metro Investments Corporation. He is also the Chairman of Geo Management (Hongkong) Limited and appointed as chairman of Philippine National Railways Corp. as of October 2008.

GENER T. MENDOZA, 52, is co-founder and president of GNCA Holdings, Inc. and The Structured Financial Group Inc. For the past five years, he has served as rehabilitation receiver for Pryce Gases Inc., and AMA Land Inc. as well as consultant to the receiver or liquidator of National Steel Corporation, and Advent Capital and Finance Corporation. He is also the receiver of Pryce Corporation and consultant to the receiver of Bacnotan Steel Industries Inc. He was recently appointed as assignee (in insolvency) of Magellan Cogeneration Inc. and rehabilitation receiver for five (5) property holding companies owned by Lehman Brothers Holdings Asia Ltd. Previously, he was a principal at SyCip Gorres & Co., vice president for corporate finance of Kuok Phil. Properties Inc. and executive vice president of Crown Equities Inc. Mr. Mendoza earned his MBA from the Harvard Business School and his bachelor of science in management engineering (summa cum laude) from the Ateneo de Manila University.

VICTOR Y. ELEAZAR, 52, heads his own law firm, V.Y. Eleazar and Associates for the past five years. He specializes in trial and appellate work. He is a member of the Charter Institute of Arbitrators, East Asia Branch, and has appeared before the Construction Industry Arbitration Commission and Philippine Clearing House Arbitration Committee. For the past five years, he has been a faculty member of Arellano University School of Law and is a regular MCLE lecturer on Legal Writing. Previously, he was a senior partner of Chato & Eleazar Law Offices, now known as Chato & Vinzons-Chato Law Offices, and headed its litigation department. He completed his pre-law degree and LL.B in the University of the Philippines and earned units in LL.M in San Beda College and MPA in Enverga University.

ISABELITA P. MERCADO, 60, for the past five years has been the chair and chief executive officer of IPM Construction and Development Corporation, IPM Environment Services Inc., IPM Realty & Development Corporation, IPM Trading and Development Corporation and TRX Global Corporation. She also serves as president of Lee Gardens Property and Development Corporation and director of several other companies within the IPM Group.

VICTORIA M. VAZQUEZ, 54, for the past five years has been a regular director and treasurer of Beacon Holdings Inc., director and vice-president of Vazquez Madrigal & Co. Inc., and director and treasurer of Peak Development Inc. Aside from directorships in several other companies representing the Vazquez-Madrigal business interests, Ms. Vazquez also serves as director of the House of Refuge Foundation and trustee of the Metropolitan Museum.

WILLIAM D. TY, 65, for the past five years has been the chair and president of WAM Realty and Development Corporation, WAM Food and Development Corporation, Wellington Investment Manufacturing Corporation, Wellington Flour Mills Inc., Toyota Cubao Inc. and Wellington and Co. Inc. Apart from his business affiliations and interests, Mr. Ty also serves as a regular director of Organizational Change Consultants International Inc. and the Alicia Tan Ty Foundation.

RODOLFO P. DE GUZMAN, JR. 49 years old, is a Certified Public Accountant and a Lawyer. He holds a Bachelor of Science Major in Computer Science degree from John Carroll University in Ohio, USA and a Bachelor of Science in Accounting degree (with honors) from De La Salle University. He obtained his Bachelor of Laws degree (with honors) from the Ateneo de Manila College of Law. He has been practicing law for almost 20 years. He is a Partner of Perlas, De Guzman, Garcia and Asuncion Law Firm. He served as Director of Binondo Leisure Resources, Inc., Philippine Flag Football League, Inc., Beau Geste Enterprises, Inc., Surya Imports, Inc., Connect88 Inc., 360 Media, Inc. and JC Spiceshop, Inc. Additionally, Atty. De Guzman served as Corporate Secretary of several companies such as Orient Capital Ventures, Inc., Mother Mary of the Poor (Philippines) Foundation, Inc., and SG Amusement and Recreation Corp. to name a few. He was also consultant for United AOE Group, Inc., Pacific Palm Corporation, AB Gaming Leisure Specialist, Inc., First Cagayan Leisure and Resorts Corporation, The Daily Dairy Corporation and Bataan Agri-Business Center. He is a trustee of the Ateneo Law Alumni Foundation, Inc. and an active member of the Integrated Bar of the Philippines, Caloocan Chapter, and the Philippine Institute of Certified Public Accountants.

ANA MARIA A. KATIGBAK, 41, is a member of the Integrated Bar of the Philippines and a graduate of Bachelor of Laws at the University of the Philippines. She is a Partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices. For the past five years, she has served as assistant corporate secretary in certain publicly-listed companies and registered membership clubs such as: AJO.net Holdings, Inc., Boulevard Holdings, Inc., Premiere Entertainment Productions, Inc., ISM Communications Corp., Mabuhay Holdings Corp., Paxys, Inc., PhilWeb Corp., PNOC Energy Development Corp., Solid Group, Inc., and The Metropolitan Club, Inc.

d. The names and nationalities of the incorporators of the Company are as follows:

Name	Nationality
Tony O. King	Filipino
Pacita K. Yap	Filipino
Felisa D. King	Filipino
Alberto Ty	Filipino
Joselyn C. Tiu	Filipino

(2) SIGNIFICANT EMPLOYEES

There are no employees identified for disclosure to which the operational decisions and strategies of the Company are entirely dependent on.

(3) FAMILY RELATIONSHIPS

Mr. Gener T. Mendoza is the brother in law of Atty. Victor Y. Eleazar. Apart from the foregoing, there are no other family relationships, either by consanguinity or affinity, among the directors and executive officers of the Corporation.

(4) RESIGNATION/RE-ELECTION

On November 5, 2009, Mr. Edgardo M. Del Fonso resigned as Director and Vice Chairman while Atty. Rodolfo P. De Guzman, Jr. was elected to the post of Director.

(5) INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS DURING THE PAST 5 YEARS

The Company is not aware of any civil or criminal legal proceedings filed against any one of its directors, executive officers or control persons during the last five (5) years up to present.

Item 10. Executive Compensation

(1) COMPENSATION TABLE

The following is a summary of the aggregate compensation paid or accrued during the last two fiscal years, i.e. 2009 and 2008, to the Company's Chief Executive Officer and other most highly compensated executive officers who are individually named, and to all other officers and directors of the Company as a group:

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Michael T. Defensor	2008 - Feb 07			
Chairman	2009 - Dec 31			
Gener T. Mendoza	2008 - Jan 01			
President	2009 - Dec 31			
Victor Y. Eleazar	2008 - Jan 01			
Director	2009 - Dec 31			

Isabelita P. Mercado *Director and Treasurer*	2008 - Jan 01 2009 - Dec 31	
Victoria M. Vazquez *Independent Director*	2008 - Jan 01 2009 - Dec 31	
William D. Ty *Independent Director*	2008 - Jan 01 2009- Dec 31	
Rodolfo P. De Guzman, Jr. *Director*	2009 - Nov 05	
TOTAL OF THE GROUP	2008 2009	0 0

Members of the incumbent board did not receive any per diem or other compensation in 2009.

(2) COMPENSATION OF DIRECTORS

a. Standard Arrangements

The Company provided standard compensatory arrangements with its Directors and Officers prior to August 31, 2007. They are provided fixed monthly fees until June 2005. The incumbent directors do not receive any compensation for their services.

b. Other Arrangements

None executed for the last five-years of operations other than the above-mentioned standard arrangements.

(3) EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN CONTROL ARRANGEMENTS

None executed by the Company for the last three years of operations.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

The following brokers are the record owners of shares of stock in excess of 5% of the outstanding shares of the Company as of December 31, 2009:

Title of Class	Name and address of owner	Citizenship	No. of Shares	Nature of Ownership	Percent
Common	Angping & Associates Sec., Inc.* Suites 2002/2004, The Peak, 107 Alfaro St., Salcedo	Filipino	21,210,400	R	11.16%

	Village, Makati City				
	Abacus Securities Corporation* Unit 2904-A East tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City	Filipino	11,882,793	R	6.25%
	Meridian Securities Inc.* Suite 2702 B&C East Tower-PSE Centre, Exchange Road, Ortigas Center, Pasig City	Filipino	10,704,400	R	5.63%
		TOTAL	**43,797,593**		**23.04%**

r - record ownership
**Shares of stock held under the name of PCD Nominee Corp.*

The above brokers are only record owners of shares of stock held under the name of PCD Nominee Corp., thus they exercise no voting power over the shares.

To the best knowledge of the Company none of the beneficial owners of the shares registered under the name of the PCD Nominee Corp. a private company organized to implement an automated entry of stock and transfer transactions of securities listed in PSE, owns more than 5% of the Company's shares.

Security Ownership of Management

The following is a summary of the record holdings of the Company's directors and executive officers in the Company as of December 31, 2009

Title of class	Name of Beneficial Owner	Citizenship	Beneficial Amount	Ownership Nature	Percent of class
Common	**Michael T. Defensor** *Director and Chairman*	Filipino	1,000	r	0.00056%
Common	**Gener T. Mendoza** *Director and President*	Filipino	1,855,000	r	1.03056%
Common	**Rodolfo P. De Guzman, Jr.***Director*	Filipino	1,000	r	0.00056%
Common	**Victor Y. Eleazar** *Director*	Filipino	10,000	r	0.0056%
Common	**Isabelita P. Mercado** *Director and Treasurer*	Filipino	1,500,000	r	0.8333%
Common	**Victoria M. Vazquez** *Independent Director*	Filipino	2,000,000	r	1.1111%
Common	**William D. Ty** *Independent Director*	Filipino	2,000,000	r	1.1111%
Common	**Ana Maria A. Katigbak** *Corporate Secretary*	Filipino	0	r	0 %
		TOTAL	**7,367,000**		**4.09278%**

record ownership

(2) Voting Trust Holders of 5% or More

There is no voting trust or similar arrangement in place.

There is no voting trust or similar arrangement in place.

(3) Changes in Control

In case the entry of a new investor will be completed upon the issuance of 560,000,000 additional shares of MIC in its favor, said investor/s shall own 75.68% of MIC's issued and outstanding shares.

Item 12. Certain Relationships and Related Transactions

The Company did not engage in any transaction with related parties for the last five (5) years of operations.

PART IV - Corporate Governance

Item 13. Corporate Governance

Minerales Industrias Corporation (Formerly Multitech Investments Corporation) is fully committed in maintaining a high standard of corporate governance to protect the interest of its shareholders. It has complied throughout the period under review with the applicable principles and provisions set out in the Company's 2002 Manual on Corporate Governance, as amended.

Board of Directors

The Board of Directors consists of 7 directors. The board comprised three executive officers (including the Corporate Secretary) and five non-executive directors and reflected a blend of different financial and commercial experiences.

Directors	Executive Officers	Non-executive Officers	Independent Director
Michael T. Defensor		√	
Gener T. Mendoza	√		
Victor Y. Eleazar		√	
Isabelita P. Mercado	√		
Victoria M. Vazquez			√
William D. Ty			√
Rodolfo P. De Guzman, Jr.		√	
Ana Maria A. Katigbak	√		

All non-executive officers are independent of management and free from any business or other relationship with MIC which could materially interfere with the exercise of their independent judgment.

The Nomination Committee ensures that there is a formal and transparent procedure for the appointment of new Directors of the Board. Where appropriate, every director receives training, taking into account his individual qualifications and experience. Training is also available on an ongoing basis to meet individual needs.

The term of office of all directors, including independent directors and officers shall be one (1) year and until the successors are duly elected and qualified.

Board Process

Members of the Board met regularly throughout the year. Their responsibilities to the Company included the:

a. review and approval of the interim and annual financial performance;

b. approval of the Company's key strategic and operational matters;

c. approval of major investments and funding decision;

d. monitoring of internal control; and

e. identification and management of the principal risks of the Company.

Board members were sufficiently notified of ensuing meetings and they worked on an agreed agenda in reviewing the key activities of the business. Relevant papers and presentations, as necessary, were distributed to enable the Board to deliberate on matters effectively. Minutes of the previous meetings are placed on the agenda of the Board.

The Corporate Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures. The post is currently occupied by Atty. Ana Maria A. Katigbak.

Committees

The Board has delegated authority to the following committees on specific matters. All of the Committees have formal terms of reference.

Audit Committee
Members:

- **Victoria M. Vazquez (Chairman)**
- **William D. Ty**
- **Isabelita P. Mercado**

The Audit Committee functions under the terms of reference approved by the Board. It meets at least twice a year and its roles include the review of the financial and internal reporting process, the system of internal control and management of risks and the external and internal audit process. The Audit Committee reviews the scope and results of the audit with external auditors and obtains external legal or other independent professional advice where necessary. The Audit Committee reports directly to the Board.

Other functions of the Audit Committee include the recommendation of the appointment or re-appointment of external auditors and the review of audit fees.

Nomination Committee
Members:

- **Atty. Victor Y. Eleazar**
- **William D. Ty**
- **Atty. Rodolfo P. De Guzman, Jr.**

The Committee, which meets as necessary, assesses and recommends to the Board candidates for appointment to executive and non-executive directors positions. The Committee also makes recommendations to the Board on its composition.

Compensation Committee
Members:

- **Gener T. Mendoza (Chairman)**
- **Victoria M. Vazquez**
- **Isabelita P. Mercado**

Note: No salary or other compensation package was provided to the directors and other Executive Officers.

Compliance Officer

During the meeting of the Board of Directors of Minerales Industrias Corporation (Formerly Multitech Investments) held on July 26, 2007, Atty. Ana Maria A. Katigbak was appointed as Compliance Officer ("CO").

The CO is responsible for ensuring that the Company's corporate principles are consistently adhered to throughout the organization. The CO acts independently and her role is to supply the top management with the necessary information on whether the organization's decisions comply with professional rules and regulations, internal directives, regulatory authorities, and the statutory law.

Relation with Shareholders

The directors place a high importance on maintaining good relationships with the shareholders and ensure that they are kept informed of significant Company's development.

The Company encourages shareholders to attend its annual stockholders' meetings, which provide opportunities for shareholders to ask questions of the board.

PART V - EXHIBIT AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The Audited Financial Statements ending December 31, 2009 are herein attached and incorporated by reference.

(b) Reports on SEC Form 17-C. The following are the reports filed by the Company on SEC Form 17-C for the year 2009.

Date Filed	**Description**
January 14, 2009	Certification of the following: Attendance in the Board Meetings of Directors Company's Compliance with the Manual on Corporate Governance
April 3, 2009	Postponement of the Annual Stockholders Meeting and approval of the 2008 Audited Financial Statements
November 5, 2009	Resignation of Mr. Edgardo M. del Fonso as director and Vice Chairman and election of Mr. Rodolfo P. de Guzman Jr. as new director
January 4, 2010	Board approval of private placement by stockholders
January 7, 2010	Reply to additional information on the private placement

MINERALES INDUSTRIAS CORPORATION
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTARY SCHEDULES AND SEC FORM 17-C UNDER FORM 17-A, ITEM 7

Financial Statements

Statement of Management's Responsibility for Financial Statements, signed under oath

Reports of Independent Public Accountants

Balance Sheets as of December 31, 2009 and 2008; Related Statements of Income, Changes in Stockholders' Equity and Cash Flows for each of the three years in the period ended December 31, 2009

Notes to Financial Statements

Supplementary Schedules

Report of Independent Public Accountants on Supplementary Schedules

A. Marketable Securities (Current Marketable Equity Securities and Other Short Term Cash Investments)
B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Affiliates)*
C. Non-Current Marketable Equity Securities, Other Long Term Investments, And Other Investments *
D. Indebtedness to Unconsolidated Subsidiaries and Affiliates*
E. Property, Plant and Equipment*
F. Accumulated Depreciation*
G. Intangible Assets and Other Assets *
H. Long Term Debt *
I. Indebtedness to Affiliates and Related Parties (Long Term Loans from Related Companies)*
J. Guarantees of Securities of Other Issuers*
K. Capital Stock

*These schedules, which are required by Part IV (e) of RSA Rule 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's financial statements or to notes to financial statements.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of ____________________ on ________________________.

By:

GENER T. MENDOZA
President and Principal Executive Officer
(also acting as Principal Operating Officer)

ISABELITA P. MERCADO
Treasurer
(also acting as Chief Financial Officer)

ATTY. ANA MARIA A. KATIGBAK
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 14 2010, affiants exhibiting to me their Residence Certificates, as follows:

NAME	CTC NO.	DATE OF ISSUE	PLACE OF ISSUE
Gener T. Mendoza	12220333	01-11-10	Makati City
Isabelita P. Mercado	15602867	01-11-10	Pasig City
Ana Maria A. Katigbak	28599126	01-25-10	Makati City

Doc. No. 68
Page No. 15
Book No. 9
Series of 2010

ATTY. LOPE M. VELASCO
NOTARY PUBLIC
Until Dec. 31, 2011
PTR O.R. No. 2087649 - Makati 01/04/10
IBP O.R. No. 803499 - Pasig City 12/21/09
TIN 212-965-989
Roll No. 28757 2

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Minerales Industrias Corporation** is responsible for all information and representations contained in the financial statements for the years ended December 31, 2009 and 2008. The financial statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the company's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

Sycip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with generally accepted auditing standards in the Philippines and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

Signed under oath by the following:

MICHAEL T. DEFENSOR
Chairman of the Board

GENER T. MENDOZA
President and Principal Executive Officer
(also acting as Principal Operating Officer)

ISABELITA P. MERCADO
Treasurer
(also acting as Chief Financial Officer)

SUBSCRIBED AND SWORN to before me this APR 14 2010, affiants exhibiting to me their Residence Certificates, as follows:

NAME	CTC NO.	DATE OF ISSUE	PLACE OF ISSUE
Michael T. Defensor	31007772	04-09-10	Quezon City
Gener T. Mendoza	12220333	01-11-10	Makati City
Isabelita P. Mercado	15602867	01-11-10	Pasig City

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Page No. 15
Book No. 191
Series of 2010

ATTY. LOPE M. VELASCO
NOTARY PUBLIC
Until Dec. 31, 2011
PTR O.R. No. 2087649 - Makati 01/04/10
IBP O.R. No. 803499 - Pasig City 12/21/09
TIN 212-965-989
Roll No. [illegible]

SGV & Co
Ernst & Young

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-2

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Minerales Industrias Corporation
Room 322, 3rd Floor, LRI Design Plaza
210 Nicanor Garcia Street, Barangay Sta. Cruz
Makati City

We have audited the accompanying financial statements of Minerales Industrias Corporation, which comprise the statements of financial position as at December 31, 2009 and 2008, and the statements of financial performance, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2009 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditors' Responsibility

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

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

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

SGV & Co
Ernst & Young

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

MINERALES INDUSTRIAS CORPORATION

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2009	2008
ASSETS		
Current Assets		
Cash (Notes 4 and 11)	**₱2,104,785**	₱45,416
Available-for-sale financial assets (Notes 5 and 11)	**408,354**	52,611
Other current assets - net (Note 6)	**1,848,964**	1,779,759
	₱4,362,103	₱1,877,786
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued expenses and other payables	**₱391,023**	₱104,353
Advances from stockholders (Notes 7 and 11)	**685,000**	1,675,000
Total Current Liabilities	**1,076,023**	1,779,353
Equity		
Capital stock - ₱1 par value (Note 8)		
Authorized - 240,000,000 shares		
Issued and outstanding - 180,000,000 shares	**180,000,000**	180,000,000
Subscribed capital stock (net of subscriptions receivable of ₱4,955,000 in 2009)	**5,045,000**	–
Deposits for future stock subscriptions (Note 8)	**–**	1,100,000
Net unrealized gain (loss) on available-for-sale financial assets (Note 5)	**37,163**	(38,580)
Deficit	**(181,796,083)**	(180,962,987)
Total Equity	**3,286,080**	98,433
	₱4,362,103	₱1,877,786

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE RECEIVED RDO49 - NORTH MAKATI APR 14 2010

MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF FINANCIAL PERFORMANCE

	Years Ended December 31		
	2009	2008	2007
INCOME			
Gain from sale of available-for-sale financial assets	**₱280,000**	₱173,211	₱–
Interest (Note 4)	**318**	240	716
Reversal of provision for probable losses	–	–	68,497
	280,318	173,451	69,213
EXPENSES			
Professional fees	**327,143**	362,857	648,571
Salaries and wages	**288,238**	265,000	86,667
Stock exchange listing fee	**250,000**	250,000	200,000
Rent and utilities	**120,000**	120,000	140,000
Representation	**48,520**	37,415	39,977
Transportation	**36,493**	39,399	–
Office supplies and printing costs	**13,632**	35,515	39,016
Taxes and licenses	**8,929**	9,804	10,707
Telephone and postages	–	–	7,621
Advertising	–	–	2,150
Miscellaneous	**20,395**	30,181	7,795
	1,113,350	1,150,171	1,182,504
LOSS BEFORE INCOME TAX	**833,032**	976,720	1,113,291
PROVISION FOR INCOME TAX (Note 9)	**64**	48	143
NET LOSS	**₱833,096**	₱976,768	₱1,113,434
Basic/Diluted Loss Per Share (Note 10)	**₱0.0046**	₱0.0054	₱0.0062

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2009	2008	2007
NET LOSS	**₱833,096**	₱976,768	₱1,113,434
OTHER COMPREHENSIVE INCOME			
Net unrealized gain (loss) on available-for-sale financial assets (Note 5)	**75,743**	(147,309)	(7,015)
TOTAL COMPREHENSIVE LOSS	**₱757,353**	₱1,124,077	₱1,120,449

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 8)	Subscribed Capital Stock (Note 8)	Subscription Receivable (Note 8)	Deposits for Future Stock Subscriptions	Reserve for Fluctuation in Value of Available-for-Sale Financial Assets	Deficit	Total
At January 1, 2009	**₱180,000,000**	**₱–**	**₱–**	**₱1,100,000**	**(₱38,580)**	**(₱180,962,987)**	**₱98,433**
Reversal of deposits for future stock subscriptions (Note 8)	–	–	–	**(1,100,000)**	–	–	**(1,100,000)**
Subscription of stocks		**10,000,000**	**(4,955,000)**	–	–	–	**5,045,000**
Net loss for the year	–	–	–	–	–	**833,096**	**833,096**
Net unrealized gain on AFS financial assets (Note 5)	–	–	–	–	**(75,743)**	–	**(75,743)**
Total comprehensive loss (income) for the year	–	–	–	–	**(75,743)**	**833,096**	**757,353**
At December 31, 2009	**₱180,000,000**	**₱10,000,000**	**(₱4,955,000)**	**₱–**	**₱37,163**	**(₱181,796,083)**	**₱3,286,080**
At January 1, 2008	₱180,000,000	₱–	₱–	₱–	₱108,729	(₱179,986,219)	₱122,510
Deposits for future stock subscriptions (Note 8)	–	–	–	1,100,000	–	–	1,100,000
Net loss for the year	–	–	–	–	–	976,768	976,768
Net unrealized loss on AFS financial assets (Note 5)	–	–	–	–	147,309	–	147,309
Total comprehensive loss for the year	–	–	–	–	147,309	976,768	1,124,077
At December 31, 2008	₱180,000,000	₱–	₱–	₱1,100,000	(₱38,580)	(₱180,962,987)	₱98,433
At January 1, 2007	₱180,000,000	₱–	₱–	₱–	₱115,744	(₱178,872,785)	₱1,242,959
Net loss for the year	–	–	–	–	–	1,113,434	1,113,434
Net unrealized loss on AFS financial assets	–	–	–	–	7,015	–	7,015
Total comprehensive loss for the year	–	–	–	–	7,015	1,113,434	1,120,449
At December 31, 2007	₱180,000,000	₱–	₱–	₱–	₱108,729	(₱179,986,219)	₱122,510

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION

STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱833,032)**	(₱976,720)	(₱1,113,291)
Adjustments for:			
Gain from sale of available-for-sale financial assets	**(280,000)**	(173,211)	–
Interest income	**(318)**	(240)	(716)
Reversal of provision for probable losses	–	–	(68,497)
Operating loss before working capital changes	**(1,113,350)**	(1,150,171)	(1,182,504)
Decrease (increase) in:			
Receivables	–	48,000	(48,000)
Other current assets	**(69,205)**	(61,626)	(89,672)
Increase in accrued expenses and other payables	**286,670**	(277)	19,991
Cash used in operations	**(895,885)**	(1,164,074)	(1,300,185)
Interest received	**318**	240	716
Income taxes paid	**(64)**	(48)	(143)
Net cash used in operating activities	**(895,631)**	(1,163,882)	(1,299,612)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available-for-sale financial assets	**2,420,865**	173,211	–
Purchase of available-for-sale financial assets	**(2,420,865)**	–	–
Net cash generated from investing activities	–	173,211	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from stock subscriptions	**5,045,000**	–	–
Proceeds from (payment of) advances from shareholders	**(2,090,000)**	975,000	990,000
Net cash generated from financing activities	**2,955,000**	975,000	990,000
NET INCREASE (DECREASE) IN CASH	**2,059,369**	(15,671)	(309,612)
CASH AT BEGINNING OF YEAR	**45,416**	61,087	370,699
CASH AT END OF YEAR (Note 4)	**₱2,104,785**	₱45,416	₱61,087

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information and Status of Operations**

Minerales Industrias Corporation (the Company) is incorporated and organized in the Republic of the Philippines to engage in the business of exploration, exploitation and development of the country's various mineral resources. The registered office address of the Company is at Room 322, 3rd Floor, LRI Design Plaza, 210 Nicanor Garcia Street, Barangay Sta. Cruz, Makati City.

On July 26, 2007 and August 31, 2007, the Board of Director (BOD) and stockholders of the Company, respectively, approved the following amendments to the Company's Articles of Incorporation:

a) Change in Company name from Multitech Investments Corp. to Minerales Industrias Corporation;
b) Change in primary purpose from holding to mining; and
c) Change in registered address from 22nd Floor, Unit E-2005 A East, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City to Room 322, 3rd Floor, LRI Design Plaza, 210 Nicanor Garcia Street, Barangay Sta. Cruz, Makati City.

The Securities and Exchange Commission SEC approved the change in company name and primary purpose on September 24, 2007 and the change in registered address on January 14, 2008.

The Company incurred net losses of ₱833,096 and ₱976,768 for the years ended December 31, 2009 and 2008, respectively. The Company's deficit as of December 31, 2009 and 2008 amounted to ₱181,796,083 and ₱180,962,987, respectively. For the last few years, the Company has not been engaged in any investing or operating activity. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements have been prepared assuming the Company will continue operating as a going concern, and do not include any adjustments relating to the recoverability of asset carrying amounts and the amounts and classification of liabilities that might result should the Company be unable to continue as a going concern. The Company's management continues to assess investment opportunities and various options regarding operations that the Company may undertake in the future.

On September 19, 2007, the BOD approved the stock rights offering of up to 180,000,000 common shares. The subscription to the rights offering shall form part of the increase in the authorized capital stock of the Company from ₱240,000,000 divided into 240,000,000 shares with a par value of ₱1 per share to ₱740,000,000 divided into 740,000,000 with a par value of ₱1 per share. Each stockholder as of record date shall have the right to subscribe to one common share for every one common share held as of record date. The subscription price shall be at the par value of ₱1 per share subscribed. The offer period shall be fixed by the Company's president provided that the offer period shall commence not later than thirty calendar days from the record date. The record date shall be fixed by the Company's president provided that the record date shall not be less than fifteen days from Philippine Stock Exchange board approval. The proceeds shall be used for the acquisition of mining tenements and other operation expenses in connection with the Company's new business purpose. As of December 31, 2009, the application for increase in authorized capital stock has not yet been approved by the (SEC) and the Company has yet to implement the stock rights issuance.

The accompanying financial statements were authorized for issue by the Audit Committee and the Board of Directors on April 13, 2010.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying financial statements have been prepared on a historical basis, except for available-for-sale (AFS) investments that have been measured at fair value, and these financial statements are presented in Philippine Peso (₱), the Company's functional currency. All amounts are rounded to the nearest peso unit unless otherwise indicated.

Statement of Compliance
The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year except that the company has adopted the following new and amended PFRS and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) Interpretations which were adopted as of January 1, 2009. Except as otherwise indicated, the adoption of these new and amended Standards and Philippine Interpretations did not have a significant impact on the Company's financial statements.

- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards and PAS 27, Consolidated and separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
  The amendment allows an entity, in its separate financial statements, to determine the cost of investments in subsidiaries, jointly controlled entities or associates (in its opening PFRS financial statements) as one of the following amounts: (a) cost determined in accordance with PAS 27, *Consolidated and Separate Financial Statements*; (b) at the fair value of the investment at the date of transition to PFRS, determined in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*; or (c) previous carrying amount (as determined under generally accepted accounting principles) of the investment at the date of transition to PFRS.

- Amendments to PFRS 2, *Share-based Payment - Vesting Condition and Cancellations*
  This Standard has been revised to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. It defines a vesting condition as a condition that includes an explicit or implicit requirement to provide services. It further requires nonvesting conditions to be treated in a similar fashion to market conditions. Failure to satisfy a nonvesting condition that is within the control of either the entity or the counterparty is accounted for as cancellation. However, failure to satisfy a nonvesting condition that is beyond the control of either party does not give rise to a cancellation. Adoption of this revised standards did not have an impact on the Company's financial statement.

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- PFRS 8, *Operating Segments*
  It replaces PAS 14, *Segment Reporting*, and adopts a full management approach to identifying, measuring and disclosing the results of an entity's operating segments. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Such information may be different from that reported in the statement of financial position and statement of income and the company will provide explanations and reconciliations of the differences. This Standard is only applicable to an entity that has debt or equity instruments that are traded in a public market or that files (or is in the process of filing) its financial statements with a securities commission or similar party.

- Amendments to PAS 1, *Presentation of Financial Statements*
  In accordance with the amendments to PAS 1, the statement of changes in equity shall include only transaction with owners, while non-owner changes will be presented in equity as a single line with details included in a separate statement. Owners are defined as holders of instruments classified as equity.

  In addition, the amendments to PAS 1 provides for the introduction of a new statements of comprehensive income that combines all items of income and expenses recognized in the profit or loss together with 'other comprehensive income'. Entities may choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income. These amendments also require additional requirements in the presentation of the statements of financial position and owner's equity as well as additional disclosures to be included in the financial statements. Adoption of these amendments resulted in the following: (a) change in the title from balance sheet to statement of financial position, (b) change in the title from statement of income to statement of financial performance; and (c) change in the presentation of changes in equity and other comprehensive income - non-owner changes in equity are now presented in a separate statement of comprehensive income. The Company has elected to present two linked statements.

- Amendments to PFRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
  The amendments to PFRS 7 introduce enhanced disclosures about fair value measurement and liquidity risk. The amendments to PFRS 7 require fair value measurements for each class of financial instruments to be disclosed by the source of inputs, using the following three-level hierarchy: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The level within which the fair value measurement is categorized must be based on the lowest level of input to the instrument's valuation that is significant to the fair value measurement in its entirety.

  Additional disclosures required in the amendments to PFRS 7 are shown in Note 11 Financial Instruments. The amendments to PFRS 7 also introduce two major changes in liquidity risk disclosures as follows: (a) exclusion of derivative liabilities from maturity analysis unless the contractual maturities are essential for an understanding of the timing of the cash flows and (b) inclusion of financial guarantee contracts in the contractual maturity analysis based on the maximum amount guaranteed.

- Amendment to PAS 23, *Borrowing Costs*
  The Standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

- Amendments to PAS 32, *Financial Instruments: Presentation*, and PAS 1, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
  These amendments specify, among others, that puttable financial instruments will be classified as equity if they have all of the following specified features: (a) the instrument entitles the holder to require the entity to repurchase or redeem the instrument (either on an ongoing basis or on liquidation) for a pro rata share of the entity's net assets; (b) the instrument is in the most subordinate class of instruments, with no priority over other claims to the assets of the entity on liquidation; (c) all instruments in the subordinate class have identical features; (d) the instrument does not include any contractual obligation to pay cash or financial assets other than the holder's right to a pro rata share of the entity's net assets; and (e) the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, a change in recognized net assets, or a change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
  This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and realized in income over the period that the award credits are redeemed or has expired.

- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*
  This Interpretation provides guidance on identifying foreign currency risks that qualify for hedge accounting in the hedge of net investment; where within the group the hedging instrument can be held in the hedge of a net investment; and how an entity should determine the amount of foreign currency gains or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

Improvements to PFRS effective in 2009
In May 2008, the International Accounting Standards Board issued its first omnibus of amendments to certain Standards, primarily with a view to removing inconsistencies and clarifying wording. These are the separate transitional provisions for each standard. These amendments were effective beginning January 1, 2009. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the Company's financial statements.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
  When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a noncontrolling interest in the subsidiary after the sale.

- PAS 1, *Presentation of Financial Statements*
  Assets and liabilities classified as held-for-trading are not automatically classified as current in the statement of financial position.

- PAS 16, *Property, Plant and Equipment*
  This Amendment replaces the term 'net selling price' with 'fair value less costs to sell', to be consistent with PFRS 5, Noncurrent assets Held for sale and Discontinued Operations and PAS 36, *Impairment of Asset.* Items of property and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds of such sales are subsequently shown as revenue. Cash payments on initial recognition of such items, the cash receipts from rents, and subsequent sales are all shown as cash flows from operating activities.

- PAS 18, *Revenue*
  The IASB has added guidance (which accompanies the Standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity (a) has primary responsibility for providing the goods or service; (b) has inventory risk; (c) has discretion in establishing prices; and (d) bears the credit risk.

  The Company has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition policy has been updated accordingly.

- PAS 19, *Employee Benefits*
  This revises the definition of 'past service cost' to include reduction in benefits related to past services ('negative past service cost') and to exclude reduction in benefits related to future services that arise from plan amendments. Amendments to plans that results in a reduction in benefits related to future services are accounted for as a curtailment.

  It revises the definition of 'return on plan assets' to exclude plan administration costs if they have already been included in the actuarial assumptions used to measure the defined benefit obligation. It also revises the definition of 'short-term' and 'other long-term' employee benefits to focus on the point in time at which the liability is due to be settled and it deletes the reference to the recognition of contingent liabilities to ensure consistency with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

- PAS 20, *Accounting for Government Grants and Disclosures of Government Assistance*
  Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discount amount is accounted for as government grant. Also, revised various terms used to be consistent with other PFRS.

- PAS 23, *Borrowing Costs*
  The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method.

- PAS 28, *Investments in Associates*
  If an associate is accounted for at fair value in accordance with PAS 39, only the requirement of PAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

  An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance.

- PAS 29, *Financial Reporting in Hyperinflationary Economies*
  This revises the reference to the exception that assets and liabilities should be measured at historical cost, such that it notes property and equipment as being an example, rather than implying that it is a definitive list.

- PAS 31, *Interests in Joint Ventures*
  If a joint venture is accounted for at fair value, in accordance with PAS 39, only the requirements of PAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

- PAS 36, *Impairment of Assets*
  When discounted cash flows are used to estimate 'fair value less costs to sell', additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.

- PAS 38, *Intangible Assets*
  Expenditure on advertising and promotional activities is recognized as an expense when the Company either has the right to access the goods or has received the services. Advertising and promotional activities now specifically include mail order catalogues.

  It deletes references to there being rarely, if ever, persuasive evidence to support an amortization method for intangible assets with finite lives that results in a lower amount of accumulated amortization than under the straight-line method, thereby effectively allowing the use of the unit-of-production method.

- PAS 39, *Financial Instruments: Recognition and Measurement*
  Changes in circumstances relating to derivatives, specifically derivatives designated or de-designated as hedging instruments after initial recognition, are not reclassifications.

  When financial assets are reclassified as a result of an insurance company changing its accounting policy in accordance with paragraph 45 of PFRS 4, *Insurance Contracts,* this is a change in circumstance, not a reclassification.

  It removes the reference to a 'segment' when determining whether an instrument qualifies as a hedge. Requires use of the revised effective interest rate (rather than the original effective interest rate) when remeasuring a debt instrument on the cessation of fair value hedge accounting.

- PAS 40, *Investment Property*
  It revises the scope (and the scope of PAS 16) to include property that is being constructed or developed for future use as an investment property. Where an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.

Future Changes in Accounting Policies
The Company will adopt the following Standards and Interpretations enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended Standards and Philippine Interpretations to have significant impact on its financial statements.

Effective in 2010

- Revised PFRS 3, *Business Combinations* and PAS 27, *Consolidated and Separate Financial Statements*
  The revised PFRS 3 will become effective for annual periods beginning on or after July 1, 2009. It introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised PAS 27 requires, among others, that (a) change in ownership interests of a subsidiary (that do not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss; (b) losses incurred by the subsidiary will be allocated between the controlling and noncontrolling interests (previously referred to as 'minority interests'); even if the losses exceed the noncontrolling equity investment in the subsidiary; and (c) on loss of control of a subsidiary, any retained interest will be remeasured to fair value and this will impact the gain or loss recognized on disposal. The changes introduced by the revised PFRS 3 and PAS 27 must be applied prospectively and will affect future acquisitions and transactions with noncontrolling interests.

- Amendments to PAS 27, *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
  Amendments to PAS 27 will be effective for annual periods beginning on or after July 1, 2009 which has changes in respect of the holding companies' separate financial statements, including, (a) the deletion of 'cost method', making the distinction between pre- and post-acquisition profits no longer required; and (b) in cases of reorganizations where a new parent is inserted above an existing parent of the group (subject to meeting specific requirements), the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. All dividends will be recognized in the statement of financial performance. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.

- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible hedged items*
  This Amendment, which will be effective for annual periods beginning on or after July 1, 2009, addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The Amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item.

- Amendment to PFRS 2, Share-based Payments - *Group Cash-settled Share-based Payment Transactions*
  The Amendments to PFRS 2, effective for annual periods beginning on or after January 1, 2010, clarify the scope and the accounting for group cash-settled share-based payment transactions.

- Philippine Interpretation IFRIC 17, *Distribution of Non-Cash Assets to Owners*
  This Interpretation is effective for annual periods beginning on or after July 1, 2009 with early application permitted. It provides guidance on how to account for non-cash distributions to owners. The Interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability.

- Philippine Interpretation IFRIC 18, *Transfer of Assets to Customers*
  This Interpretation provides guidance to all entities that receive from customers an item of property, plant and equipment or cash for the acquisition or construction of such item and such item is used to connect the customer to a network or to provide ongoing access to a supply of goods or services, or both. The Interpretation requires an assessment of whether an item of property, plant and equipment or cash for the acquisition or construction of such item meets the definition of an asset. If the terms of the agreement are within the scope of this interpretation, a transfer of an item of property, plant and equipment would be an exchange for dissimilar goods or services. Consequently, the exchange is regarded as a transaction which generates revenue. This interpretation is to be applied prospectively to transfer of assets from customers received in periods beginning on or after July 1, 2009. Entities may however choose to apply this interpretation to earlier periods, provided valuations can be obtained at the time the transfer occurred.

Improvements to PFRS effective 2010
The omnibus amendments to PFRSs issued in 2009 were issued primarily with a view to removing inconsistencies and clarifying wording. The following amendments are effective for annual periods financial years January 1, 2010 except otherwise stated. The Company has not yet adopted the following amendments and anticipates that these changes will have no material effect on the financial statements.

- PFRS 2, *Share-based Payment*
  It clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of PFRS 3 Business Combinations (Revised). The amendment is effective for financial years on or after July 1, 2009.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
  It clarifies that the disclosures required in respect of noncurrent assets and disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRS only apply if specifically required for such noncurrent assets or discontinued operations.

- PFRS 8, *Operating Segment Information*
  It clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

- PAS 1, *Presentation of Financial Statements*
  It clarifies that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- PAS 7, *Statement of Cash Flows*
  It explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

- PAS 17, *Leases*
  It removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either 'finance' or 'operating' in accordance with the general principles of PAS 17. The amendment will be applied retrospectively.

- PAS 36, *Impairment of Assets*
  It clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in PFRS 8 before aggregation for reporting purposes.

- PAS 38, *Intangible Assets*
  It clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. Also, it clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.

- PAS 39, *Financial Instruments: Recognition and Measurement*
  It clarifies the following:
  (a) That a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.
  (b) That the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken.
  (c) That gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.

- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*
  It clarifies that it does not apply to possible reassessment at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of joint venture.

- Philippine Interpretation IFRIC 16, *Hedge of a Net Investment in a Foreign Operation*
  It states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 that relate to a net investment hedge are satisfied.

Effective in 2012

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This Interpretation, which will be effective January 1, 2012, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

Cash and Cash Equivalents
Cash includes cash on hand and deposits held on demand with banks.

Financial Instruments
Date of recognition
The Company recognizes a financial asset or a financial liability in the statement of financial position when the Company 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 are recognized on the trade date.

Initial recognition of financial instruments
All financial assets and financial liabilities, including trading and investment securities and loans and receivables, are initially recognized at fair value. Except for financial assets at fair value through profit and loss (FVPL), the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets, and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of December 31, 2009 and December 31, 2008, the Company has no financial assets and liabilities at FVPL and HTM investments.

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

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation methodologies. Valuation methodologies include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities 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 other financial assets held for trading, designated as AFS or financial assets designated at FVPL. This accounting policy relates to the current portion of the statement of financial position caption "Cash".

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the statement of financial performance. The losses arising from impairment of such loans and receivables are recognized in provision for market decline in the statement of financial performance.

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified as designated as at FVPL, HTM financial assets, or loans and receivables.

Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS financial assets include equity securities.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as "Net unrealized gain (loss) on AFS financial assets" in Other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is recognized in profit or loss. Where the Company holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding AFS financial assets are reported as interest income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized in the statement of financial performance when the right of payment has been established. The losses arising from impairment of such investments are recognized in the statement of financial performance.

Other financial liabilities
Other financial liabilities pertains to issued financial instruments that are not classified or designated as at FVPL and contains contractual obligations to deliver cash or another financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

This accounting policy applies primarily to the Company's accrued expenses and other payables and other obligations that meet the above definition (other than liabilities covered by other accounting Standards, such as income tax payable).

Derecognition of Financial Assets and Liabilities

Financial asset

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

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

Where the Company 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 Company'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 original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liability

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

Impairment of Financial Assets

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

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. 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 for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged against the statement of financial performance. Interest income is continued to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written-off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to the current operations. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, 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 Company. 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. Estimates of changes in future cash flows reflect, and are directionally consistent with the changes in related observable data from period to period (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

AFS financial assets
In case of equity securities classified as AFS financial assets, impairment would include a significant or prolonged decline in the fair value of the investments below its cost. When there is evidence of impairment loss, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of financial performance - is removed from statement of changes in equity and recognized in profit or loss. Impairment losses on equity securities are not reversed through the statement of financial performance. Increases in fair value after impairment are recognized directly in other comprehensive income.

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest is recognized as it accrues (using the effective interest method 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).

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

Income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Deferred tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences and net operating loss carry over (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and NOLCO can be utilized.

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

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

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

Basic/Diluted Earnings Per Share

Basic/diluted earnings per share (EPS) is computed based on the weighted average number of common shares outstanding after giving retroactive effect to stock dividends declared and stock rights exercised during the year.

Provisions

Provisions are recognized when the Company 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. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingencies

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

Events After the Reporting Date

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

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

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

Company as lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the company's statement of financial performance on a straight-line basis over the lease term.

Use of Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed as follows.

Estimating allowance for impairment losses on receivables

The Company maintains allowance for credit losses based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Company is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivables, carrying balance and the computed present value. Factors considered in individual assessment are payment history, past due status and term. The collective assessment would require the Company to classify its receivables based on the credit risk characteristics (customer type, payment history, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. 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 the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

As of December 31, 2009 and 2008, receivables amounted to ₱1,066,172 of which ₱1,066,172 have been provided with allowance for impairment losses.

Impairment of AFS financial assets
The Company treats AFS equity securities as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Company treats 'significant' generally as 20% or more and 'prolonged' as greater than 6 months for quoted equity securities. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

As of December 31, 2009 and 2008, the AFS financial assets amounted to ₱408,354 and ₱52,611, respectively (see Note 5).

Recognition of deferred tax assets
As of December 31, 2009 and 2008, the deferred tax assets have not been recognized in respect of NOLCO and allowance for impairment losses that are available for offset against future taxable income or tax payable, which shall be available for the three succeeding years, because management believes that it is more likely than not that the tax benefits of these will not be realized in the future (see Note 9).

4. Cash

This account consists of:

	2009	2008
Cash on hand	**₱5,000**	₱222
Cash in bank	**2,099,785**	45,194
	₱2,104,785	₱45,416

Cash in bank earns interest at the prevailing bank deposit rates. Interest earned on cash in bank amounted to ₱318 and ₱240 in 2009 and 2008, respectively.

5. AFS Financial Assets

This account represents 1,000,000 shares of Lepanto Constructions and Mining Co. Series A (Lepanto) as of December 31, 2009 and 350,737 shares in Suntrust Home Development, Inc. (Suntrust) as of December 31, 2009 and 2008. The cost of these investments as of December 31, 2009 and 2008 amounts to ₱280,728 and ₱91,191.

The movements in AFS financial assets are summarized as follows:

	2009	2008
At January 1	**₱52,611**	₱199,920
Additions	**2,420,865**	1,094,966
Disposal	**(2,140,865)**	(1,094,966)
Gain (loss) recognized in other comprehensive income	**75,743**	(147,309)
	₱408,354	₱52,611

Movements in the net unrealized gain (loss) on AFS financial assets are as follows:

	2009	2008
Balance at beginning of year	**(₱38,580)**	₱108,729
Gain (loss) directly recognized in other comprehensive income	**75,743**	(147,309)
Balance at end of year	**₱37,163**	(₱38,580)

6. Other Current Assets - Net

This account consists of:

	2009	2008
Prepaid taxes	**₱1,976,300**	₱1,976,300
Creditable withholding tax	**1,137,429**	1,068,932
Input taxes	**698,583**	642,330
Prepaid expenses	**12,952**	–
	3,825,264	3,687,562
Less: allowance for impairment losses	**1,976,300**	1,907,803
	₱1,848,964	₱1,779,759

Movements of allowance for impairment losses follow:

	2009	2008
Allowance for impairment losses at beginning of year	**₱1,907,803**	₱1,907,803
Adjustment to creditable withholding tax	**68,497**	–
Allowance for impairment losses at end of year	**₱1,976,300**	₱1,907,803

7. Advances from Shareholders

This represents advances obtained from shareholders to finance the operating requirements of the Company. The amount is due and demandable.

8. Capital Stock

In its quarterly report to the Philippine Stock Exchange for the period ended March 31, 2008, the Company disclosed that certain stockholders have agreed to convert ₱1,100,000 of their advances into share capital subject to the approval of the BOD on the pricing and other terms of the conversion.

On November 5, 2009, the BOD approved a resolution authorizing the cancellation of the conversion of advances from shareholders to deposits for future stock subscriptions amounting to ₱1,100,000.

On December 29, 2009, the BOD approved a resolution authorizing the Company to issue a total of 10,000,000 common shares out of the existing authorized capital stock at a subscription price of ₱1.00 per share, or a total price value of ₱10,000,000. Out of the ₱10,000,000 capital stock subscribed, an amount equal to ₱5,045,000 was paid by the stockholders on the same date.

On January 29, 2010 and February 1, 2010, the Company's shareholders paid for the outstanding subscriptions receivable amounting to ₱3,655,000 and ₱1,300,000, respectively.

9. Income Taxes

The provision for income tax consists of final tax on interest income.

Deferred tax assets on the following deductible temporary differences have not been recognized in the financial statements:

	2009	2008
Allowance for impairment losses	**₱3,042,472**	₱2,973,975
NOLCO	**3,322,914**	2,873,387
	₱6,365,386	₱5,847,362

Deferred tax assets are recognize only to the extent that taxable income will be available against which deferred tax assets can be used. The Company will recognize a previously unrecognized deferred tax asset to the extent that it becomes probable that future taxable income will allow the deferred tax asset to be recovered.

The Company's NOLCO as of December 31, 2009 consists of:

Year Incurred	Amount	Expiry Date
2007	₱1,142,527	2010
2008	1,112,756	2011
2009	1,067,631	2012
	₱3,322,914	

Movements in NOLCO are as follows:

	2009	2008
Balance at beginning of year	**₱2,873,387**	₱1,760,631
Additions	**1,067,631**	1,112,756
Expiration	**(618,104)**	–
Balance at end of year	**₱3,322,914**	₱2,873,387

The reconciliation between the statutory income tax and the effective income tax follows:

	2009	2008	2007
Statutory income tax	**(₱249,910)**	(₱341,852)	(₱389,652)
Additions to (reductions in) statutory income tax resulting from:			
Increase in unrecognized deferred tax assets	**320,289**	389,465	375,910
Nondeductible representation expense	**13,716**	13,095	13,992
Nontaxable income subject to final tax	**(84,031)**	(60,660)	(107)
Effective income tax	**₱64**	₱48	₱143

Effective January 1, 2009, the rate of regular corporate income tax has been reduced from 35% to 30% in accordance with Republic Act No. 9337.

10. Basic/Diluted Loss per Share

Basic/diluted loss per share was computed as follows:

	2009	2008	2007
Net loss (a)	**(₱833,096)**	(₱976,768)	(₱1,113,434)
Weighted average number of outstanding common shares (b)	**180,000,000**	180,000,000	180,000,000
Basic/diluted loss per share (a/b)	**(₱0.0046)**	(₱0.0054)	(₱0.0062)

11. Financial Instruments

The following table sets forth the carrying values and estimated fair values of the Company's financial assets and liabilities recognized as of December 31.

	2009		2008	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Loans and Receivables				
Cash	**₱2,104,785**	**₱2,104,785**	₱45,416	₱45,416
AFS financial assets	**408,354**	**408,354**	52,611	52,611
Total financial assets	**₱2,513,139**	**₱2,513,139**	₱98,027	₱98,027
Other Financial Liabilities				
Advances from shareholders	**₱685,000**	**₱685,000**	₱1,675,000	₱1,675,000
Accrued expenses and other payables	**391,023**	**391,023**	104,353	104,353
Total financial liabilities	**₱1,076,023**	**₱1,076,023**	₱1,779,353	₱1,779,353

Due to the short-term nature of these transactions, the fair values of cash and accrued expenses and other payables and advances from shareholders approximate their carrying values. For AFS financial assets, the fair values are based on quoted prices published in markets.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

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

The Company considers its AFS equity securities amounting to ₱408,354 as of December 31, 2009 under Level 1 classification (see Note 5). During the reporting period ending December 31, 2009, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and AFS financial assets, advances from shareholders and accrued expenses and other payables. The main purpose of the Company's financial instruments is to fund the operational and capital expenditures.

Exposure to credit, liquidity and market price risks arise in the normal course of the Company's business activities. The main objectives of the Company's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

Interest Rate Risk
The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash in bank with fixed interest rates.

Credit Risk
The investment of the Company's cash resources is managed so as to minimize risk while seeking to enhance yield. The Company's holding of cash exposes the Company to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations, and the Company consequently suffers financial loss. Credit risk management involves entering into financial instruments only with counterparties with acceptable credit standing.

The maximum exposure to credit risk of the statements of financial position pertains only to cash amounting to ₱2,104,785 and ₱45,416 as of December 31, 2009 and 2008, respectively. (See Note 4)

The Company's cash has high grade credit quality.

The credit quality of the financial assets was determined based on the nature of the counterparty and the Company's historical experience with them.

Liquidity Risk
The Company seeks to manage its liquidity profile to be able to finance capital expenditures and working capital requirements. To cover its financing requirements, the Company intends to use advances from a related party.

The Company's advances to shareholders, subscription receivables, accrued expenses and other payables are payable within one year.

Price Risk
The Company's price risk exposure relates to its AFS financial assets where values will fluctuate as a result of changes in market prices.

Such investment securities are subject to price risk due to changes in market values arising from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The following table demonstrates the sensitivity to a reasonably possible change in the market prices, with all variables held constant, of the Company's equity on December 31, 2009 and 2008.

2009

Increase (decrease) in market price	**Percentage change in net asset value**
9%	**₱70,635**
(9%)	**(₱70,635)**

2008

Increase (decrease) in market price	Percentage change in net asset value
5%	₱2,631
(5%)	(₱2,631)

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

As of December 31, 2009 and 2008, the Company has a deficit of ₱181.8 million and ₱181.0 million, respectively. The Company's policy to address the current deficit is to borrow capital from its shareholders in the form of advances. Also during the year, in order to strengthen capital position and address the deficit incurred due to non operation, the company has issued additional stock subscriptions amounting to ₱10 million. Noninterest bearing advances from shareholders amounted to ₱1.7 million as of December 31, 2008. No advances from shareholders were outstanding during the 2009.

The Company is not subject to externally imposed capital requirements.

12. **Operating Segments**

As of December 31, 2009 and 2008, the Company has no operating segment since it is not engaged in any investing and operating activity. The Management continues to assess investment opportunities and various options regarding operations that the Company may undertake in the future.

The Company has no revenue outside the Philippines and no revenue from a single customer, hence, the Company did not present geographical information required by PFRS 8.

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INDEPENDENT AUDITORS' REPORT
TO ACCOMPANY INCOME TAX RETURN

The Stockholders and the Board of Directors
Minerales Industrias Corporation
Room 322, 3rd Floor, LRI Design Plaza
210 Nicanor Garcia Street, Barangay Sta. Cruz
Makati City

We have audited the financial statements of Minerales Industrias Corporation (the Company) for the year ended December 31, 2009, on which we have rendered the attached report dated April 13, 2010.

In compliance with Revenue Regulations V-20, we are stating the following:

1. The taxes paid or accrued by the above Company for the year ended December 31, 2009 are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Return.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

SYCIP GORRES VELAYO & CO.

Bernalette R. Santiago
Bernalette R. Santiago
Partner
CPA Certificate No. 0091096
SEC Accreditation No. 0926-A
Tax Identification No. 178-486-666
PTR No. 2087570, January 4, 2010 Makati City

April 13, 2010

APR 14 2010

MINERALES INDUSTRIAS CORPORATION
SCHEDULE K - CAPITAL STOCK
December 31, 2009

Title of Issue	Number of Shares Authorized	Number of Shares and Outstanding	Number of Shares Reserved or Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Capital Stock						
Php1 par value	240,000,000	190,000,000	none	none	7,367,000	182,633,000

MINERALES INDUSTRIAS CORPORATION
SCHEDULE K - CAPITAL STOCK
December 31, 2009

Title of Issue	Number of Shares Authorized	Number of Shares and Outstanding	Number of Shares Reserved or Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Capital Stock						
Php1 par value	240,000,000	190,000,000	none	none	7,367,000	182,633,000